

ANNUAL REPORT 2021



An ICTSI Group Company

کاپاکستان

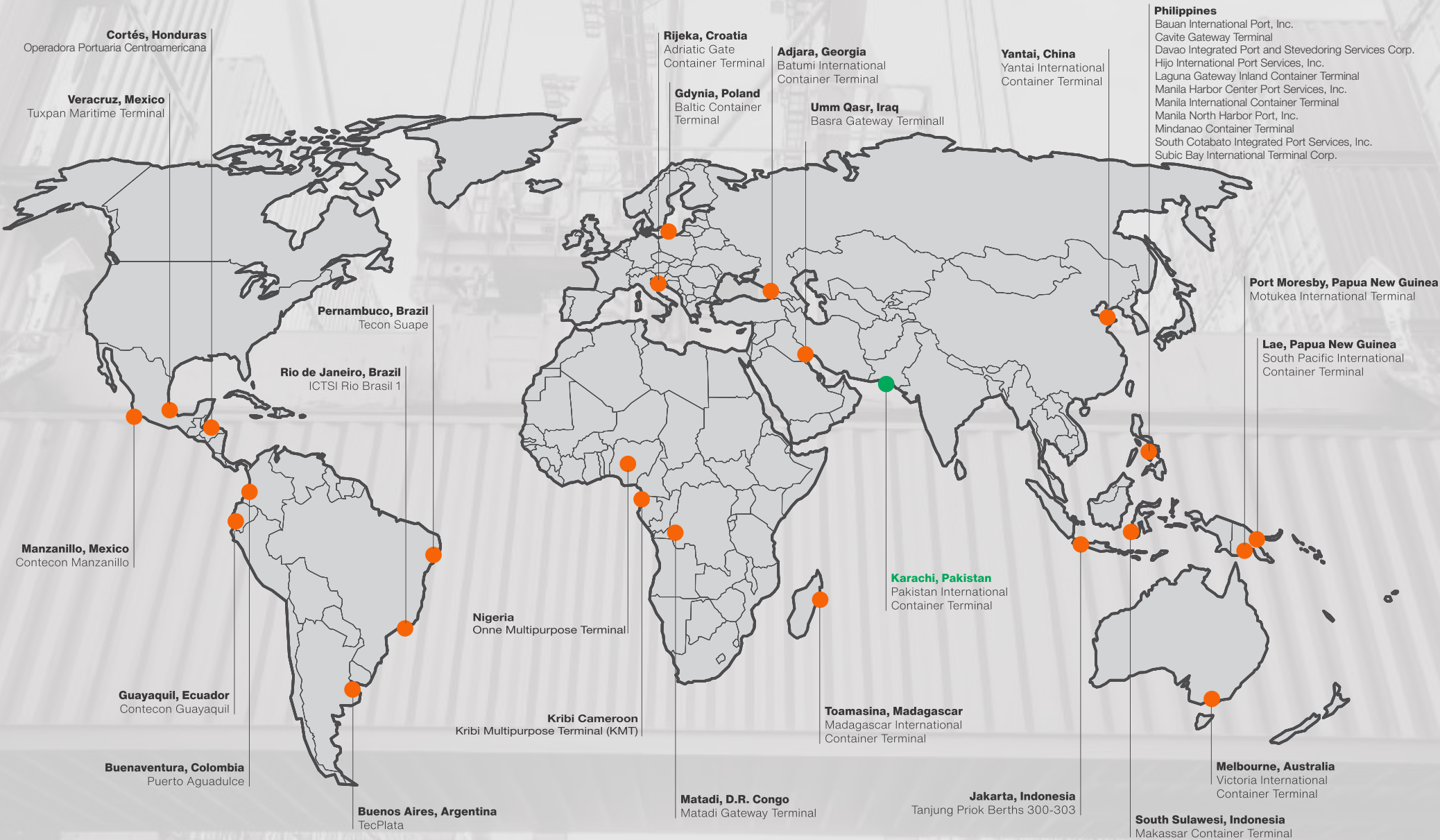


Theme On The Cover

Pakistan International Container Terminal Limited [PICT] is the only listed container terminal in Pakistan and is part of Global Terminal Operators, International Container Terminal Services Inc. PICT operates an important segment of the overall trade cycle and witnesses prosperous trading growth, particularly in Pakistan's high value-added exports. To ensure that PICT remains the leading **"Terminal of Choice"** for export and overall commerce at Karachi Port, it provides meticulous devotion to its clientele through dedicated customer centric services.

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ICTSI Ports and Terminals



کا پاکستان

Vision

Be the container terminal of choice for trade at Karachi port

Mission

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

Moola Chotak

Moola Chotak is a hidden ravine located in the middle of the Khuzdar District in the southern province of Balochistan, Pakistan. It is situated approximately 105 kilometres north-east of Khuzdar at an elevation of 1,237 metres.



Our purpose in doing our work is to grow: grow as individuals, expand as a business, and progress as a global organisation. More than sustaining lives, we work because of self-worth and dignity. As we further improve ourselves personally and professionally, we believe that the stability and continuous growth of PICT follows



We work hard at our tasks, believing in performing dutifully, and in committing to first-rate work. Beyond duty, we are willing to go the extra mile. Our company has no room for mediocrity. Focused, punctual and dedicated are a few indisputable attributes PICT employees possess



We care; we respect. We support each other to ensure that PICT remains viable, and that relations with stakeholders of the port community are stable. We work to sustain our families, pay our dues, or help a relative or a neighbor in need. We value and strive to promote workplace harmony, recognising the vital role that interdependence has played in PICT's ceaseless effort to achieve excellence



We value our work and take responsibility for our actions. We also carry a positive attitude, believing that by working with optimism and self-fulfillment, we produce positive results for the company and for ourselves. PICT management and employees give worth to being employed

Company Information



Board of Directors

Chairman

Mr. Hans-Ole Madsen
(Non-Executive Director)

Directors

Mr. Arnie Dizon Tablante
(Non-Executive Director)
(Appointed on January 07, 2022)

Mr. Bilal Shahid
(Non-Executive Director)

Mr. Gordon Alan P. Joseph
(Independent Director)

Mr. Jacob Christian Gulmann
(Non-Executive Director)

Ms. Lirene Coloquio Mora-Suarez
(Non-Executive Director)
(Appointed on January 07, 2022)

Mr. Rune Rasmussen
(Independent Director)

Ms. Gigi Iluminada Miguel
(Non-Executive Director)
(Resigned on January 07, 2022)

Company Secretary

Mr. Adil Siddique

Audit Committee

Chairman

Mr. Rune Rasmussen

Members

Mr. Arnie Dizon Tablante
(Appointed on January 07, 2022)

Mr. Bilal Shahid

Ms. Gigi Iluminada Miguel
(Resigned on January 07, 2022)

Chief Internal Auditor

Mr. Moammar Raza

Risk Management Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Bilal Shahid

Mr. Hans-Ole Madsen

Human Resource & Remuneration Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Hans-Ole Madsen

Ms. Lirene Coloquio Mora-Suarez
(Appointed on January 07, 2022)

Key Management

Chief Executive Officer

Mr. Khurram Aziz Khan

Chief Financial Officer

Mr. Muhammad Hunain

External Auditors

EY Ford Rhodes

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

Legal Advisor

Usmani & Iqbal, 111/II, 27th Street,
Phase VI, Khayaban-e-Muhafiz,
D.H.A, Karachi

Bankers

Faysal Bank Limited

Habib Bank Limited

National Bank of Pakistan

Samba Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Registered & Terminal Office

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

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

Fax : +92-21-3285-4815

Email: investor-relations@pict.com.pk

Website: www.pict.com.pk

Share Registrar/ Transfer Agent

CDC Share Registrar Services Limited

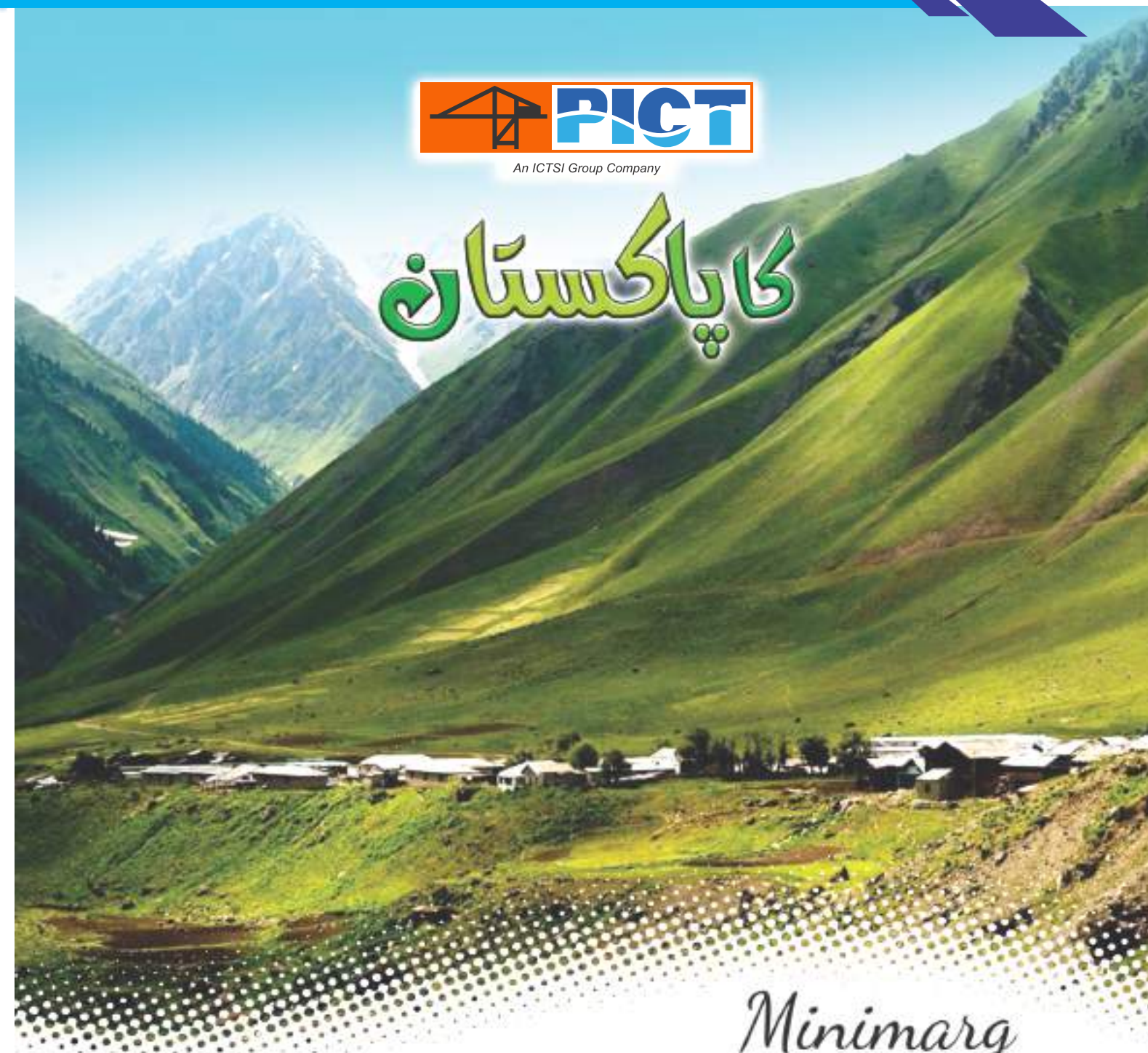
99-B, Block 'B', SMCHS,

Main Shahra-e-Faisal,

Karachi- 74400

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

Fax: +92-21-34326053



Minimarg

Minimarg is a village in the Neelum Valley, Azad Jammu & Kashmir. It is situated right to the Taobat approximately 90 km from Taobat. The average elevation is 2,544.5 metres above sea level.

Profile of the Board of Directors



Mr. Hans-Ole Madsen has over 36 years of international experience within the Port, Shipping & Logistic industry. Mr. Madsen is the Senior Vice President, Regional Head for Europe, Middle East, and Africa of International Container Terminal Services Inc. Alongside he is a Director of several other ICTSI group companies. Mr. Madsen spent 27 years with the A.P. Moller Maersk Group in various international senior positions



Mr. Gordon Alan P. Joseph is an Independent Director. Gordon Alan P. Joseph is the Honorary Consul of Kingdom of the Netherlands to the Philippines, and concurrently the Chairman of the Executive Committee of the Metro Cebu Development Coordinating Board. Mr. Gordon also serves as Chairman of the Infrastructure and Power Committees of the Regional Development Council, for Region VII in the Central Philippines. He is also the largest shareholder and CEO of Philpacific Insurance Brokers, Inc., one of the 10 largest insurance brokers in the Philippines. Mr. Joseph has a Bachelor's degree from De La Salle University Manilla in 1979.

Mr. Arnie D. Tablante has been associated with ICTSI since 2007. He is currently serving as the Treasurer, Global Corporate Investor Relations & Treasury at ICTSI and concurrently is also a Director of South Cotabato Integrated Port Services Inc. He has also served as the Risk and Capital Director of ICTSI. Prior to joining ICTSI, he was already a seasoned banker, having been connected with Union Bank of the Philippines. Mr. Tablante received his Master's Degree in Business Administration from the Asian Institute of Management, and is a graduate of BS in Industrial Management Engineering from the De La Salle University.



Mr. Jacob Christian Gulmann has been with ICTSI since 2013, first as Director of Business Development and presently as Managing Director of ICTSI's terminal operations in Onne, Nigeria. Prior to this Mr. Gulmann was with the A.P. Moller Maersk Group where he held positions in finance and business development. Mr. Gulmann is a graduate of Oxford University.



Ms. Lirene C. Mora-Suarez has been associated with ICTSI since April 2007. She is currently serving as the Director, Global Corporate Legal Affairs Department of ICTSI. She is a seasoned lawyer with more than 17 years of experience. She was awarded "2019 Woman Lawyer of the year" and was Young Lawyer of the Year 2019 finalist by Asian Legal Business Philippine Law Awards. Ms. Lirene received her Bachelor's degree in Law from the University of Philippines.



Mr. Bilal Shahid's has more than 15 years of diversified professional experience in the development of seaports, managing port operations, multinational logistics services, transport, warehousing, stevedoring, and off-dock container terminal operations. He has been the Director in numerous companies of the Bilal Group. He is a Certified Public Accountant (CPA) from New Jersey, US and also holds B.Sc. in Accounting from Louisiana State University (LSU).

Mr. Rune Rasmussen is an Independent Director, Mr. Rune Rasmussen has more than 16 years of extensive Experience in Asset Management, directing large investment projects and portfolios, business transformations and facilitating change management. He had been holding senior management roles in Valais Investment Management, Dexia Bank and Acuma Wealth Management in past. Mr. Rune holds a Master's degree in economics from University of Copenhagen.





An ICTSI Group Company

کاپاکستان

Gorakh Hill

Gorakh Hill is a hill station of Sindh, Pakistan. It is situated at an elevation of 5,689 ft in the Kirthar Mountains, 94 kilometres northwest of Dadu city.





Dear Shareholders

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of Pakistan International Container Terminal Limited for the year ended December 31, 2021.

Industry Overview and Future Outlook

Economies and industries around the world continue to be impacted by Covid-19 disruptions in global supply chains, port congestions, and low vessels schedule reliability in 2021.

Against all odds, Pakistan's container market grew by almost 11% during the year and your Company through the untiring efforts of the management, employees, and other

stakeholders managed to outgrow the market growth while keeping the terminal 24/7 operative, with all the precautionary measures in place.

As we turn towards 2022, the future outlook for the container industry continues to face Covid-19 related disruptions such as port congestions and vessels schedules unreliability.

Your Company remains determined in providing enduring value for all its stakeholders and endeavors to retain sustainable market share, through digitally enhanced experience for customers and offering customer-centric services.

Review of Financial Performance

Facing Covid-19 related business challenges and tough competition, I am pleased that your Company has shown great resilience and managed to deliver strong financial results in 2021. Your Company recorded a 23% increase in revenue and a 27% increase in net profit over the same period last year. The year 2021 ended with Earnings per share of Rs. 31.05.

Governance and Culture Review of Board's Performance

The Board understands that it needs members who bring core competencies, diversity, requisite skills, and experience for effective governance of the Company. The Board includes diversified professionals having expertise in the fields of port, shipping & logistics, financial management, strategy, business development, assets management, business transformations, risk management, and insurance. The Board has also constituted an independent Audit Committee, Human Resource and Remuneration Committee, and Risk Management Committee for further strengthening the governance structure of the Company.

The Board acknowledges its responsibilities to maintain effective oversight of the operations of the Company through quarterly meetings of the Board and its Committees. All the Directors, including the Independent Directors, fully participated in and made contributions to the decision-making process of the Board.

The Board, its Committees, and individual Directors carried out self-evaluation of their performance during the year and found it to be satisfactory. The overall aim was to measure the current performance of the Board and identify areas for improvement in future years.

Acknowledgments

I would like to thank my fellow board members for their active contributions during this year which enabled the Company in achieving its objectives while continuing to create long-term value for the shareholders. I would also like to acknowledge our CEO, Mr. Khuram Aziz Khan, his executive team, and all the employees of the Company for their leadership, commitment, and hard work.

I also express my gratitude to our esteemed investors and other stakeholders including Karachi Port Trust, Ministry of Maritime Affairs, Securities and Exchange Commission of Pakistan, Pakistan Stock Exchange for their unwavering support and continued trust in the Company which has enabled PICT to achieve new heights in a socially responsible manner.

Hans-Ole Madsen
Chairman of the Board
Karachi,
Dated: March 04, 2022



عزیز حصص یافتگان

مجھے مجلسِ نظاماء کی جانب سے پاکستان انٹرنیشنل کنٹینر ٹرمینل لمیٹڈ کے 31 دسمبر 2021 کو ختم ہونے والے مالی سال کی سالانہ رپورٹ کو پیش کرتے ہوئے بہت خوشی محسوس ہو رہی ہے۔

صنعتی جائزہ اور مستقبل کا منظر نامہ

2021 میں بھی کوویڈ 19 کی وجہ سے دنیا بھر کی معیشتیں اور صنعتیں عالمی سپلائی چین، بندرگاہوں کی بھیڑ، اور شیڈول میں رکاوٹوں سے متاثر رہی ہیں۔

دورانِ سال، تمام تر مشکلات کے باوجود پاکستانی کنٹینر مارکیٹ میں تقریباً 11 فیصد اضافہ ہوا۔ آپ کی کمپنی، کمپنی انتظامیہ، ملازمین اور دیگر اسٹیک ہولڈرز کی انتھک کوششوں اور ٹرمینل کو احتیاطی تدابیر کے ساتھ 24/7 آپریٹور رکھتے ہوئے مارکیٹ میں اپنے حصص کو بڑھانے میں کامیاب رہی۔

2022 میں کنٹینر صنعت کو کوویڈ 19 سے متعلق رکاوٹوں، جیسے کہ بندرگاہوں کی بھیڑ اور جہازوں کے قابل اعتماد شیڈول میں کمی کا سامنا کرنا پڑ سکتا ہے۔

اپ کی کمپنی اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار قدر فراہم کرنے کے لیے پرعزم ہے اور صارفین کے لیے ڈیجیٹل طور پر بہتر تجربہ اور کسٹمر سینٹرک سروسز کی پیشکش کے ذریعے، پائیدار مارکیٹ حصص کو برقرار رکھنے کی کوشش کرتی رہے گی۔

مالیاتی کارکردگی کا جائزہ

مجھے خوشی ہے، کوویڈ 19 کے دوران پیش آنے والے بے مثال چیلنجوں کا سامنا کرتے ہوئے، کہ آپ کی کمپنی نے 2021 میں بے حد لچک کا مظاہرہ کیا، اور 2021 میں مضبوط مالیاتی نتائج دینے میں کامیاب رہی۔ آپ کی کمپنی نے آمدنی میں 23 فیصد اضافہ اور خالص منافع میں گزشتہ سال اسی مدت کے مقابلے میں 27 فیصد اضافہ حاصل کیا ہے۔ آپ کی کمپنی نے سال 2021 کا اختتام 31.05 روپے فی حصص آمدنی کے ساتھ کیا۔

گورننس اور ثقافت - مجلس کی کارکردگی کا جائزہ

بورڈ اس بات کو سمجھتا ہے کہ کمپنی کو کامیاب انداز میں چلانے کیلئے انہیں ایسے ممبران کی ضرورت ہے جو بنیادی اہلیت مددگار، مطلوبہ صلاحیت اور تجربہ رکھتے ہوں۔ مجلسِ نظاماء میں متنوع پیشہ ور افراد شامل ہیں جو بندرگاہ، شپنگ اور رسد، مالیاتی انتظام، حکمت عملی، کاروباری ترقی، اثاثوں کا انتظام، کاروباری تبدیلی، رسک مینجمنٹ اور انشورنس کے شعبوں میں مہارت رکھتے ہیں۔ مجلس نے کمپنی کے گورننس کو مضبوط کرنے کیلئے محاسبہ کمیٹی، ہیومن ریسورسز اور ریمونریشن کمیٹی اور خطرات انتظامی کمیٹی تشکیل دی ہے۔

مجلسِ نظاماء ہر سہ ماہ میں مجلس اور کمیٹی کے اجلاس کے ذریعے کمپنی کے آپریشن کی موثر نگرانی کی اپنی ذمہ داری کو تسلیم کرتی ہے تمام ڈائریکٹرز بشمول انڈیپنڈنٹ ڈائریکٹرز نے فیصلہ سازی کے عمل میں بھرپور حصہ لیا۔ بورڈ اور کمیٹی کے ڈائریکٹرز نے دورانِ سال خود تشخیصی کے ذریعے اپنی کارکردگی کو تسلی بخش پایا۔ مجلس کا مجموعی مقصد موجودہ کارکردگی کو جانچنا اور آنے والے سالوں میں بہتری کے مواقعوں کی نشاندہی کرنا ہے۔

اظہار تشکر

میں اپنے ساتھی مجلسِ نظاماء کے ممبران کی دورانِ سال فعال شرکت کیلئے اظہار تشکر یہ ادا کرنا چاہتا ہوں جسکی وجہ سے کمپنی نے اپنے مقاصد کا حصول کیا اور کمپنی کے حصص یافتگان کی طویل مدتی قیمت پیدا کی۔ میں ہمارے سی ای او جناب خرم عزیز خان، ان کی انتظامی ٹیم اور کمپنی کے تمام ملازمین کو ان کی محنت، عزم اور قیادت کیلئے تشکر یہ ادا کرنا چاہتا ہوں۔ میں اپنے قابلِ احترام سرمایہ کاروں اور کراچی پورٹ ٹرسٹ، وزارت سمندری امور، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج سمیت دیگر اسٹیک ہولڈرز سے بھی ان کا غیر متزلزل تعاون اور کمپنی میں مسلسل اعتماد پر اظہار تشکر کرتا ہوں۔ جنہوں نے معاشرتی طور پر ذمہ دارانہ انداز میں پی آئی سی ٹی کوئی بلند یوں کو حاصل کرنے کے قابل بنایا۔

ہانس اول مڈسن
مجلسِ نظاماء کے چیرمین

04 مارچ 2022



The Board of Directors of Pakistan International Container Terminal Limited are pleased to submit the Annual Report of your Company including the audited financial statements for the year ended December 31, 2021.

BUSINESS PERFORMANCE REVIEW

The government of Pakistan's nationwide vaccination drives have been effective in reducing positive Covid-19 cases and its variants. This led to easing out restrictions and lockdowns in 2021 and thereby guided the economy towards sustainability-based decent growth.

Despite being grappled by a multitude of challenges such as Covid-19 disruptions in global supply chains, port congestions, and low vessels' schedule reliability, your Company managed to handle 476,577 containers as compared to 394,458 containers handled during the last year and thereby outgrew the market growth and increasing its market share to 20%. Excess capacity available with the competitors still remains a challenge that is being mitigated through various commercial and operational activities.

During the year, your Company marked a milestone with the handling of 10-Millionth TEU since its inception. This milestone is your Company's expression of commitment to supporting the economic resilience of the country. As we continue to build our legacy, our vision to become the container terminal of choice in Pakistan's busiest port city resonates with our conscious efforts and focused actions towards improving the ease of doing business, promoting digitalization, and provision of efficient customer services to our clientele.



OPERATING AND FINANCIAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2021

Your Company recorded revenue of Rs. 11,099 million which is 23% higher over the same period last year. Through operational excellence and cost optimizations, your Company posted a Gross Profit of Rs 5,160 million. The year ended with a net profit of Rs 3,390 million which was higher by 27% in comparison to last year. This growth is aided by the increase in revenue by 23% over the same period last year and an increase in market share.

	2021	2020
	(Rs. in millions)	
Revenue	11,099	9,009
Gross Profit	5,160	4,121
Profit before taxation	4,776	3,764
Profit after taxation	3,390	2,673
Unappropriated profit brought forward	1,184	1,572
Profit available for appropriation	4,574	4,245
Appropriations:		
- Final cash dividend for the year-end December 31, 2020 @ Rs. 5.00 per share (December 31, 2019 @ Rs. 7.50 per share)	(546)	(819)
- Interim cash dividends for the year-end December 31, 2021 @ Rs. 23.60 per share (December 31, 2020 @ Rs. 20.54 per share)	(2,576)	(2,242)
Unappropriated profit carried forward	1,452	1,184
Basic and Diluted Earnings Per Share	31.05	24.48

The Board is pleased to propose a final cash dividend of 90% i.e., Rs. 9.00 per ordinary share in addition to the paid interim cash dividends amounting to Rs 23.60 per ordinary share for the approval of the members at the 21st Annual General Meeting to be held on April 19, 2022. These financial statements do not include the effect of the above proposal which will be accounted for in the year in which it is approved by the members.

FURTHER ACQUISITION OF COMPANY'S SHARES BY ICTSI

During the year, ICTSI, the ultimate parent company of your Company, further invested in your Company and additionally acquired 17,332,267 shares of Pakistan International Container Terminal. The shareholding of ICTSI in your Company has now increased to 80.41% from 64.54%. This increase

Directors' Report

in investment of ICTSI reaffirms their commitment to support and improve Pakistan's port industry and will help your Company in leveraging global expertise and explore for new opportunities to increase shareholder value.

FUTURE OUTLOOK

The vulnerabilities in the global maritime supply chain, driven primarily by the Covid-19 disruptions and its knock-on effects on shipping and ports such as port congestions and schedules unreliability may continue to disrupt supply chains in 2022. These are expected to normalize by the Years 2023-24.

World Trade Organization expects a 4.0% rise in trade growth in the year 2022 with the total volume of global trade remaining below the pre-pandemic trend. Your Company endeavors to retain the sustainable market share of Karachi Port through digitally enhanced experience for the customers, offering customer-centric services, and delivering enduring value for all its stakeholders.

CONCESSION AGREEMENT

The Board draws your attention to Note 2.3 of the annual audited financial statements which states that the existing Concession Agreement with the Karachi Trust is for a period of twenty-one years commencing June 18, 2002.

Based on the precedence existing at Karachi Port whereby KPT has provided early extension in the Concession term and expansion in the infrastructure to another Container Terminal, the Company has already taken-up the matter for early extension in Concession term and expansion of infrastructure with KPT and other relevant quarters of the Government of Pakistan, since the past several years. In order to further safeguard the Company's interest against KPT's delayed action, the Company has filed a legal suit before the Honorable High Court of Sindh during December 2021 and has obtained interim injunction / stay order for status quo whereby KPT is restrained from terminating the Concession Agreement or inviting bids for award of contract for relevant terminal operation.

The Company is still in the process of discussions with KPT on the possibilities of renewal / extension of the Concession Agreement including period and other commercial terms and conditions; in the wider national interest and interests of both the Company and KPT.

In view of the above, the Company is optimistic about the extension of Concession Agreement and, accordingly, the financial statements have been prepared on a going concern basis, subject to the inherent uncertainties caused by the above events and conditions that are of critical significance for the future of the Company

CORPORATE ENVIRONMENTAL SUSTAINABILITY AND IMPACTS OF BUSINESS ON ENVIRONMENT

Health, Safety and Environment [HSE] considerations are an integral part of the day-to-day operations of your Company. HSE Management system at your Company includes continuous measurement of occupational safety against strict target-setting. In order to ensure minimal impact of terminal operations on the health and safety of our stakeholders and on the environment, your Company has achieved an Integrated Management System (IMS) Certification that is consisted of ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System) & ISO 45001 (Occupational Health & Safety Management System).

Your Company has taken various significant measures including initiatives to reduce emissions, waste management and treatment methods, fire-fighting arrangements, emergency preparedness drills, dedicated ambulance service, first aid facilities, load testing of equipments, leaky containers storage area, HSE induction of staff and other associated persons, training, and awareness programs, etc.

These efforts have not only been recognized through various awards by reputable sources, but your company has also enabled us to achieve the milestone of 5 million Safe Man-Hours during this year.

CORPORATE SOCIAL RESPONSIBILITY

Your Company believes in the socio-economic uplift of society by consciously embracing corporate social responsibility in its commercial conduct. Guided by its CSR Policy, your Company maintains its focus on investing in the communities that it operates in. A walk-through of some of the initiatives your Company has undertaken during the year are indicated below:

Education

Your Company voices the phenomenon of academia-industrial partnership for educational uplift and youth development. To assist in leveling up standards of societal education and elevate the professional knowledge of young talent, your Company focused on the following:

- Partnered with Maritime Educational Institute for youth development.
- Continued facilitation of scholarships on merit-basis to the talented and deserving students
- Hosted industrial visits for the university students to spread awareness about the maritime industry among the youth.
- Executed Internship as well as Management Trainee Programs; and
- Sponsored educational material for deserving students to support the underprivileged in their education.



Health

Healthcare remains the prime focus of your Company for which various corporate collaborations are being made consciously. In this regard, your Company took the following steps:

- Launched an in-house Covid-19 vaccination camp for employees and customers, for immunization against Covid-19.
- Supported a fund-raising Golf Tournament event to support the cause of maternal, neonatal & child healthcare services.



Directors' Report

- Conducted webinar series titled “Health Talk – Let's Connect to Disconnect Covid-19” and Anti-Tobacco awareness session for creating Health awareness.
- Conducted Chronic Obstructive Pulmonary Disease [COPD] awareness session for spreading awareness about the Disease.

Community Care and Empowerment

Your Company works actively to strengthen surrounding communities and extend purposeful assistance to bring them happiness and spread smiles amongst them. During the year, Your Company performed the following activities:

- Observed “International Day of Poverty Eradication, Helping Families in Neighboring Communities” and carried out Cloth Distribution Drive for the deserving families in the terminal vicinity.
- Your Company has been acknowledged as Valued Partner By “Robin Hood Army” in their cause of making food available and accessible to the needy.



CORPORATE AWARDS AND RECOGNITIONS

Your Company's commitment to upholding and improving the business standards and the management of the business has been evident through various corporate awards and recognitions.

Green Supply Chain Award

Your Company has focused strategies for upholding sustainable business operations. The continuous efforts concentrated towards responsible business conduct have given your Company significant recognition and a direction of sustainable growth and success of which the Green Supply Chain Award is a true reflection. This was presented to your Company at the 11th Annual Sustainable Port & Shipping, Logistics & Supply Chain Summit.

Corporate Excellence Award

Value Chain Sustainability and Operational Resilience clubbed with Corporate Social Responsibility are fundamental elements of strategizing the commercial growth of your Company. Being lauded with Corporate Excellence Award for the sixth consecutive year depicts the resolute commitment of the Company towards upholding sustainable operations with due diligence.



ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Internal controls policy is designed to provide reasonable assurance regarding the effectiveness and efficiency of the Company's operations, reliability of financial information, and compliance with applicable laws and regulations. Management ensures efficient and effective Internal Controls by identifying controls, reviewing pertinent policies/procedures, and establishing relevant control procedures and monitoring systems. The Internal Control System has been designed to provide reasonable assurance to the shareholders and Board of Directors. The Management considers that the existing Internal Control System is adequate and has been effectively implemented and monitored.

DIRECTORS' RESPONSIBILITY IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors acknowledges their responsibility towards the implementation of an effective internal control environment throughout the organization. The Company has set up an effective and efficient Internal Audit function that rigorously monitors the control environment of the Company. This function conducts comprehensive quarterly reviews of the activities of your Company. Broader targets of the said reviews are establishment and observance of internal controls for ensuring operational efficiencies and safeguard of profitability.

The activities of the Internal Audit department are overseen by the Audit Committee which regularly monitors the performance of the department through review of the internal audit reports on a quarterly basis and accordingly apprising the Board of its findings and recommendations.

The Board reviews the Company's financial operations and position at regular intervals by means of interim accounts, reports, and other financial information.

PATTERN OF SHAREHOLDING

The Pattern of shareholding as at December 31, 2021, is annexed to this Report.

The Directors, Chief Executive Officer, Executives, and their spouses and minor children have made no transactions in the Company's shares during the year. Executives for this purpose means Chief Executive Officer, Chief Financial Officer, Chief Internal Auditor, Company Secretary, and other employees of the Company designated as executives by the Board. The Board of Directors has set a threshold of the annual basic salary of Rs. 1,200,000 for terming as Executive.

BOARD OF DIRECTORS

As of the date of the Directors' Report, the Board of Directors comprises of one female and seven male Directors. In respect of the executive, non-executive, and independent directors, the Board comprises the following:

a) Independent Directors:

- Mr. Gordon Alan P. Joseph
- Mr. Rune Rasmussen

b) Non-executive Directors

- Mr. Hans-Ole-Madsen
- Mr. Arnie Dizon Tablante
- Mr. Bilal Shahid
- Mr. Jacob Christian Gulmann
- Ms. Lirene Coloquio Mora-Suarez

c) Executive Director/Chief Executive Officer

- Mr. Khurram Aziz Khan

Directors' Report

All the directors take a keen interest in the proper stewardship of the Company's affairs. During the year, four Board Meetings, four Audit Committee Meetings, one Human Resource and Remuneration [HR&R] Committee Meeting, and two Risk Management Committee meetings were held. The names of Directors and their attendance in Board and Committee meetings held during the year are presented below:

S. No	Name of Director	Meetings Attended				Member of		
		Board	Audit Committee	HR & R Committee	Risk Management Committee	Audit Committee	HR & R Committee	Risk Management Committee
1	Ms. Gigi Iluminada Miguel***	4	4	-	-	✓	-	-
2	Mr. Gordon Alan P. Joseph	4	-	1	2	-	✓	✓
3	Mr. Hans-Ole-Madsen	4	-	1	2	-	✓	✓
4	Mr. Jacob Christian Gulmann	4	-	-	-	-	-	-
5	Mr. Rune Rasmussen	4	4	-	-	✓	-	-
6	Mr. Sharique Azim Siddiqui**	3	3	-	2	✓	-	✓
7	Mr. Zafar Iqbal Awan**	3	-	1	-	-	✓	-
8	Mr. Bilal Shahid*	1	-	-	-	✓	-	✓
9	Ms. Lirene Coloquio Mora-Suarez****	-	-	-	-	-	-	-
10	Mr. Arnie Dizon Tablante****	-	-	-	-	-	-	-

* Mr. Bilal Shahid was appointed by the Board as Director of the Company on October 14, 2021, in place of Mr. Zafar Iqbal Awan, and member of the Audit Committee and the Risk Management Committee on October 22, 2021.

** Mr. Sharique Azim Siddiqui and Mr. Zafar Iqbal Awan resigned from the Board of Directors on October 13, 2021.

*** Subsequent to December 31, 2021, Ms. Gigi Iluminada Miguel resigned from the Board of Directors on January 07, 2022.

**** Subsequent to December 31, 2021, Mr. Arnie Dizon Tablante and Ms. Lirene Coloquio Mora-Suarez were appointed by the Board as Directors on January 07, 2022, in place of Ms. Gigi Iluminada Miguel and Mr. Sharique Azim Siddiqui respectively.

***** The Directors of your company retired on February 24, 2021 and were re-elected in the Extra Ordinary General Meeting conducted on February 24, 2021.

The Board places on record its sincere gratitude and appreciation for the leadership and contributions made by Ms. Gigi Iluminada Miguel, Mr. Sharique Azim Siddiqui, and Mr. Zafar Iqbal Awan. The Board welcomes Mr. Bilal Shahid, Ms. Lirene Coloquio Mora-Suarez, and Mr. Arnie Dizon Tablante as Directors of the Company.

Directors Remuneration Policy

The Board has a duly approved policy for the remuneration of the members of the Board for attending the Board and Committee Meetings, the salient features of which are mentioned below:

- I- Non-executive Directors:
Each Non-executive director is only entitled to a fee for attending the Board meeting of USD one thousand per Board meeting.
- II- Independent Directors:
Each Independent director is only entitled to a fee for attending the Board meeting of USD two thousand per Board meeting and USD one thousand for attending each Committee meeting.
- III- Directors are also entitled to reimbursement of expenses incurred in connection to the attendance of the Board and/or Board Committee meetings.

Details of remuneration of Directors and the Chief Executive Officer are disclosed in note 27 to the financial statements.

PARENT COMPANY

Your Company is a subsidiary of ICTSI Mauritius Limited, whereas its ultimate holding Company is International Container Terminal Services Inc. [ICTSI], a company incorporated in the Philippines. During the year, the shareholding of ICTSI has increased from 64.54% to 80.41%,

AUDITORS

The present auditors, EY Ford Rhodes, Chartered Accountants stand retired at the conclusion of the upcoming Annual General Meeting and being eligible have offered themselves for reappointment. The Audit Committee has recommended the reappointment of the retiring auditors for the year ending December 31, 2022, with an increase of up to 10% of the previous year's remuneration. The Board has endorsed the recommendation of the Audit Committee.

RISKS AND UNCERTAINTIES AND THEIR MITIGATIONS

The Board of Directors through its Risk Management Committee has devised a robust framework of Enterprise Risk Management Framework. The Company addresses risks individually in the course of its business operations and manages the risk in support of the company's vision, mission, goals, and objectives as set out in the strategic plans. The management determines response strategies for such risks which include avoid, transfer, reduce or accept strategy. Financial risks have been described in detail in note 25 to the financial statements that cover credit risk, liquidity risk, foreign currency risk, interest rate risk, equity price risk, and capital risks.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Governance set out by the Listed Companies (Code of Corporate Governance) Regulations, 2019 relevant for the year ended December 31, 2021, has been duly complied with. A statement to this effect is annexed with the Annual Report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the results of its operations, cash flows, and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards and the Companies Act, 2017, as applicable in Pakistan, as also stated in note 2.1 of the financial statements have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern. As discussed earlier, the inherent uncertainties related to events and conditions impacting Concession Agreement are of critical significance for the future of the Company. The Company is optimistic about the extension of Concession Agreement and accordingly financial statements have been prepared on a going concern basis. The Auditors have in their Report also drawn attention to this matter.

- There has been no material departure from Pakistan Stock Exchange Limited Regulations (PSX Regulations).
- A summary of key operating and financial data of last six years is annexed to this Report.
- Information about contribution to the national exchequer in the form of taxes and levies is given in the respective notes to the Financial Statements.
- The Company operates a contributory Provident Fund Scheme for its eligible permanent employees. The value of its investments based on the audited accounts as at June 30, 2021, is Rs. 478 million.

CODE OF CONDUCT

The underlying values of the Company's Code of Conduct are based on honesty, integrity, and openness along with respect for the human rights and interests of the employees. The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflict of interest, employee rights, etc. The Board ensures that the Code of Conduct is disseminated to, understood, and observed by employees. The Code is also available on the Company's website.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments affecting the financial position of the Company which has occurred between December 31, 2021, and the date of this report except the proposal of final dividend which is subject to approval by the Members at the forthcoming Annual General Meeting. The effect of such declaration shall be reflected in the next year's financial statements.

COMMUNICATION

Communication with the members is given high priority. Annual reports are distributed to them within the time specified in the Companies Act, 2017. The Company also has a website, www.pict.com.pk which contains up-to-date information on Company's activities and financial reports.

CHAIRMAN'S REVIEW

The Chairman's review included in the Annual Report deals inter alia with the overall performance of the Board of Directors and the effectiveness of the role played by the Board of Directors in achieving the Company's objectives for the year ended December 31, 2021. The Board of Directors endorses the contents of the Chairman's Review.

ACKNOWLEDGEMENTS

The Board would like to extend sincere gratitude and appreciation to its shareholders and customers for their continued trust and support. The commitment and dedication of our employees are valued which has been persistently adding to the success of your Company. The Board would also like to express its appreciation to the Government of Pakistan, the Ministry of Maritime Affairs, the Securities & Exchange Commission, and other regulatory bodies for their direction and continued support.

For and on behalf of the Board of Directors

Mr. Hans-Ole Madsen
Chairman of the Board
Karachi
Dated: March 04, 2022

Mr. Khurram Aziz Khan
Chief Executive Officer

ضابطہ اخلاق

کمپنی کے ضابطہ اخلاق کی بنیادی اقدار ایمانداری، دیانتداری اور کثادگی بمعہ انسانی حقوق کا احترام اور ملازمین کی بہتری پر مبنی ہے۔ کمپنی کا ضابطہ اخلاق اخلاقی اقدار سے متعلق رہنما اصولوں کو فروغ دیتا ہے جس میں مفادات کا تصادم، ملازمین کے حقوق، وغیرہ سے متعلق اصول شامل ہیں۔ مجلسِ نظاماء اس بات کو یقینی بناتا ہے کہ ضابطہ اخلاق تمام ملازمین تک پہنچے، وہ اس کو سمجھیں اور اس پر عمل کریں۔ ضابطہ اخلاق کے نفاذ اور اس کی نگرانی کے لئے ذمہ داری اعلیٰ قیادت کو سونپی گئی ہے۔ ضابطہ اخلاق کمپنی کی ویب سائٹ پر بھی دستیاب ہے۔

نمایاں تبدیلیاں اور معاہدے

31 دسمبر 2021 کے درمیان سے اس رپورٹ کی تاریخ تک کوئی نمایاں تبدیلیاں اور معاہدے، کمپنی کے مالیاتی گوشواروں پر اثر انداز نہیں ہوئے ماسوائے فائل ڈیویڈنڈ جو آئندہ سالانہ اجلاس عام میں اراکین کی منظوری سے مشروط ہے۔ اس اعلان کا اثر اگلے سال کے مالیاتی گوشواروں میں لیا جائے گا۔

ترسیل

اراکین کے ساتھ رابطے کو اعلیٰ ترجیح دی جاتی ہے۔ سالانہ رپورٹ کمپنیز ایکٹ 2017 کے مطابق مخصوص اوقات کے اندر حصص یافتگان کو تقسیم کر دی جاتی ہیں۔ جو کہ کمپنی کی ویب سائٹ www.pict.com.pk پر بھی موجود ہے جس پر کمپنی کی حالیہ سرگرمیوں کی معلومات اور مالیاتی رپورٹس موجود ہیں۔

چیئرمین کا جائزہ

چیئرمین کا سالانہ جائزہ کمپنی اور مجلسِ نظاماء کی مجموعی کارکردگی اور کمپنی کے مقاصد کی تعمیل کے لئے مؤثر حکمت عملی اور ختم شدہ سال 31 دسمبر 2021 کی کارکردگی کے معاملات کے بارے میں ذکر کر رہا ہے جو کہ سالانہ مالیاتی معلومات میں شامل ہے۔ مجلسِ نظاماء چیئرمین کی جائزہ رپورٹ کے مندرجات کی توثیق کرتی ہے۔

اظہار تشکر

مجلسِ نظاماء تمام کمپنی کے شیئرز ہولڈرز اور گاہکوں کی جانب سے مسلسل اعتماد اور بھروسے کے لیے ان کا خلصانہ شکریہ ادا کرتے ہیں۔ ہم اپنے ملازمین کے عزم اور لگن کو سہراتے ہیں جو آپ کی کمپنی کو کامیابی کے تسلسل کی طرف گامزن کر رہے ہیں۔ مجلسِ نظاماء حکومت پاکستان کی وزارتِ سمندی امور، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں سے بھی ان کی ہدایات اور مسلسل حمایت کیلئے مشکور ہے۔

مجلسِ نظاماء کی جانب سے

حرم عیز خان
کمپنی کے سربراہ

ہانس اول مڈسن
مجلسِ نظاماء کے چیئرمین
کراچی

تاریخ: 04 مارچ 2022

خداشات اور غیر یقینی کیفیات اور ان کی تخفیف

مجلسِ نظام نے رسک مینجمنٹ کمیٹی کے ذریعے ایک مضبوط فریم ورک تیار کیا ہے۔ کمپنی اپنے کاروباری معاملات کو درپیش خداشات کو انفرادی طور پر توجہ دیتی ہے۔ انتظامیہ ان ادراک کیلئے حکمت عملی کا تعین کرتی ہے جس میں بچنا، منتقل کرنا، کم کرنا اور قبول کرنا جیسی حکمت عملی شامل ہوتی ہیں۔ مالیاتی خداشات کے بارے میں مالیاتی گوشوارے کے نوٹ 25 میں تفصیل بیان کی گئی ہے جس میں قرضے، سیالیت، شرح مبادلہ، شرح سود اور ایکویٹی کی قیمت کے خطرات اور سرمائے سے متعلق خداشات کے بارے میں بیان کیا گیا ہے۔

ضابطہ برائے نظم و نسق کی تعمیل

31 دسمبر 2021 کو ختم ہونے والے سال میں، سسٹم کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں موجود ضابطہ برائے نظم و نسق کے تمام تقاضوں پر کلی طور پر عمل درآمد کیا گیا ہے۔ اس سے متعلقہ بیان سالانہ رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

- کمپنی کی انتظامیہ کی جانب سے تیار کیے جانے والے مالیاتی گوشوارے شفافیت کے ساتھ کمپنی کے معاملات اور حالات، کاروباری نتائج، نقدی بہاؤ اور اکوٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی مالیاتی کھاتوں کو مناسب طریقے سے ترتیب دیتی ہے۔
- مالیاتی گوشواروں کی تیاری میں مناسب حساب داری پالیسیاں مسلسل لاگو کی گئی ہیں اور حساب داری اندازے معقول اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالیاتی گوشواروں کی تیاری میں پاکستان میں لاگو ہونے والے انٹرنیشنل فنانشیل رپورٹنگ اسٹینڈرڈز اوپینیز ایکٹ، 2017 جن کی تفصیلات مالیاتی بیانات کے نوٹ نمبر 2.1 میں موجود ہیں ان پر عملدرآمد کیا گیا ہے۔
- اندرونی کنٹرول کا نظام نہ صرف بہترین انداز میں مرتب اور لاگو کیا گیا ہے بلکہ اس بات کی باقاعدہ نگرانی بھی کی جاتی ہے۔
- چلتے ہوئے کاروباری ادارے کی حیثیت سے کمپنی کی اہلیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔ جیسا کہ پہلے گفتگو کی گئی، کنسلیشن ایگریمنٹ پر اثر انداز ہونے والے واقعات اور حالات سے متعلق موروثی غیر یقینی صورتحال کمپنی کے مستقبل کے لیے اہمیت رکھتے ہیں۔ کمپنی کنسلیشن ایگریمنٹ کی توسیع کے بارے میں پر امید ہے اور اس کے مطابق مالیاتی بیانات چلتے ہوئے کاروباری ادارے کی حیثیت کی بنیاد پر تیار کیئے گئے ہیں۔ محاسبین نے اپنے بیانیہ میں بھی اس معاملے کی طرف توجہ مبذول کروائی ہے۔
- پی ایس ایکس کی ضابطے سے کوئی میٹرل ڈیپارچر نہیں کیا گیا۔
- گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار کا ایک خلاصہ اس رپورٹ کے ساتھ ملحق ہے۔
- ٹیکس اور لیوی کی شکل میں قومی خزانے میں شراکت کے بارے میں معلومات مالی گوشواروں کے متعلقہ نوٹس میں دی گئی ہیں۔
- کمپنی تمام اہل ملازمین کے لئے ایک پراویڈنٹ فنڈ اسکیم چلاتی ہے۔ 30 جون 2021 کے محاسب شدہ گوشوارے کے مطابق اس فنڈ کی سرمایہ کاری کی مالیت 478 ملین روپے ہے۔

* 14 اکتوبر 2021 کو جناب بلال شاہد مجلسِ نظام کے ڈائریکٹر مقرر کیئے گئے، اور 22 اکتوبر 2021 کو رسک مینجمنٹ کمیٹی اور کمیٹی برائے انسانی وسائل و معاوضہ کے ممبر بنے۔

** جناب شارق عظیم صدیقی اور جناب ظفر اقبال اعوان 13 اکتوبر 2021 کو مجلسِ نظام سے مستعفی ہوئے۔

*** محترمہ جی جی ایو مینا ڈامیگل 07 جنوری 2022 کو مجلسِ نظام سے مستعفی ہوئیں۔

**** جناب آرنی ڈائیزون تیلانتے اور محترمہ لائیرین کولوقیو مورا سواریز 07 جنوری 2022 کو محترمہ جی جی ایو مینا ڈامیگل اور جناب شارق عظیم صدیقی کی جگہ مجلسِ نظام کے ڈائریکٹر مقرر کیئے گئے۔

***** آپ کی کمپنی کے ڈائریکٹر 24 فروری 2021 کو ریٹائر ہوئے اور 24 فروری 2021 کو ہونے والے غیر معمولی اجلاس عام میں دوبارہ منتخب ہوئے ہیں۔

مجلسِ نظام نے محترمہ جی جی ایو مینا ڈامیگل، جناب شارق عظیم صدیقی اور جناب ظفر اقبال اعوان کی جانب سے مجلسِ نظام میں ان کے عہدے کے دوران خدمات کے لئے ان کی تعریف کو ریکارڈ کیا ہے اور ان کی جگہ جناب بلال شاہد، محترمہ لائیرین کولوقیو مورا سواریز اور جناب آرنی ڈائیزون تیلانتے کو کمپنی کا بطور نظم خیر مقدم کرتے ہیں۔

ناظمین کے معاوضے کی پالیسی

مجلسِ نظام نے آزاد ناظمین اور غیر ایگزیکٹو ناظمین کے لئے، مجلسِ نظام اور اس کی کمیٹیوں کے اجلاس میں شرکت کے لئے معاوضے کی پالیسی منظور کی ہے۔ جس کی نمایاں خصوصیات مندرجہ ذیل بیان کی گئی ہیں:

(1) غیر ایگزیکٹو ناظمین

ہر غیر ایگزیکٹو ناظم صرف بورڈ میٹنگ میں شرکت کے لئے ایک ہزار ڈالر فی بورڈ میٹنگ معاوضے کا حقدار ہے۔

(2) آزاد ناظمین

ہر آزاد ناظم بورڈ میٹنگ میں شرکت کے لئے دو ہزار ڈالر فی بورڈ میٹنگ اور ہر کمیٹی میٹنگ میں شرکت کے لئے ایک ہزار ڈالر فی کمیٹی میٹنگ معاوضے کا حقدار ہے۔

(3) ناظمین مجلسِ نظام یا کمیٹی کے اجلاسوں میں شرکت کے سلسلے میں ہونے والے اخراجات کی ادائیگی کے بھی حقدار ہیں۔

ناظمین اور چیف ایگزیکٹو آفیسر کے لئے معاوضہ کی مجموعی رقم کی تفصیلات مالیاتی بیانات کے نوٹ نمبر 27 میں بیان کی گئی ہے۔

پیرنٹ کمپنی

آپ کی کمپنی آئی سی ٹی ایس آئی مارشس لمیٹڈ کے ماتحت ہے جبکہ اس کی حتمی مالک انٹرنیشنل کنٹینر ٹرمینل سروسز، انکارپوریشن، فلپائن میں رجسٹرڈ ایک کمپنی ہے۔ دورانِ سال انٹرنیشنل کنٹینر ٹرمینل سروسز، انکارپوریشن کی حصص داری 64.54 فیصد سے بڑھ کر 80.41 فیصد ہو گئی ہے۔

قانونی محاسب

موجودہ محاسبین ای وائے فورڈ رھوڈس (EY Ford Rhodes)، چارٹرڈ اکاؤنٹنٹس آئیندہ سالانہ اجلاس عام کے اختتام پر ریٹائر ہو رہے ہیں اور بوجہ اہل ہونے کے خود کو دوبارہ تقرر کے لیے پیش کر رہے ہیں۔ محاسبہ کمیٹی نے سال 31 دسمبر 2022 کے لیے دوبارہ تقرر کی سفارش کی ہے جس کی مجلسِ نظام نے توثیق کر دی ہے۔

بیانِ نظام

مجلسِ نظام

بیانِ نظام کی تاریخ کے مطابق مجلسِ نظام ایک خاتون اور چھ مرد ناظمین پر مشتمل ہے۔ ایگزیکٹو کے سلسلے میں، غیر ایگزیکٹو ناظمین اور آزاد ناظمین، بورڈ مندرجہ ذیل پر مشتمل ہے:

a- آزاد ناظمین

i- جناب گورڈن ایلن پی جوزف

ii- جناب رون راسموسن

b- غیر ایگزیکٹو ناظمین

i- جناب ہانس اول میڈسن

ii- جناب آرنی ڈائیرون تیلانتے

iii- جناب بلال شاہد

iv- جناب جیکب کریسٹنگ گلمن

v- محترمہ لائیرین کولوقیوموراسواریز

c- ایگزیکٹو ناظمین / چیف ایگزیکٹو آفیسر

i- جناب خرم عزیز خان

تمام ناظمین کمپنی کے معاملات کی مناسب نگہبانی میں گہری دلچسپی لیتے ہیں۔

دورانِ سال مجلسِ نظام کے چار، محاسبہ کمیٹی کے چار، کمیٹی برائے انسانی وسائل و معاوضہ کے ایک اور کمیٹی برائے رسک مینجمنٹ کے دو اجلاس منعقد کیے گئے، ناظمین کے نام اور ان کی مجلس اور کمیٹی اجلاس سال میں شرکت ذیل میں پیش کئے گئے ہیں:

سیریل نمبر	ناظمین کے نام	ممبر			اجلاس میں شرکت		
		محاسبہ کمیٹی	کمیٹی برائے انسانی وسائل و معاوضہ	کمیٹی برائے انسانی وسائل و معاوضہ	مجلسِ نظام	محاسبہ کمیٹی	کمیٹی برائے انسانی وسائل و معاوضہ
1	محترمہ جی جی الیوینا ڈامیگل ***	✓	-	-	4	4	-
2	جناب گورڈن ایلن پی جوزف	-	✓	✓	4	-	1
3	جناب ہانس اول میڈسن	-	✓	✓	4	-	1
4	جناب جیکب کریسٹنگ گلمن	-	-	-	4	-	-
5	جناب رون راسموسن	✓	-	-	4	4	-
6	جناب شارق عظیم صدیقی **	✓	-	✓	3	3	-
7	جناب ظفر اقبال اعوان **	-	✓	-	3	-	1
8	جناب بلال شاہد *	✓	-	✓	1	-	-
9	جناب آرنی ڈائیرون تیلانتے ****	-	-	-	-	-	-
10	محترمہ لائیرین کولوقیوموراسواریز ****	-	-	-	-	-	-

2) کارپوریٹ ایکسیلنس ایوارڈ

کارپوریٹ ایکسیلنس ایوارڈ ویلیو چین کی پائیداری اور کارپوریٹ سماجی ذمہ داری کے ساتھ مل کر آپریشنل چیلنج آپ کی کمپنی کی تجارتی ترقی کی حکمت عملی کے بنیادی عناصر ہیں۔ مسلسل چھٹے سال کارپوریٹ ایکسیلنس ایوارڈ کے ساتھ سرابا جانا کمپنی کے پائیدار آپریشنز کو مستعدی کے ساتھ برقرار رکھنے کے عزم کو ظاہر کرتا ہے۔



اندرونی مالی کنٹرولز کی موزونیت

اندرونی کنٹرولز کی پالیسیاں یکپارچہ کے آپریشنز کی اہلیت اور مؤثر ہونے، مالی معلومات پر انحصار اور لاگو قوانین اور ریگولیشنز کے متعلق مناسب ضمانت دینے کی غرض سے تیار کی گئی ہیں۔ مینجمنٹ اپنے رسک کے اندازوں، کنٹرولز کی نشاندہی مخصوص پالیسیوں پر نظر ثانی اور متعلقہ کنٹرولز کے طریقہ کار اور مانیٹرنگ کے نظام کو قائم کرتے ہوئے اندرونی کنٹرولز کے نظام کے اہل اور مؤثر ہونے کو یقینی بناتی ہے۔ انٹرئل کنٹرول سسٹم حصص یافتگان اور مجلسِ نظام کو مناسب ضمانت دینے کی خاطر تیار کیا گیا ہے۔ مینجمنٹ سمجھتی ہے کہ موجودہ انٹرئل کنٹرول سسٹم موزوں ہے اور اس پر مؤثر طریقے سے مانیٹرنگ اور عملدرآمد کیا گیا ہے۔

انٹرئل کنٹرول کی موزونیت سے متعلق ناظمین کی ذمہ داری

مجلسِ نظام مؤثر اندرونی اختیار کے ماحول کو پوری کمپنی پر نافذ کرنے کی اپنی ذمہ داری کو تسلیم کرتی ہے۔ کمپنی نے مؤثر اور تسلی بخش اندرونی محاسبہ کا فنکشن تشکیل دیا ہے جو سختی سے اختیارات پر نظر رکھتا ہے۔ یہ شعبہ سہ ماہی بنیادوں پر کمپنی کی سرگرمیوں کا جائزہ لیتا رہتا ہے۔ ان جائزوں کے بنیادی اہداف کمپنی کی مؤثر عمل کاری، منافع اور مفادات کی حفاظت اور اندرونی اختیارات کا قیام اور مشاہدے کا تسلسل برقرار رکھنا ہے۔

اندرونی محاسبہ کی رپورٹ کی بنیاد پر محاسبہ کمیٹی اندرونی محاسبہ کے شعبے کی کارکردگی کی سہ ماہی مدت میں نگرانی کرتی ہے، اور اس کے مطابق مجلس کو انکشافات اور سفارشات کے بارے میں آگاہ کرتی ہے۔

مجلس، عبوری حسابات، بیان اور دیگر مالیاتی اور اعداد و شمار کی معلومات سے مالیاتی کارکردگی اور حیثیت کا جائزہ لیتی ہے۔

حصص داروں کا خاکہ

31 دسمبر 2021 کو حصص داروں کا خاکہ اس رپورٹ کے ساتھ منسلک ہے۔

ناظمین، چیف ایگزیکٹو آفیسر، ایگزیکٹوز اور ان کے شریک حیات اور ان کے نابالغ بچوں نے دورانِ سال کمپنی کے حصص کی خرید و فروخت نہیں کی ہے۔ ایگزیکٹوز کا مطلب اس حوالے سے کمپنی کے سربراہ، حسابدار اعلیٰ، داخلی محاسبہ کے سربراہ، کمپنی سیکریٹری اور دیگر ایگزیکٹوز جنہیں مجلسِ نظام نے اس مقصد کے لیے نامزد کیا ہے۔ مجلسِ نظام کی جانب سے تنخواہ بنیادی حد 1,200,000 روپے مقرر کی گئی ہے جن کو ایگزیکٹوز مقرر کیا گیا ہے۔

(2) صحت

صحت کی دیکھ بھال آپ کی کمپنی کی اولین ترجیح ہے، جس کے لیے مختلف کارپوریٹ تعاون شعوری طور پر کیے جا رہے ہیں۔ اس سلسلے میں، آپ کی کمپنی نے درج ذیل اقدامات کیے ہیں:



- ملازمین اور صارفین کے لیے اندرون خانہ کووڈ 19 ویکسینیشن کیمپ کا آغاز کیا۔
- زچگی، نوزائیدہ اور بچوں کی صحت کی دیکھ بھال کی خدمات کے مقصد کے لئے فنڈ اکٹھا کرنے والے گالف ٹورنامنٹ کی تقریب کی حمایت کی۔
- صحت سے متعلق آگاہی پیدا کرنے کے لیے ویبینار سرسبز "Let's connect to disconnect Covid-19" اور انسداد کوبا کو آگاہی سیشن کا انعقاد کیا۔
- بیماری کے بارے میں آگاہی پھیلانے کے کروٹک اور سٹرکیو پلمو نری ڈیزیز (COPD) آگاہی سیشن کا انعقاد کیا۔

(3) کمیونٹی کو بااختیار کرنا اور اس کی دیکھ بھال

آپ کی کمپنی کے ارد گرد کی کمیونٹی کو مضبوط کرنے اور ان کے درمیان مسکراہٹیں پھیلانے کے لیے با مقصد مدد فراہم کرنے کے لیے سرگرم عمل ہے۔ دوران سال، آپ کی کمپنی نے درج ذیل سرگرمیاں انجام دیں:



- آپ کی کمپنی نے "غربت کے خاتمے کا بین الاقوامی دن؛ پڑوسی برادریوں میں خاندانوں کی مدد" منایا اور آپ کی کمپنی نے ٹرمینل کے آس پاس مستحق خاندانوں کے لیے کپڑے تقسیم کرنے کی مہم چلائی۔
- "رابن ہوڈ آرمی" نے ان کے ضرورت مندوں کے لیے کھانا دستیاب اور قابل رسائی بنانے کے مقصد میں آپ کی کمپنی کی قابل قدر شراکت داری کو تسلیم کیا گیا ہے۔

کارپوریٹ اعزازات اور اعترافات

کاروباری معیارات اور انتظام کو برقرار رکھنے اور بہتر بنانے کے لیے آپ کی کمپنی کی وابستگی مختلف کارپوریٹ ایوارڈز اور تسلیمات کے ذریعے ظاہر ہوئی ہے۔

(1) گرین سپلائی چین ایوارڈ

آپ کی کمپنی نے ویلیو چین پائیداری اور آپریشنل کاروائیوں کو برقرار رکھنے کے لیے حکمت عملیوں پر توجہ مرکوز کی ہے۔ ذمہ دارانہ کاروباری طرز عمل پر مرکوز مسلسل کوششوں نے آپ کی کمپنی کو اہم پہچان اور پائیدار ترقی اور کامیابی کی سمت دی ہے جس کا گرین سپلائی چین ایوارڈ ایک حقیقی عکاس ہے۔ یہ آپ کی کمپنی کو گیارہویں سالانہ پائیدار پورٹ اینڈ شپنگ، لاجسٹک اور سپلائی چین سمٹ میں پیش کیا گیا تھا۔

کارپوریٹ ماحولیاتی استحکام اور ماحولیات پر کاروبار کے اثرات

صحت، حفاظت اور ماحولیات [HSE] کے تحفظات آپ کی کمپنی کے روزمرہ کے کاموں کا ایک لازمی حصہ ہیں۔ آپ کی کمپنی میں [HSE] مینجمنٹ سسٹم میں سخت ٹارگٹ سیٹنگ کے خلاف پیشہ ورانہ حفاظت کی مسلسل پیمائش شامل ہے۔ ہمارے اسٹیک ہولڈرز کی صحت اور حفاظت اور ماحولیات پر ٹرمینل آپریشنز کے کم سے کم اثر کو یقینی بنانے کے لیے، آپ کی کمپنی نے ایک مربوط انتظامی سسٹم کی سرٹیفیکیشن حاصل کی ہوئی ہے، جو کہ ISO 9001 (کوالٹی مینجمنٹ سسٹم)، ISO 14001 (ماحولیاتی نظام)، اور ISO 45001 (پیشہ ورانہ صحت اور سیفٹی مینجمنٹ سسٹم) پر مشتمل ہے۔

آپ کی کمپنی نے اخراج کو کم کرنے کے اقدامات، فضلہ کے انتظام اور علاج کے طریقے، آگ بجھانے کے انتظامات، ہنگامی تیاریوں کی مشقیں، وقف ایمریٹس سروس، ابتدائی طبی امداد کی سہولیات، آلات کی لوڈ ٹیسٹنگ، لیک کنٹینر زاسٹورج ایریا، اور عملے کی شمولیت کے وقت HSE سے متعلق تربیت، اور آگاہی پروگرام جیسے اہم اقدامات کیے ہیں۔

ان کاوشوں کو نہ صرف معتبر ذرائع سے مختلف اعزازات کے ذریعے تسلیم کیا گیا ہے بلکہ آپ کی کمپنی نے ہمیں اس سال کے دوران 50 لاکھ سیف مین آؤز کا سنگ میل حاصل کرنے کے قابل بنایا ہے۔

ادارے کی سماجی ذمہ داری

آپ کی کمپنی اپنے تجارتی طرز عمل میں شعوری طور پر کارپوریٹ سماجی ذمہ داری کو قبول کر کے سماجی و معاشی ترقی کی سرپرستی کرنے کا تصور کرتی ہے۔ آپ کی کمپنی اپنی پالیسیوں کی رہنمائی کے ساتھ، اپنی توجہ اس سماج میں سرمایہ کاری برقرار رکھتی ہے جہاں وہ کام کرتی ہے۔ آپ کی کمپنی نے سال کے دوران جو اقدامات کیے ان میں سے چند درج ذیل ہیں:

(1) تعلیم

آپ کی کمپنی معاشرے کے ہنرمند نوجوانوں کی تعلیمی ترقی کے لیے اکیڈمیاً صنعتی شراکت داری کے رجحان کی حمایت کرتی ہے۔ سماجی تعلیم کے معیارات کو بلند کرنے اور ہنرمند نوجوانوں کے پیشہ ورانہ علم کو فروغ دینے کے لیے، آپ کی کمپنی نے مندرجہ ذیل پر توجہ مبذول کی ہے:

- نوجوانوں کی ترقی کے لیے میری ٹائم ایجوکیشنل انسٹیٹیوٹ کے ساتھ شراکت داری۔
- ہونہار اور مستحق طلباء کو میرٹ کی بنیاد پر وظائف کی مسلسل فراہمی۔
- نوجوانوں میں میری ٹائم انڈسٹری کے بارے میں بیداری پھیلانے کے لیے یونیورسٹی کے طلباء کے لیے صنعتی دوروں کی میزبانی کی۔
- انٹرنشپ کے ساتھ ساتھ مینجمنٹ ٹرینی پروگرام کا انعقاد کرنا۔
- مستحق طلباء کے لیے سپانسر شدہ تعلیمی مواد کی فراہمی، تاکہ ان کی تعلیم میں مدد ہو سکے۔



ICTSI کی طرف سے کمپنی کے حصص کا مزید حصول

دورانِ سال، آپ کی کمپنی کی حتمی ہولڈنگ کمپنی، انٹرنیشنل کنٹینر ٹرمینل سروسز [ICTSI] نے آپ کی کمپنی میں مزید 17,332,267 حصص حاصل کیے۔ ان حصص کی حصولی کے بعد آپ کی کمپنی میں ICTSI کی حصے داری کی شرح 64.54 فیصد سے بڑھ کر 80.41 فیصد ہو گئی ہے۔ ICTSI کی سرمایہ کاری میں اضافہ پاکستان کی پورٹ انڈسٹری کو بہتر بنانے کے ان کے عزم کی تصدیق کرتا ہے اور یہ سرمایہ کاری آپ کی کمپنی کو عالمی مہارت سے فائدہ اٹھانے اور آپ کی کمپنی کی قدر میں اضافے کے نئے مواقع تلاش کرنے میں مددگار ثابت ہوگا۔

مستقبل کا منظر نامہ

عالمی بحری سپلائی چین میں کمزوریاں، بنیادی طور پر کووڈ-19 کی رکاوٹوں اور بندرگاہوں پر اس کے اثرات، جیسے کے بندرگاہوں پر بھیڑ اور کم قابل اعتماد شیدول 2022 میں سپلائی چین میں خلل ڈال سکتے ہیں۔ جو کہ معمول پر سال 2023-24 تک آنے کی توقع ہے۔ ورلڈ ٹریڈ آرگنائزیشن کے مطابق سال 2022 میں تجارتی نمو میں 4.0 فیصد اضافہ متوقع ہے، اور عالمی تجارت کا کل حجم وبائی امراض سے پہلے کے رجحان سے کم رہے گا۔ آپ کی کمپنی صارفین کے لیے ڈیجیٹل طور پر بہتر تجربے کے ذریعے کراچی پورٹ کے پائیدار مارکیٹ حصص کو برقرار رکھنے کے کوشش کرتی رہے گی، اور تمام اسٹیک ہولڈرز کے لئے پائیدار قدر فراہم کرتی رہے گی۔

کنسیشن ایگریمنٹ

مجلسِ نظما آپ کی توجہ مالیاتی گوشواروں کے نوٹ 2.3 کی طرف مبذول کرواتی ہے جس میں یہ بتایا گیا ہے کہ آپ کی کمپنی کا کراچی پورٹ ٹرسٹ (کے پی ٹی) کے ساتھ 21 سالہ معاہدہ ہے جو 18 جون 2002 کو شروع ہوا تھا۔ کے پی ٹی کی دوسرے ٹرمینل کے کنسیشن ایگریمنٹ کی مدت میں قبل از وقت توسیع اور انفراسٹرکچر میں توسیع کی تاریخ کے پیش نظر، کمپنی نے پچھلے کئی سالوں سے حکومتِ پاکستان کے دیگر حلقوں اور کے پی ٹی کے ساتھ کنسیشن ایگریمنٹ کی مدت میں قبل از وقت توسیع اور انفراسٹرکچر کی توسیع کا معاملہ اٹھایا ہوا ہے۔ کمپنی کے مفاد کو مزید تحفظ دینے کے لیے، کمپنی نے کے پی ٹی کی جانب سے کاروائی میں تاخیر کے خلاف دسمبر 2021 کے دوران معزز سندھ ہائی کورٹ کے سامنے قانونی مقدمہ دائر کیا اور عبوری حکم امتناعی حاصل کر لیا ہے جس کے تحت کے پی ٹی کو کنسیشن ایگریمنٹ ختم کرنے یا متعلقہ ٹرمینل آپریشن کسی اور کو دینے کے لیے بڈس کو مدعو کرنے سے روک دیا گیا ہے۔

کمپنی، کے پی ٹی اور قومی وسیع تر مفاد میں، ابھی بھی کے پی ٹی کے ساتھ کنسیشن ایگریمنٹ کی تجدید / توسیع بشمول مدت اور دیگر تجارتی شرائط و ضوابط پر بات چیت کے عمل میں ہے۔ مندرجہ بالا کو مد نظر رکھتے ہوئے، کمپنی کنسیشن ایگریمنٹ کی توسیع کے بارے میں پرامید ہے اور اس کے مطابق، مالیاتی گوشواروں کو چلتے ہوئے کاروباری ادارے کی بنیاد پر تیار کیا گیا ہے، جو کہ مندرجہ بالا واقعات اور حالات کی وجہ سے پیدا ہونے والی غیر یقینی اور موروٹی صورتحال سے مشروط ہے اور کمپنی کے مستقبل کے لیے اہمیت کا حامل ہے۔



دورانِ سال، آپ کی کمپنی نے اپنے آغاز سے لے کر اب تک 10 ملین TEUs کو سمبھالنے کا سنگِ میل عبور کیا۔ یہ سنگِ میل آپ کی کمپنی کے ملکی اقتصادی پلک کو سپورٹ کرنے کے عزم کا مظہر ہے۔ کمپنی اپنی میراث جاری رکھتے ہوئے، پاکستان کے مصروف ترین بندرگاہ شہر میں انتخابی ٹرمینل بننے کے عزم کو، کاروبار کرنے میں آسانی کو بہتر بنانے، ڈیجیٹلائزیشن کو فروغ دینے، اور گاہکوں کو موثر کسٹمر سروسز کی فراہمی کے لئے کوشاں ہے۔

31 دسمبر 2021 کو ختم ہونے والے مالی سال کے کاروباری اور مالیاتی نتائج

آپ کی کمپنی نے دورانِ سال 11,099 ملین روپے کی آمدنی حاصل کی جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 23 فیصد زیادہ ہے۔ آپریشنل ایکسلنس اور لاگت کی اصلاح کے ذریعے، آپ کی کمپنی نے 5,160 ملین روپے کا مجموعی منافع حاصل کیا۔ سال کا اختتام 3,390 ملین روپے کے خالص منافع کے ساتھ ہوا، جو گزشتہ سال کے مقابلے میں 27 فیصد زیادہ ہے۔ اس ترقی کو پچھلے سال کی اسی مدت کے مقابلے میں 23 فیصد اضافی آمدنی اور مارکیٹ کے حصے میں اضافے سے مدد حاصل ہوئی ہے۔

2020	2021	روپے ملین میں	محاصل
9,009	11,099		مجموعی منافع
4,121	5,160		محصولات سے قبل منافع
3,764	4,776		بعد از محصولات منافع
2,673	3,390		آگے لایا گیا غیر منقسم منافع
1,572	1,184		تخصیصات کے بعد دستیاب منافع
4,245	4,574		تخصیصات
(819)	(546)		حتمی کیش ڈیویڈنڈ ختم شدہ سال 31 دسمبر 2020 @ 5.00 روپے فی حصص
			(31 دسمبر 2019 @ 7.50 روپے فی حصص)
(2,242)	(2,576)		عبوری کیش ڈیویڈنڈ ختم شدہ سال 31 دسمبر 2021 @ 23.60 روپے فی حصص
			(31 دسمبر 2019 @ 20.54 روپے فی حصص)
1,184	1,452		غیر مختص منافع فرستادہ
24.48	31.05		بنیادی اور خفیف آمدنی فی عمومی حصص

مجلسِ نظما اس بات پر خوش ہے کہ تجویز شدہ حتمی پیش ڈیویڈنڈ 90% جو کہ 9.00 روپے فی حصص ہے جو کہ دورانِ سال ادا کئے گئے عبوری کیش ڈیویڈنڈ 23.60 روپے کے علاوہ ہے جو کہ حتمی کیش ڈیویڈنڈ کی تجویز اکیسویں سالانہ اجلاسِ عام میں اراکین کی منظوری سے مشروط ہے جو 19 اپریل 2022 کو منعقد ہوئی۔ مندرجہ بالا تجویز کا اثر ان مالیاتی گوشواروں میں شامل نہیں ہے۔ اس تجویز کا اثر ممبران کی منظوری کے بعد رواں مالی سال میں ہوگا۔



ہم مجلسِ نظام کی جانب سے اختتام مالی سال 31 دسمبر 2021 کے لئے آپ کی کمپنی کے محاسب شدہ مالیاتی گوشوارے بمعہ محاسب کی رپورٹ کو پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

حکومت پاکستان کی ملک گیر ویکسینیشن مہم کووڈ-19 کے مثبت کیسز اور اس کے مختلف متغیرات کو کم کرنے میں موثر ثابت ہوئی ہے۔ اس کی وجہ سے 2021 میں پابندیوں اور لاک ڈاؤن میں نرمی ہوئی اور اس طرح معیشت کو استحکام پر مبنی ترقی کی طرف رہنمائی ملی۔

عالمی سپلائی چینز میں کووڈ - 19 کی رکاوٹوں، بندرگاہوں کی بھیڑ، اور جہازوں کی کم اعتماد شیڈول جیسے بہت سے چیلنجوں سے دوچار ہونے کے باوجود، آپ کی کمپنی 476,577 کنٹینرز سمیٹنے میں کامیاب رہی، جو کہ گزشتہ سال کی اسی مدت میں 394,458 کنٹینرز تھے، اس طرح آپ کی کمپنی مارکیٹ میں اپنے حصے کو 20 فیصد تک بڑھانے میں کامیاب رہی۔ حریفوں کے پاس اضافی صلاحیت اب بھی آپ کی کمپنی کے لیے چیلنج ہے جس کو مختلف تجارتی اور آپریشنل سرگرمیوں کے ذریعے کم کیا جا رہا ہے۔

	2021	2020	2019	2018	2017	2016
Statement of Profit or Loss (Rs. in Millions)						
Revenue	11,098.67	9,009.17	7,927.13	8,250.37	9,291.44	9,295.47
Gross Profit	5,160.17	4,120.66	3,458.89	3,750.99	4,545.97	4,627.48
Profit Before Taxation	4,775.90	3,764.27	3,011.05	3,290.18	4,168.82	4,137.17
Profit After Taxation	3,389.66	2,672.52	2,137.41	2,134.92	2,797.87	2,748.62
Statement of Financial Position (Rs. in Millions)						
Share Capital and Reserves	2,723.48	2,455.59	2,843.73	2,299.96	2,340.45	2,145.88
Current Liabilities	4,051.31	2,318.46	1,607.39	1,608.30	1,452.16	1,999.35
Total Liabilities	4,114.91	2,376.63	1,752.59	1,868.59	1,837.74	2,494.51
Current Assets	5,479.02	3,186.65	2,406.81	1,558.58	1,205.16	1,319.79
Total Assets	6,838.38	4,832.22	4,596.32	4,168.55	4,178.20	4,640.39
Ratios						
Earnings Per Ordinary Share (Rs)	31.05	24.48	19.58	19.56	25.63	25.18
Break up Value Per Ordinary Share (Rs)	24.95	22.50	26.05	21.07	21.44	19.66
Return on Equity (%)	130.90	100.86	83.11	92.01	124.73	113.59
Debt Equity Ratio	0:100	0:100	0:100	0:100	0:100	0:100
Dividend Payout Ratio (%)	105	104	92	90	93.6	109

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan International Container Terminal Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019 [the Regulations]

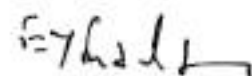
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Pakistan International Container Terminal Limited (the Company) for the year ended 31 December 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 31 December 2021.



Chartered Accountants

Place: Karachi

Date: 08 March 2022

UDIN: CR202110076FozBwDqmi

Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019

For the year ended December 31, 2021

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (here-in-after referred as 'the Regulations') in the following manner:

1. The total number of directors are 7 as per the following:
 - a) Male: Six (6)
 - b) Female: one (1)
2. The composition of the Board is as follows:
 - a) Independent Directors:
 - i. Mr. Gordon Alan P. Joseph
 - ii. Mr. Rune Rasmussen
 - b) Non-executive Directors
 - i. Mr. Hans Ole Madsen - Chairman of the Board
 - ii. Ms. Gigi Iluminada Miguel
[Resigned on January 07, 2022. Mr. Arnie Dizon Tablante was appointed in her place on January 07, 2022]
 - iii. Mr. Jacob Christian Gulmann
 - iv. Mr. Bilal Shahid
 - v. Ms. Lirene Coloquio Mora-Suarez
[Appointed on January 07, 2022, in place of Mr. Sharique Azim Siddiqui who resigned on October 13, 2021]
 - c) Executive Director/ Chief Executive Officer
Mr. Khurram Aziz Khan

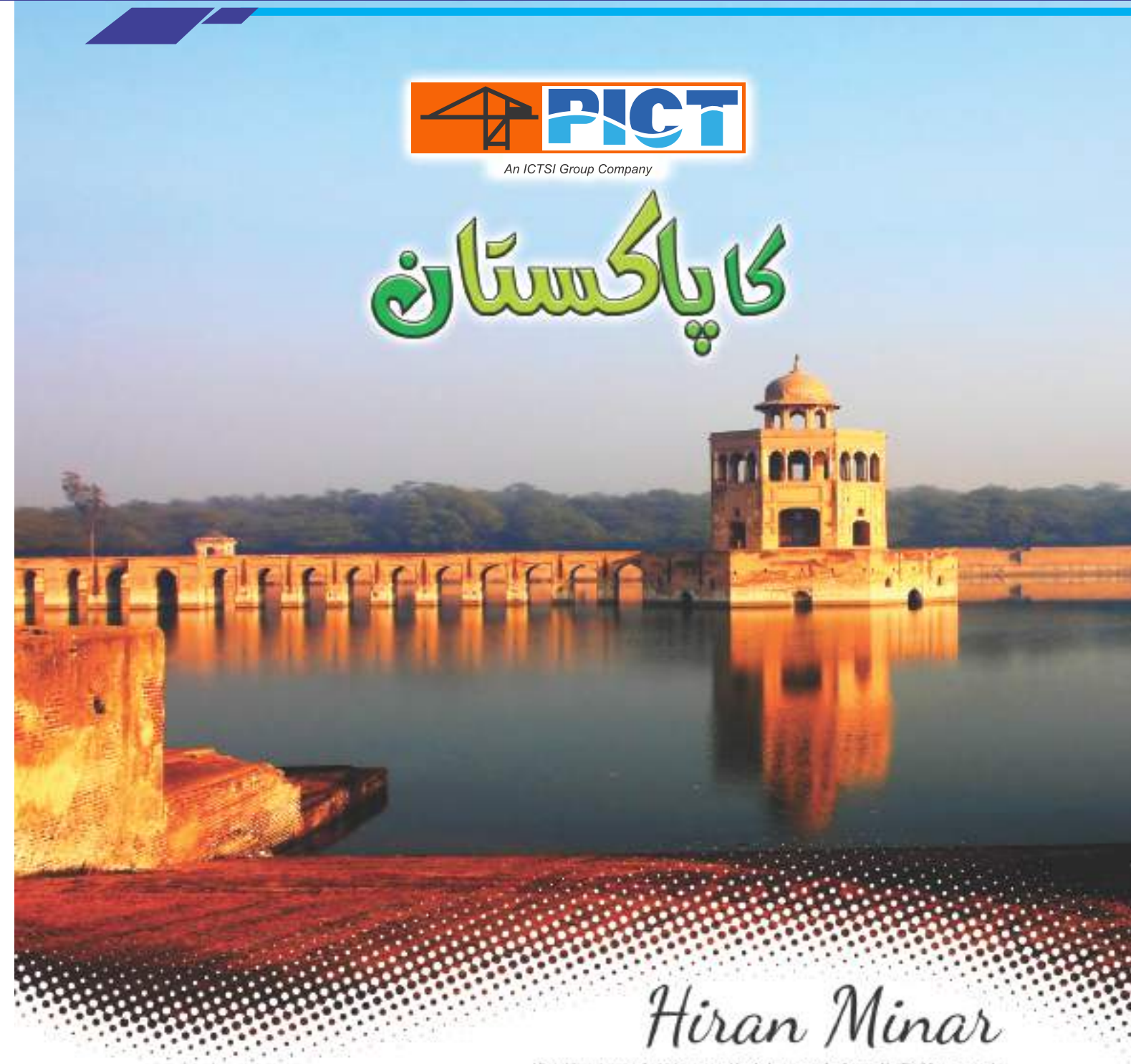
* For the purposes of number of Independent Directors on the Board, the Company has not rounded up the fraction in one-third as one, since the Company contemplates that keeping in view the comparison of the number of non-executive Directors [five], Chief Executive Officer [One] with number of Independent Directors [two], the Board under the current composition is adequately independent.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations.
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board.
8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations.
9. During the year no Director has obtained Directors Training Certification.
10. There have been no changes in the position of Chief Financial Officer (CFO), Company Secretary and Head of Internal Audit during the year.
11. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board.

12. The Board has formed the following committees comprising of members given below:
 - a) Audit Committee
 - i. Mr. Rune Rasmussen, Chairman
 - ii. Ms. Gigi Iluminada Miguel, Member
[Resigned on January 07, 2022]
 - iii. Mr. Bilal Shahid, Member
 - b) Human Resource and Remuneration Committee
 - i. Mr. Gordon Alan P. Joseph, Chairman
 - ii. Mr. Hans-Ole Madsen, Member
 - iii. Mr. Zafar Iqbal Awan, Member
[Resigned on October 13, 2021]
 - c) Risk Management Committee
 - i. Mr. Gordon Alan P. Joseph, Chairman
 - ii. Mr. Hans-Ole Madsen, Member
 - iii. Mr. Bilal Shahid, Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per the following:
 - a) Audit Committee [Quarterly]
 - b) Human Resource and Remuneration Committee [Yearly]
 - c) Risk Management Committee [Semi-annually]
15. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan (ICAP) and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, the Chief Financial Officer, the Head of Internal Audit, the Company Secretary or Directors of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard; and
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

Mr. Hans-Ole Madsen
Chairman of the Board
Karachi
Dated: March 04, 2022

Mr. Khurram Aziz Khan
Chief Executive Officer



Hiran Minar

Hiran Minar is an early 16th-century Mughal era complex located in Sheikhpura, in the Pakistani province of Punjab, 71 kilometres from Lahore. The complex was built at the site of a game reserve in honour of Mughal Emperor Jahangir's beloved antelope named Mansraj.

INDEPENDENT AUDITOR'S REPORT

To the members of Pakistan International Container Terminal Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Pakistan International Container Terminal Limited** (the Company), which comprise the statement of financial position as at **31 December 2021**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2021 and of the profit and its comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to the matter disclosed in note 2.3 to the accompanying financial statements, which describes that the Company's Build, Operate and Transfer (BOT) contract (Concession Agreement) with Karachi Port Trust (KPT) is expiring on 18 June 2023. The management has taken up the matter for early renewal / extension of Concession Agreement, however, there is no positive response by the KPT as of the date of this report. During the year, the Company also filed a Petition with Honorable High Court of Sindh (the Court) against KPT and have obtained an interim stay order from the Court, restraining KPT from terminating the Concession Agreement and inviting bids for award of contract for relevant terminal operation. These conditions and events indicate that a material uncertainty exists in respect of the extension of Concession Agreement, and that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

En

Key Audit Matters

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

Following are the key audit matters:

S No.	Key audit matters	How our audit addressed the key audit matter
1.	Contingencies	
	<p>As at the reporting date, the Company has various contingent liabilities in respect of income tax and sales tax related matters and pending litigation from the concerned authorities as disclosed in note 16 of the financial statements.</p> <p>Due to the significance of the amounts involved in such matters and the inherent uncertainties in respect of their ultimate outcome, the management judgements and estimates in relation to such contingencies may be complex. Accordingly, we have considered the contingencies as a key audit matter.</p>	<p>Our key audit procedures on contingencies included, amongst others, obtained an understanding of the management's processes and controls over litigations through meetings with the management and review of the minutes of the Board of Directors and Audit Committee:</p> <ul style="list-style-type: none"> - Obtained and reviewed confirmations from the Company's external advisors for their views on the legal position of the Company in relation to the contingencies; - Involved our internal tax professionals to assess management's conclusions on tax matters and to evaluate the consistency of such conclusions with the views of the external tax advisors engaged by the Company; and - Evaluated the adequacy of disclosures made in respect of the contingencies in accordance with the requirements of the financial reporting standards as applicable in Pakistan.
2.	Revenue recognition	
	<p>The Company's revenue is generated from rendering of container handling services to various customers in accordance with the terms of respective agreements. During the year, revenue of the Company increased by 23% as compared to the previous year.</p> <p>When identifying and assessing the risk relating to revenue recognition, we focused during our performance of audit procedures relating to revenue that whether the sales recorded by the management was occurred during the year and properly recorded in the correct accounting period.</p>	<p>Our key audit procedures in this area amongst others included the following:</p> <ul style="list-style-type: none"> - Obtained an understanding of the Company's process with respect to revenue recognition and tested design and operating effectiveness of controls relevant to such process, including general Information Technology (IT) controls, key application controls and IT dependent manual controls for the relevant IT systems which govern revenue recognition;

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Page 2

S No.	Key audit matters	How our audit addressed the key audit matter
	<p>Considering the aforementioned reasons together with growth in revenue during the year, we have identified this area as a key audit matter.</p> <p>Refer to notes 3.16 and 17 accounting policy and relevant disclosures respectively in respect of revenue.</p>	<ul style="list-style-type: none"> - Reviewed the terms and conditions of container handling with customers, on sample basis, and assessed the appropriateness of revenue recognition policies and practices followed by the Company; - For test of details, we selected sample of transactions and performed the following procedures: <ul style="list-style-type: none"> • agreed the applied tariff to the respective terms in the contracts; • agreed container handling rates, used in the calculation of tariff, to the pre-billing vessel wise summary; and • tested revenue calculations and agreed the revenue recognized to the underlying accounting records. - We also Performed cut-off procedures to check that revenue has been recognised in the appropriate accounting period; - Performed journal entry testing using a risk-based criterion, on a sample basis, relating to revenue transactions recorded by the Company and reviewed underlying documentation and business rationale of such journal entries; and - Assessed the adequacy of the disclosures as per the guidelines set out in the applicable financial reporting requirements.

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

Management is responsible for the other information. The other information comprises of information included in the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material

misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of the Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Shaikh Ahmed Salman**.

Signature

Chartered Accountants

Place: Karachi

Date: 08 March 2022

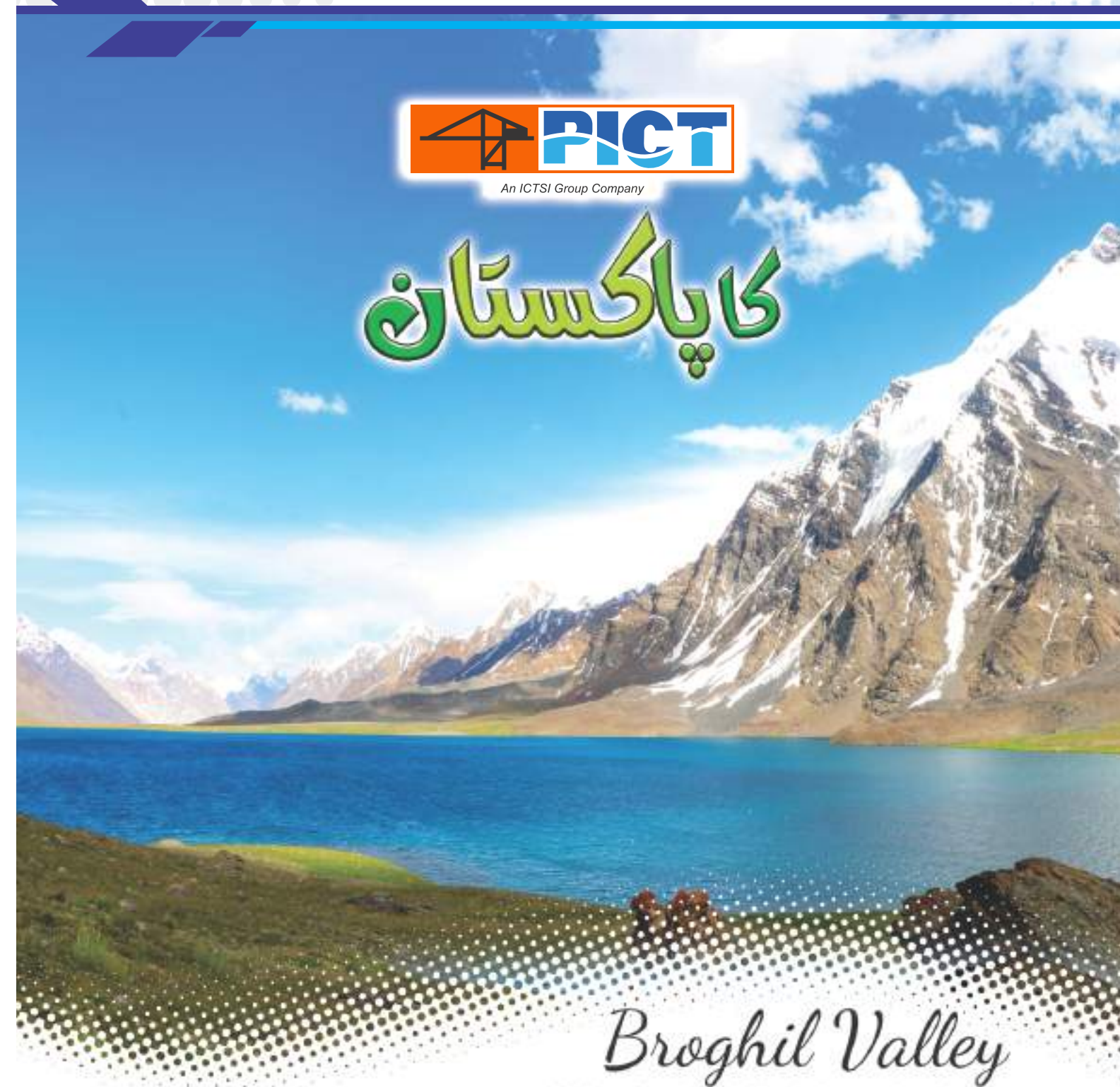
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Financial Statements



An ICTSI Group Company

کاپاکستان



Broghil Valley

Broghil Valley is a valley and national park located in the upper northern reaches of the Chitral District 250 km from the main town of Chitral, Pakistunkhwa, Pakistan, close to the Afghan-Pakistan border.

Statement of Financial Position

As at December 31, 2021

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,133,045	1,545,677
Intangibles	5	21,579	45,633
Long-term deposits		5,544	10,424
Deferred taxation - net	6	199,190	43,836
		<u>1,359,358</u>	<u>1,645,570</u>
CURRENT ASSETS			
Stores, spare parts and loose tools - net	7	485,795	437,651
Trade debts - net	8	626,955	672,761
Advances	9	30,159	22,199
Deposits, prepayments and other receivables	10	203,690	178,954
Short-term investments - net	11	-	-
Cash and bank balances	12	4,132,425	1,875,085
		<u>5,479,024</u>	<u>3,186,650</u>
TOTAL ASSETS		<u><u>6,838,382</u></u>	<u><u>4,832,220</u></u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	13.2	1,091,532	1,091,532
Reserves	13.3	1,631,943	1,364,061
		<u>2,723,475</u>	<u>2,455,593</u>
NON-CURRENT LIABILITIES			
Deferred Liability	14	63,597	58,166
CURRENT LIABILITIES			
Trade and other payables	15	2,436,143	2,223,884
Unclaimed dividends		71,431	63,704
Unpaid dividends		1,517,481	-
Taxation - net		26,255	30,873
		<u>4,051,310</u>	<u>2,318,461</u>
TOTAL EQUITY AND LIABILITIES		<u><u>6,838,382</u></u>	<u><u>4,832,220</u></u>
CONTINGENCIES AND COMMITMENTS	16		

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Statement of Profit or Loss

For the year ended December 31, 2021

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
Revenue - net	17	11,098,666	9,009,171
Cost of services	18	(5,938,493)	(4,888,515)
Gross profit		<u>5,160,173</u>	<u>4,120,656</u>
Administrative expenses	19	(576,192)	(535,885)
Other expenses	20	(27,157)	(4,778)
Finance costs	21	(713)	(617)
Other income	22	219,785	184,896
Profit before taxation		<u>4,775,896</u>	<u>3,764,272</u>
Taxation	23	(1,386,234)	(1,091,753)
Profit after taxation		<u><u>3,389,662</u></u>	<u><u>2,672,519</u></u>
		----- (Rupees) -----	
Earnings per ordinary share - basic and diluted	24	<u>31.05</u>	<u>24.48</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Statement of Comprehensive Income

For the year ended December 31, 2021

	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
Profit after taxation	3,389,662	2,672,519
Other comprehensive income	-	-
Total comprehensive income	<u>3,389,662</u>	<u>2,672,519</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Statement of Changes in Equity

For the year ended December 31, 2021

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profits	Total Reserves	Total
	----- (Rs. in thousands) -----				
Balance as at December 31, 2019	1,091,532	180,000	1,572,198	1,752,198	2,843,730
Profit after taxation	-	-	2,672,519	2,672,519	2,672,519
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	2,672,519	2,672,519	2,672,519
Final cash dividend for the year ended December 31, 2019 @ Rs 7.50/- per ordinary share	-	-	(818,649)	(818,649)	(818,649)
Interim cash dividends for the year ended December 31, 2020 @ Rs 20.54/- per ordinary share	-	-	(2,242,007)	(2,242,007)	(2,242,007)
Balance as at December 31, 2020	1,091,532	180,000	1,184,061	1,364,061	2,455,593
Profit after taxation	-	-	3,389,662	3,389,662	3,389,662
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	3,389,662	3,389,662	3,389,662
Final cash dividend for the year ended December 31, 2020 @ Rs 5.00/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
Interim cash dividends for the year ended December 31, 2021 @ Rs 23.60/- per ordinary share	-	-	(2,576,014)	(2,576,014)	(2,576,014)
Balance as at December 31, 2021	<u>1,091,532</u>	<u>180,000</u>	<u>1,451,943</u>	<u>1,631,943</u>	<u>2,723,475</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Statement of Cash Flows

For the year ended December 31, 2021

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES	29	5,501,630	4,821,548
Taxes paid		(1,546,206)	(1,224,684)
Compensated absences paid	14.1	(2,068)	(5,752)
Finance costs paid		(713)	(617)
Net cash generated from operating activities		<u>3,952,643</u>	<u>3,590,495</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(297,563)	(127,002)
Proceeds from disposal of operating fixed assets		278	348
Markup on savings accounts received		198,554	148,446
Net cash (used) in / generated from investing activities		(98,731)	21,792
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(1,596,572)	(3,052,837)
Net cash used in financing activities		<u>(1,596,572)</u>	<u>(3,052,837)</u>
Net increase in cash and cash equivalents		2,257,340	559,450
Cash and cash equivalents at the beginning of the year		1,875,085	1,315,635
Cash and cash equivalents at the end of the year	12	<u>4,132,425</u>	<u>1,875,085</u>

The annexed notes from 1 to 35 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

Notes to the Financial Statements

For the year ended December 31, 2021

1. CORPORATE INFORMATION AND OPERATIONS

- 1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan and is listed on the Pakistan Stock Exchange Limited. The registered office of the Company is situated at Berths 6 - 9, East Wharf, Karachi Port, Karachi.
- 1.2. The Company is mainly engaged in providing container terminal management services. Currently the Company has a Build, Operate and Transfer (BOT) "Concession Agreement" with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002.
- 1.3. The Company is a subsidiary of ICTSI Mauritius Limited whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Philippines. The shareholding of parent company increased from 48.11% to 63.99% during the year.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountants of Pakistan (ICAP), as are notified under the Companies Act, 2017 (the Act) and provisions of and directives issued under the Act. In case requirements differ, the provisions and directives of the Act, shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of the S.R.O No. 24(I)/2012 dated January 16, 2012 has given relaxation for the implementation of IFRIC 12 - "Service Concession Arrangements" due to the practical difficulties facing the companies. The impact on the financial results of the Company due to application of IFRIC-12 is disclosed in note 34 to these financial statements.

2.2. Basis of measurement

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.3. Expiry of Concession Agreement and Going Concern Assumption

The existing Concession Agreement with KPT is for a period of twenty-one years commencing June 18, 2002.

Based on the precedence existing at Karachi Port whereby KPT has provided early extension in the Concession term and expansion in the infrastructure to another Container Terminal, the Company has already taken-up the matter for early extension in Concession term and expansion of infrastructure with KPT and other relevant quarters of the Government of Pakistan; since the past several years. In order to further safeguard the Company's interest against KPT's inequitable behaviour, the Company has filed a legal suit before the Honorable High Court of Sindh during December 2021 and has obtained interim injunction / stay order for status quo whereby KPT is restrained from terminating the Concession Agreement or inviting bids for award of contract for relevant terminal operation.

The Company is still in the process of discussions with KPT on the possibilities of renewal / extension of the Concession Agreement including period and other commercial terms and conditions; in the wider national interest and interests of both the Company and KPT.

In view of the above, the Company is optimistic about the extension of Concession Agreement and, accordingly, these financial statements have been prepared on a going concern basis, subject to the inherent uncertainties caused by the above events and conditions that are of critical significance for the future of the Company.

2.4. New standards, amendments to approved accounting standards and new interpretations

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

2.4.1. Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective:

The following standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

Standards, interpretations and amendments	Effective date
Property, Plant and Equipment: Proceeds before Intended Use – - Amendments to IAS 16	01 January 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	01 January 2022
Classification of liabilities as current or non-current - Amendment to IAS 1	01 January 2023
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendment to IFRS 10 and IAS 28	Not yet finalized
Definition of Accounting Estimates - Amendments to IAS 8	01 January 2023
Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	01 January 2023
IFRS 17 - Insurance Contracts	01 January 2023
IFRS 3 - Reference to the Conceptual Framework (Amendments)	01 January 2022
IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022
IAS 41 Agriculture - Taxation in fair value measurement	01 January 2022

The above standards and amendments are not expected to have any material impact on the Company's financial statements in the period of initial application.

Further, following new standard has been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 1 - First-time Adoption of International Financial Reporting Standards	01 July 2009

2.5. Significant accounting judgments, estimates and assumptions

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

- determining the method of depreciation, residual values and useful lives of operating fixed assets (note 4.1);
- taxation (note 3.5);
- determining the provision for obsolescence of stores, spare parts and loose tools (note 7);
- determining the allowance for expected credit losses (note 8);
- expected outcome of contingencies (note 16.1); and
- intangibles (note 5).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Property, plant and equipment

3.1.1. Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Consistent with prior years, depreciation is charged to statement of profit or loss using straight line method so as to write off the historical cost of the assets less their estimated residual values over their estimated useful lives or the remaining term of the Concession Agreement, whichever is lower, at the rates specified in note 4.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available for use and on disposals up to the month the respective asset was in use. Assets' residual values, useful lives and methods of depreciation are reviewed and adjusted, if appropriate, at each reporting date.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the higher of fair value less cost to sell and value in use.

Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements, if any, are capitalised where they meet the definition of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the statement of profit or loss in the period in which they arise.

3.1.2. Capital work-in-progress

These are stated at cost less any impairment in value. All expenditures connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.2. Intangibles

An intangible asset is recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company and that the cost of such asset can also be measured reliably.

Consistent with prior years, Costs incurred on the acquisition of intangibles are capitalised and are amortised on straight line basis over their estimated useful life or the remaining term of the Concession Agreement, whichever is lower at the rates stated in note 5.1 to these financial statements. Amortisation is charged in the month in which the asset is available for use.

Useful lives of intangibles are reviewed, at each reporting date and adjusted if appropriate.

The carrying values of intangibles are reviewed for impairment at each reporting date for events or changes in circumstances that indicate the carrying value may not be recoverable.

3.3. Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of net realisable value and cost. Cost is determined using first-in-first-out (FIFO) basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the reporting date. Provision is made annually in the financial statements for slow moving and obsolete items if required.

3.4. Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

3.5. Taxation

Current

Provision for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001 after considering rebates and tax credits available, if any, and includes adjustments to charge for prior years, if any.

In making the estimates for income taxes, the Company takes into account the current income tax law and decisions taken by appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with the view taken by the income tax department at the assessment stage and where the Company considers that its view on items of a material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed as a contingent liability.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all major temporary differences arising at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Significant management judgement is required to determine the amount of deferred tax that can be recognised, based upon the likely timing and the level of future taxable profits. The management consider tax consequences that would follow from the manner in which the entity expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.6. Loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs and have not been designated 'as at fair value through profit or loss'. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using effective interest rate method.

Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the amortisation process.

3.7. Provisions

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

3.8. Staff retirement benefits

The Company operates a recognised provident fund scheme (defined contribution plan) for all its eligible permanent employees. Equal monthly contributions are made by the Company and the employees to the fund in accordance with the rules of the provident fund scheme. Contributions from the Company are charged to statement of profit or loss for the year.

3.9. Provision for compensated leave absences

The Company provides a facility to its employees for accumulating their annual earned leave under an unfunded scheme.

Accruals are made to cover the obligation under the scheme on accrual basis and are charged to statement of profit or loss. Accrual for compensated absences for employees is calculated on the basis of one month's gross salary. The amount of liability recognised in the statement of financial position is calculated by the Company using the above basis.

3.10. Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to statement of profit or loss.

3.11. Dividend

Dividend is recognised as a liability in the period in which it is approved.

3.12. Impairment of non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the statement of profit or loss, for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

3.13. Segment reporting

These financial statements have been prepared on the basis of single reportable segment which is consistent with the internal reporting of the Company.

3.14. Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

3.15. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial assets

Initial recognition and measurement

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL).

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of a debt instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in statement of other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price, determined under IFRS 15) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments). These are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in statement of profit or loss when the asset is derecognised, modified or impaired.
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment / expected credit loss (ECL) on financial assets

The Company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

The Company considers a financial asset in default when contractual payments are 275 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

The Company uses the standard's simplified approach and calculates ECL based on life-time ECL on its financial assets. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the financial assets and the economic environment. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECL is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The ECLs are recognised in the statement of profit or loss.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

3.16. Revenue

As per the business principles, revenue from contracts with customers is recognised net of rebates, if any when the services are rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The performance obligations of port berth operations are satisfied and payment is generally due upon completion and billing of the services.

3.17. Other income

Profit on deposits / saving accounts are recognised on effective interest rate basis.

Other income is recognised on accrual basis.

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	857,758	1,457,635
Capital work-in-progress	4.2	275,287	88,042
		<u>1,133,045</u>	<u>1,545,677</u>

Notes to the Financial Statements

For the year ended December 31, 2021

4.1. Operating fixed assets

	December 31, 2021									
	COST			ACCUMULATED DEPRECIATION						
	As at January 01, 2021	Additions / *transfers from capital work-in-progress	Disposals	As at December 31, 2021	As at January 01, 2021	Charge for the year (note 4.1.3)	Disposals	As at December 31, 2021	Written down value as at December 31, 2021	Depreciation rate per annum %
	(Rs in thousands)									
Leasehold land & building (note 4.1.2)	247,547	-	-	247,547	191,597	23,152	-	214,749	32,798	8.33
Leasehold improvements	1,903,794	2,628 * 28,453	-	1,934,875	1,659,240	117,090	-	1,776,330	158,545	5-20
Container / terminal handling / workshop equipment**	5,600,910	8,733 * 25,027	(1,413)	5,633,257	4,633,500	463,687	(906)	5,096,281	536,976	5-20
Port power generation	651,684	10,530 * 1,823	-	664,037	512,637	63,383	-	576,020	88,017	5-10
Vehicles	20,097	-	-	20,097	17,027	1,704	-	18,731	1,366	20
Computers and other equipment	326,556	8,994 * 23,615	(1,063)	358,102	284,176	38,282	(985)	321,473	36,629	10-33.33
Furniture and fixtures	51,264	515	(12,788)	38,991	46,040	2,312	(12,788)	35,564	3,427	10-33.33
	8,801,852	31,400 * 78,918	(15,264)	8,896,906	7,344,217	709,610	(14,679)	8,039,148	857,758	
Total	8,801,852	110,318	(15,264)	8,896,906	7,344,217	709,610	(14,679)	8,039,148	857,758	

* Transfers from capital work-in-progress.

** Includes stand-by equipment having written down value of Rs 6.15 million.

	December 31, 2021									
	COST			ACCUMULATED DEPRECIATION						
	As at January 01, 2020	Additions / *transfers from capital work-in-progress	Disposals	As at December 31, 2020	As at January 01, 2020	Charge for the year (note 4.1.3)	Disposals	As at December 31, 2020	Written down value as at December 31, 2020	Depreciation rate per annum %
	(Rs in thousands)									
Leasehold land & building (note 4.1.2)	247,547	-	-	247,547	168,445	23,152	-	191,597	55,950	8.33
Leasehold improvements	1,879,472	4,758 * 19,564	-	1,903,794	1,548,495	110,745	-	1,659,240	244,554	5-20
Container / terminal handling / workshop equipment**	5,469,035	4,435 * 127,819	(379)	5,600,910	4,175,774	457,896	(170)	4,633,500	967,410	5-20
Port power generation	575,946	1,005 * 74,733	-	651,684	457,318	55,319	-	512,637	139,047	5-10
Vehicles	20,097	-	-	20,097	14,590	2,437	-	17,027	3,070	20
Computers and other equipment	316,692	6,164 * 7,741	(4,041)	326,556	252,008	35,781	(3,613)	284,176	42,380	10-33.33
Furniture and fixtures	51,561	133 * 50	(480)	51,264	42,712	3,634	(306)	46,040	5,224	10-33.33
	8,560,350	16,495 * 229,907	(4,900)	8,801,852	6,659,342	688,964	(4,089)	7,344,217	1,457,635	
Total	8,560,350	246,402	(4,900)	8,801,852	6,659,342	688,964	(4,089)	7,344,217	1,457,635	

* Transfers from capital work-in-progress.

** Includes stand-by equipment having written down value of Rs 13.82 million.

4.1.1. Disposals of operating fixed assets

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (loss) on disposals – net	Particulars of Buyer	Mode of Disposal
	(Rs in thousands)						
Items having written down value of less than Rs. 5,000,000/- 2021	15,264	14,679	585	278	307	Various	Various
2020	4,900	4,089	811	348	(463)	Various	Various

4.1.2. This includes a leasehold land in the name of the Company having written down value of Rs 5.6 million (2020: Rs 9.5 million) and area of approximately 6 by 6 acres situated at Deh Mai Gharhi, Tappo Manghopir, Gadap Town, Karachi which is depreciated over the lease term.

	Note	December 31, 2021	December 31, 2020
		(Rs. in thousands)	
4.1.3. Depreciation charge for the year has been allocated as under:			
Cost of services	18	638,649	620,068
Administrative expenses	19	70,961	68,896
		709,610	688,964

4.2. Capital work-in-progress

4.2.1. Movement

Opening balance		88,042	207,442
Additions during the year	4.2.2	266,163	110,507
Transferred to operating fixed assets		(78,918)	(229,907)
Closing balance	4.2.3	275,287	88,042

4.2.2. This includes Rs 237.76 million (2020: Rs 33.81 million) in container / terminal handling / workshop equipment and Rs 28.40 million (2020: Rs 76.70 million) in other assets

	Note	December 31, 2021	December 31, 2020
		(Rs. in thousands)	
4.2.3. Category wise breakup			
Leasehold improvements		22,536	42,336
Container / terminal handling / workshop equipment		236,498	24,428
Port power generation		10,332	306
Vehicles		660	-
Computers and other equipment		5,261	20,504
Furniture and fixtures		-	468
		275,287	88,042

5. INTANGIBLES

Intangibles	5.1	21,579	45,633
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5.1. Intangible

	December 31, 2021							
	Cost			Accumulated Amortisation				
	As at January 01, 2021	Additions	As at December 31, 2021	As at January 01, 2021	Charge for the year (note 5.2)	As at December 31, 2021	Written down value as at December 31, 2021	Amortisation rate per annum %
	(Rs in thousands)							
Computer software	241,404	-	241,404	195,771	24,054	219,825	21,579	20-33.33
Project development cost	37,889	-	37,889	37,889	-	37,889	-	20
Total	279,293	-	279,293	233,660	24,054	257,714	21,579	

	December 31, 2020							
	Cost			Accumulated Amortisation				
	As at January 01, 2020	Additions	As at December 31, 2020	As at January 01, 2020	Charge for the year (note 5.2)	As at December 31, 2020	Written down value as at December 31, 2020	Amortisation rate per annum %
	(Rs in thousands)							
Computer software	241,404	-	241,404	170,772	24,999	195,771	45,633	20-33.33
Project development cost	37,889	-	37,889	37,889	-	37,889	-	20
Total	279,293	-	279,293	208,661	24,999	233,660	45,633	

Note

	December 31, 2021	December 31, 2020
	(Rs. in thousands)	(Rs. in thousands)

5.2. Amortisation charge for the year has been allocated as under:

Cost of services	18	21,649	22,499
Administrative expenses	19	2,405	2,500
		24,054	24,999

6. DEFERRED TAXATION - net

Deductible / (taxable) timing differences arising in respect of:

Accelerated tax depreciation and amortisation	76,309	(74,071)
Provisions	122,881	117,907
	199,190	43,836

7. STORES, SPARE PARTS AND LOOSE TOOLS - net

Stores, spare parts and loose tools	488,880	449,475
Fuel and lubricants	26,010	17,271
	514,890	466,746
Provision for obsolescence	(29,095)	(29,095)
	485,795	437,651

8. TRADE DEBTS - net

Unsecured

	Note	December 31, 2021	December 31, 2020
		(Rs. in thousands)	(Rs. in thousands)
Considered good	8.2, 8.3 & 8.4	628,430	674,236
Allowance for expected credit losses	8.1	(1,475)	(1,475)
		626,955	672,761

8.1. The aging of unimpaired trade debts as at December 31 is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			Within 90 days	91 to 180 days	Over 180 days
	(Rs. in thousands)				
Related parties	1,348	465	883	-	-
Other than related parties	625,607	603,118	19,339	2,152	998
2021	626,955	603,583	20,222	2,152	998
Related parties	7,529	4,919	2,610	-	-
Other than related parties	665,232	622,804	30,909	1,228	10,291
2020	672,761	627,723	33,519	1,228	10,291

8.2. Related parties represent Rs 1.35 million due from Bilal Associates (Pvt) Ltd.

8.3. The maximum amount outstanding at the end of any month during the year from Bilal Associates (Pvt) Ltd. was Rs 1.35 million.

8.4. These are generally on a term ranging from 15 to 60 days.

9. ADVANCES

Unsecured, considered good

	December 31, 2021	December 31, 2020
	(Rs. in thousands)	(Rs. in thousands)
Suppliers and contractors	28,098	20,985
Employees	2,061	1,214
	30,159	22,199

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
10. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		10,360	5,480
Prepayments		76,562	64,620
Other Receivables - considered good			
Insurance claim receivable		2,876	4,289
Accrued markup		9,538	335
Receivable from tax authorities	16.1.3	100,000	100,000
Others		4,354	4,230
		<u>116,768</u>	<u>108,854</u>
		<u>203,690</u>	<u>178,954</u>
11. SHORT-TERM INVESTMENTS – net			
Amortised cost			
Certificate of investments (COIs)		43,000	43,000
Allowance for expected credit losses	11.1	(43,000)	(43,000)
		<u>-</u>	<u>-</u>
11.1.	Represents investment in COIs of Saudi Pak Leasing Company (the investee company). The investee company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. Due to uncertainties involved, the Company as a matter of prudence has carried impairment provision in these financial statements. However, the Company is continuously pursuing for the recovery of the investments amount.		

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
12. CASH AND BANK BALANCES			
With banks in:			
current accounts		92,392	65,680
savings accounts		4,011,851	1,803,887
	12.1	<u>4,104,243</u>	<u>1,869,567</u>
Cash and pay orders in hand		28,182	5,518
		<u>4,132,425</u>	<u>1,875,085</u>
12.1.	These carry profit at rates ranging from 4.01 to 9.50 percent (2020: 3.89 to 12.85 percent) per annum. This includes Rs 6.76 million (2020: Rs 0.14 million) deposited with Islamic shariah compliant banks.		
12.2.	As at December 31, 2021, the Company has unutilised short-term running finance facility under markup arrangements aggregating Rs 265 million (2020: Rs 300 million) available from Faysal Bank Limited carrying mark-up rate based on 6 months KIBOR as benchmark rate plus 30 basis points (2020: 6 months KIBOR plus 30 basis points). This facility is secured against first pari passu hypothecation charge on all present and future current assets amounting to Rs 620 million (2020: Rs 620 million).		

13. SHARE CAPITAL

13.1. Authorised capital

December 31, 2021 ----- (Number of shares) -----	December 31, 2020		December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
182,000,000	182,000,000	Ordinary shares of Rs 10/- each	1,820,000	1,820,000
18,000,000	18,000,000	Preference shares of Rs 10/- each	180,000	180,000
<u>200,000,000</u>	<u>200,000,000</u>		<u>2,000,000</u>	<u>2,000,000</u>

13.2. Issued, subscribed and paid-up capital

December 31, 2021 ----- (Number of shares) -----	December 31, 2020		Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
63,761,200	63,761,200	Ordinary shares of Rs 10/- each issued for cash		637,612	637,612
33,352,352	33,352,352	issued as bonus shares		333,524	333,524
12,039,600	12,039,600	issued for consideration other than cash	13.2.1	120,396	120,396
<u>109,153,152</u>	<u>109,153,152</u>			<u>1,091,532</u>	<u>1,091,532</u>

13.2.1. Represent shares issued in consideration for mobile harbour cranes, port equipment and a vehicle.

13.2.2. The voting rights are in proportion to shareholding of the shareholders.

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
13.3. Reserves			
Capital reserve			
Capital redemption reserve fund	13.3.1	180,000	180,000
Revenue reserve			
Unappropriated profits	13.3.2	1,451,943	1,184,061
		<u>1,631,943</u>	<u>1,364,061</u>

13.3.1. The capital redemption reserve fund can be utilized by the Company in accordance with the provisions of the Companies Act, 2017 and any applicable regulations therein.

13.3.2. The shareholders are entitled to receive all distributions including dividends and other entitlements in the form of bonus and right shares as and when declared by the Company.

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
14. DEFERRED LIABILITY			
Provision for compensated leave absences	14.1	<u>63,597</u>	<u>58,166</u>
14.1. Movement			
Opening balance		<u>58,166</u>	57,871
Accrual made during the year		<u>7,499</u>	6,047
		<u>65,665</u>	63,918
Payments made during the year		<u>(2,068)</u>	(5,752)
Closing balance		<u>63,597</u>	<u>58,166</u>
15. TRADE AND OTHER PAYABLES			
Trade creditors	15.1	<u>517,331</u>	427,848
Technical services fee payable	15.1	<u>139,906</u>	130,048
Staff related liabilities		<u>178,172</u>	144,393
Payable to port authorities	16.1.2	<u>526,049</u>	434,490
Accrued liabilities		<u>509,849</u>	549,998
Other liabilities:			
Advances from customers		<u>127,038</u>	143,257
Workers' Welfare Fund		<u>329,541</u>	329,541
Sales tax payable		<u>103,284</u>	58,649
Others		<u>4,973</u>	5,660
		<u>564,836</u>	537,107
		<u>2,436,143</u>	<u>2,223,884</u>

15.1. Includes Rs 309.44 million (2020: Rs 191.8 million) payable to related parties.

16. CONTINGENCIES AND COMMITMENTS

16.1. Contingencies

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

On April 24, 2017, HCS passed the judgment and decree in favor of the Company and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. On June 03, 2017, KPT filed an appeal 287/2017 against the aforesaid HCS' judgment before the Divisional Bench of HCS.

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

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

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

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

16.1.3. While completing the audit proceedings for the tax year 2013, the Deputy Commissioner Inland Revenue (DCIR) amended the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001 and made certain disallowances / additions in the taxable income and raised an income tax demand of Rs 130.4 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who partly decided the appeal in favour of the Company. Consequently, the Company made the payment of Rs 100 million and filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR), in respect of issues confirmed by the CIR-A, which is pending for adjudication.

The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favour of the Company and accordingly, no provision in respect of excess demand raised by the DCIR has been made in the financial statements.

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

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

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

any coercive recovery measures till the finalization of appeal before the ATIR which is pending for adjudication.

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

16.1.6. In 2019, ACIR amended the deemed assessments of the Company for the tax years 2018 and 2014 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised the income tax demands of Rs 537.247 million and Rs451.828 million respectively. The Company filed the appeals before CIR-A who accepted the Company's contention in almost all respects except for couple of matters, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company and ACIR filed the appeals before ATIR which are pending for adjudication.

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

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

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

The Company has filed a joint Civil Appeal with other terminal operators challenging the impugned HCS Judgement before SCP. On March 03, 2020, SCP has suspended the operation of the impugned judgment and granted leave to appeal. The legal advisor of the Company is of the opinion that the Company has a reasonable chance of success in this case. Accordingly, no provision has been made in this respect in the financial statements

16.1.8. In 2020, while completing the audit proceedings for the tax year 2015, DCIR amended the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001 and made certain disallowances/additions to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs499.290 million. The Company filed an appeal before CIR-A who partly decided the appeal in favor of the Company. Being aggrieved by the decision of CIR-A, the Company filed the appeal before ATIR which is pending for adjudication.

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

16.1.9. In 2020, ACIR amended the deemed assessment of the Company for the tax year 2017 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs 398.155 million. The Company filed an appeal before CIR-A who partly decided the appeal in favor of the Company. Being aggrieved by the decision of CIR-A, the Company filed the appeal before ATIR which is pending for adjudication.

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

16.1.10. In 2021, the ACIR amended the deemed assessment of the Company for the tax years 2019 and 2020 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised income tax demands of Rs 420.619 million and Rs 370.391 million respectively. The Company filed the appeals before CIR-A which are pending for adjudication. The Company has also obtained stay from HCS against the demands created by ACIR. HCS vide its orders directed ACIR not to take any coercive recovery measures till the finalization of appeals before CIR-A.

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

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

Note	December 31, 2021	December 31, 2020
	----- (Rs. in thousands) -----	
16.2. Commitments		
16.2.1. Commitments for capital expenditure	<u>71,739</u>	30,401
16.2.2. Outstanding letters of guarantees	<u>159,354</u>	159,354
16.2.3. Outstanding letters of credit		
Utilised	90,674	63,670
Unutilised	<u>109,326</u>	<u>136,330</u>
16.2.4. Commitments in respect of Handling, Marshalling and Storage charges to the Karachi Port Trust (KPT)		
Not later than one year	208,071	204,852
Later than one year but not later than five years	<u>105,338</u>	313,380
	<u>313,409</u>	<u>518,232</u>

Notes to the Financial Statements

For the year ended December 31, 2021

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
17. REVENUE - net			
Gross revenue	17.1	12,697,755	10,179,350
Sales tax	17.1	(1,599,089)	(1,170,179)
		11,098,666	9,009,171

17.1. Includes Rs 96.70 million (2020: Rs74.43 million) collected from customers on behalf of KPT in respect of sales tax on wharfage charges.

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
18. COST OF SERVICES			
Salaries, wages and other benefits		571,112	589,933
Provident fund contribution		17,183	16,704
Staff training		2,045	1,098
Terminal handling and services		720,808	584,302
Royalty to KPT		1,227,350	971,344
Handling, Marshalling and storage charges	16.1.2	202,791	191,572
Fuel and power		878,252	577,033
Stores, spares and other maintenance charges		405,274	316,215
Technical services fee	18.1	652,863	529,951
Rent, rates and taxes		251,396	153,307
Insurance		166,066	153,716
Software maintenance charges		106,176	90,240
Office maintenance		36,118	31,546
Travelling, conveyance and vehicle running expenses		11,807	11,293
Communication, printing and stationery		3,062	4,154
Utilities		1,063	1,189
Depreciation and amortisation	4.1.3 & 5.2	660,298	642,567
Others		24,829	22,351
		5,938,493	4,888,515

18.1. Represents charges for technical services provided by ICTSI Mauritius Limited to the Company for advising on continuous improvement of the terminal operations, training of key personnel and risk management services.

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
19. ADMINISTRATIVE EXPENSES			
Salaries, wages and other benefits		218,123	226,292
Provident fund contribution		7,756	7,592
Travelling, conveyance and vehicle running expenses		16,925	13,740
Legal and professional charges		13,919	16,727
Auditors' remuneration	19.1	9,748	10,540
Security expenses		36,397	28,516
Insurance		14,153	15,014
Office maintenance		68,124	54,221
Advertising and public relations		21,684	7,826
Communication, printing and stationery		28,282	18,591
Utilities		4,685	4,597
Depreciation and amortisation	4.1.3 & 5.2	73,366	71,396
Fees and subscription		13,712	13,366
Others		49,318	47,467
		576,192	535,885

19.1. Auditors' remuneration			
Statutory Audit Fee		2,300	2,200
Limited scope reviews and other certifications		2,627	2,400
Tax advisory services		4,192	4,958
Out of pocket expenses		629	982
		9,748	10,540

20. OTHER EXPENSES			
Loss on disposal of operating fixed assets - net		307	463
Exchange loss - net		26,850	4,315
		27,157	4,778

21. FINANCE COSTS			
Bank charges		713	617
		713	617

22. OTHER INCOME			
Income from financial assets			
Markup on savings accounts	22.1	207,757	148,459
Income from non-financial assets			
Others		12,028	36,437
		219,785	184,896

22.1. This includes Rs 0.01 million (2020: Rs 0.67 million) profit earned from bank accounts under profit arrangement with Islamic shariah compliant banks.

23. TAXATION

23.1. Relationship between tax expense and accounting profit:

24. EARNINGS PER ORDINARY SHARE - basic and diluted

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended December 31, 2021. The Board of Directors review and agree policies for managing each of these risks which are summarised below.

25.1. Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, advances to employees, deposits, other receivables and bank balances. The Company seeks to minimise the credit risk exposure by dealing only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk on the financial assets of the Company at the reporting date is:

At amortised cost - unsecured

	December 31, 2021	December 31, 2020
Long-term deposits	5,544	10,424
Advances to employees	2,061	1,214
Trade debts – net	626,955	672,761
Deposits and other receivables	27,128	14,334
Bank balances	4,104,243	1,869,567
	4,765,931	2,568,300

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

25.1.1. Trade debts - net

Customers with no defaults in the past one year	626,955	672,761
Customers with some defaults in past one year which have been fully recovered	-	-
	626,955	672,761

25.1.2. Cash with Banks

	Carrying Values	
	December 31, 2021	December 31, 2020
	----- (Rs. in thousands) -----	
A1	905,882	4,594
A1+	3,198,361	1,864,973
	<u>4,104,243</u>	<u>1,869,567</u>

25.2. Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Carrying Amount Less than 1 year ----- (Rs in thousands) -----

At amortised cost

Trade and other payables	1,875,627	1,875,627
Unpaid dividend	1,517,481	1,517,481
December 31, 2021	<u>3,393,108</u>	<u>3,393,108</u>

At amortised cost

Trade and other payables	1,689,449	1,689,449
December 31, 2020	<u>1,689,449</u>	<u>1,689,449</u>

25.3. Foreign Currency Risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company is exposed to foreign exchange risk on the following US Dollars denominated trade and other payables:

	December 31, 2021	December 31, 2020
	----- (US dollars) -----	
Trade and other payables	<u>1,638,663</u>	<u>1,402,576</u>

The foreign currency exposure is adequately covered as the majority of the Company's billing is determined in US dollars which is converted into Pakistani Rupees at the exchange rate prevailing at the transaction date.

The following significant exchange rate has been applied at the reporting dates:

	December 31, 2021	December 31, 2020
	----- (Rupees) -----	
Pakistani Rupee to US Dollars	<u>176.50</u>	<u>160.19</u>

The following figures demonstrate the sensitivity to a reasonably possible change in exchange rates, with all other variables held constant, of the Company's profit before tax:

	Change in Exchange rates	Effect on profit before tax (Rs. in thousands)
December 31, 2021	± 5%	<u>±14,461</u>
December 31, 2020	± 5%	<u>± 11,234</u>

25.4. Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of change in market interest rates relates primarily to the Company's financing obligations with floating interest rates. However, as of the reporting date the Company does not have any financing obligations with floating interest rates.

25.5. Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity instruments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares as at the reporting date.

25.6. Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amounts of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans less cash and bank balances. Capital signifies equity as shown in the statement of financial position plus net debt. The gearing ratio of the Company as at December 31, 2021 is Nil (December 31, 2020: Nil).

26. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

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

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

27.1. The aggregate amount, charged in the financial statements for the year, is as follows:

	December 31, 2021			December 31, 2020		
	Chief Executive	Directors / Chairman (Non-Executive)	Executives	Chief Executive	Directors / Chairman (Non-Executive)	Executives
	(Rs. in thousands)					
Managerial remuneration	39,748	-	130,387	35,130	-	121,385
Provident fund	2,181	-	6,321	1,891	-	5,943
Bonus paid	14,060	-	43,499	13,568	-	36,501
Fee for attending meetings	-	8,456	-	-	8,061	-
	<u>55,989</u>	<u>8,456</u>	<u>180,207</u>	<u>50,589</u>	<u>8,061</u>	<u>163,829</u>
Number	<u>1</u>	<u>7</u>	<u>32</u>	<u>1</u>	<u>7</u>	<u>30</u>

27.2. The Chief Executive and certain Executives of the Company were also provided with the free use of Company maintained cars, club memberships, medical, shares of ultimate parent company and other benefits in accordance with their terms of service.

28. RELATED PARTY TRANSACTIONS

The related parties include the Holding Company, associated companies, and entities having directors in common with the Company, Staff Provident Fund, directors and other key management personnel. Detail of related parties with whom the Company has entered into transactions with or has arrangement / agreement in place during the year along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these financial statements, are as follows:

28.1. Name and nature of relationship

a) Holding Company

ICTSI Mauritius Limited – 63.99% shares (directly) held in the Company.

b) Associated Companies due to significant influence

Aeolina Investments Limited – 15.71 % shares held in the Company.

Euroasia Terminal (Private) Limited – 9.37 % shares held in the Company

c) Associated companies, subsidiaries, joint ventures or holding companies incorporated outside Pakistan

ICTSI Mauritius Limited - a company incorporated in Mauritius

Aeolina Investments Limited - a company incorporated in British Virgin Islands

d) Post-employment benefit plan

Staff Provident Fund of the Company

28.2. Transactions with related parties

	Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
Holding Company			
Technical services fee	18.1	<u>652,863</u>	529,951
Dividends paid		<u>472,644</u>	<u>1,472,550</u>
Associated companies / other related parties			
Terminal handling services and rent		<u>498,534</u>	454,946
Revenue from container handling		<u>22,215</u>	<u>27,701</u>
Dividends paid		<u>551,855</u>	<u>1,146,371</u>
Key management personnel			
Managerial Remuneration		<u>227,694</u>	206,584
Company's contribution to provident fund		<u>8,502</u>	<u>7,834</u>

28.3. Amounts due from and due to related parties, amount relating to remuneration of the Chief Executive and Directors are disclosed in the relevant notes to these financial statements.

28.4. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company.

Note	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
29. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,775,896	3,764,272
Adjustments for non-cash items:		
Depreciation and amortisation	733,664	713,963
Accrual for compensated leave absence	7,499	6,047
Exchange loss - net	26,850	4,315
Finance cost	713	617
Markup on savings accounts	(207,757)	(148,459)
Loss on disposals of operating fixed assets - net	307	463
	561,276	576,946
Operating profit before working capital changes	5,337,172	4,341,218
(Increase) / decrease in current assets		
Stores, spare parts and loose tools - net	(48,144)	(10,143)
Trade debts - net	45,806	(234,596)
Advances, deposits, prepayments and other receivables	(18,613)	24,366
	(20,951)	(220,373)
Increase in current liabilities		
Trade and other payables	185,409	700,703
Cash generated from operations	5,501,630	4,821,548

30. PROVIDENT FUND

Investments out of provident fund have been made in accordance with the provisions of the section 218 of the Companies Act, 2017 and the conditions specified thereunder.

	December 31, 2021 ----- (Number) -----	December 31, 2020
31. NUMBER OF PERSONS EMPLOYED		
Persons employed as of	680	706
Average persons employed during the year	689	738

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on March 04, 2022 by the Board of Directors of the Company.

33. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors in their board meeting, held on March 04, 2022 have recommended a final cash dividend of Rs. 9.00 per ordinary share amounting to Rs. 982.378 million for the year ended December 31, 2021. The adjustment for this dividend will be incorporated in the subsequent financial statements of the Company.

34. EXEMPTION FROM APPLICABILITY OF IFRIC - 12 "SERVICE CONCESSION ARRANGEMENTS"

As explained in note 2.1, the required disclosure is as follows:

Under IFRIC-12, the consideration required to be made by operator (the Company) for the right to use the asset is to be accounted for as an intangible asset under IAS - 38 "Intangible Assets". If the Company had to follow IFRIC-12, the effect on the financial statements would be as follows:

	December 31, 2021 ----- (Rs. in thousands) -----	December 31, 2020
Reclassification from property, plant and equipment (including CWIP) to intangible (Port Concession Rights) - written down value	683,013	980,838
Reclassification from spares to intangibles	24,791	27,956
Recognition of intangibles (Port Concession Rights) on account of handling and marshalling charges (HMS)	129,020	215,034
Recognition of present value of concession liability on account of intangibles (HMS)	288,258	463,558
Interest expense for the year on account of intangibles (HMS)	25,496	34,334
Amortisation expense for the year on account of intangibles (HMS)	86,014	86,014
Amortisation expense for the year on account of concession assets (PPE and spares)	389,346	374,054
Increase in profit before tax for the year on account of reversal of HMS	200,795	195,034

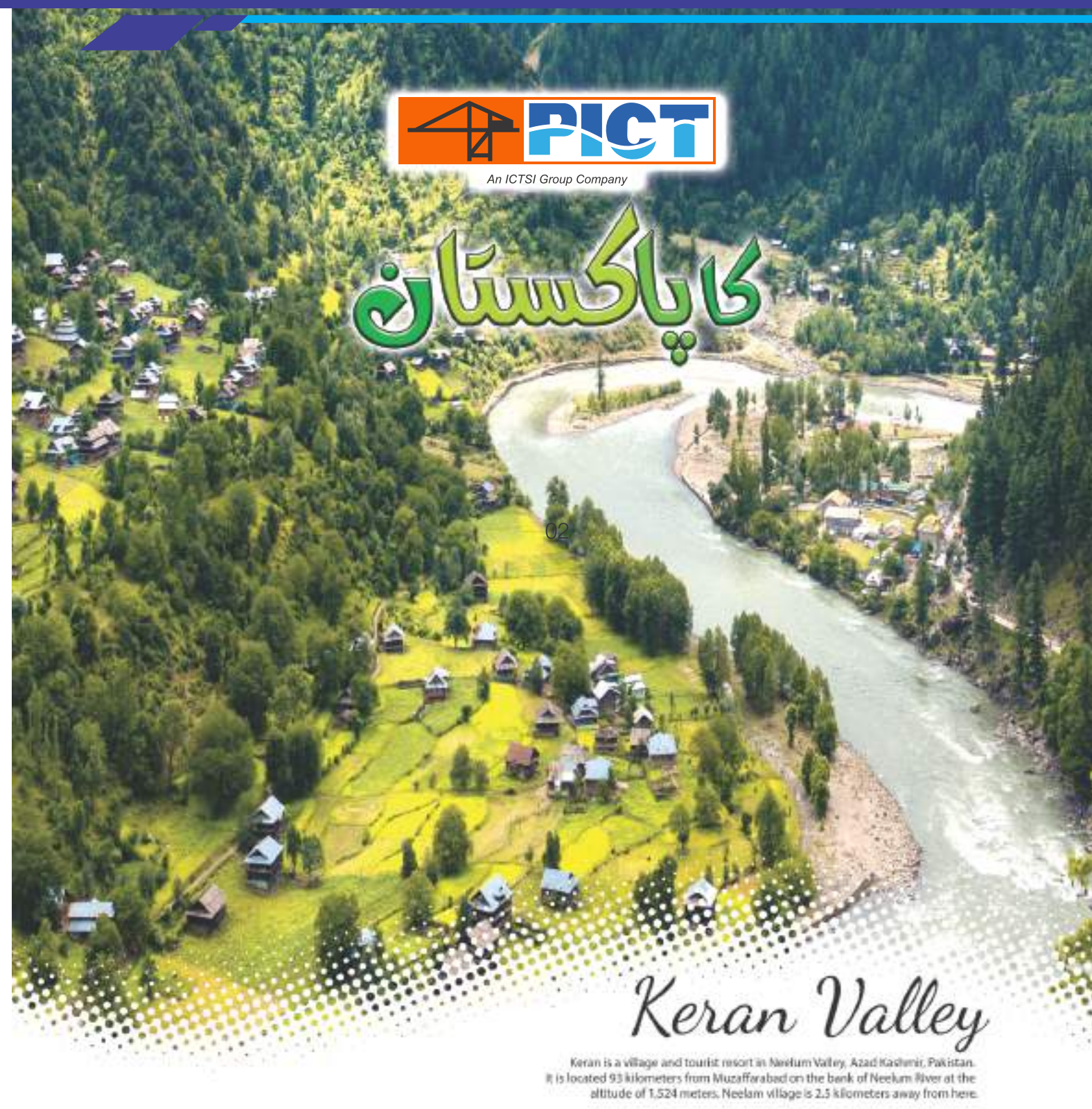
35. GENERAL

- 35.1.** Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.
- 35.2.** The handling capacity of the Company is indeterminable because it depends on multiple variables such as dwell time of containers, availability of external yards and type of containers. The containers handled by the Company were according to the market demand.

Chief Executive Officer

Chief Financial Officer

Director



Pattern of Shareholding

As at December 31, 2021

Categories of Shareholders	Total Shares held	Percentage
Directors, Chief Executive Officer and their spouse(s) and minor children	-	-
Associated companies, undertakings and related parties		
ICTSI Mauritius Limited	69,848,310	63.99
Aeolina Investments	17,155,639	15.72
EuroAsia Terminal (Private) Limited	10,226,000	9.37
Synergy Limited	783,500	0.72
NIT and ICP	-	-
Banks, Development Financial Institutions, Non-Banking Financial Institutions	720	0.00
Insurance Companies	-	-
Modarabas and Mutual Funds	1,000	0.00
General Public		
a.Local	5,293,467	4.85
b.Foreign	542,010	0.50
Foreign Companies	3,008,231	2.75
Joint Stock Companies	2,291,566	2.10
Trust	8	0.00
Executives	2,701	0.00
Totals	109,153,152	100.00

Categories of Shareholders	Shares Held	Percentage
----------------------------	-------------	------------

Shareholders holding 10% or more

ICTSI Mauritius Limited	69,848,310	63.99
Aeolina Investments	17,155,639	15.72

Pattern of Shareholding

As at December 31, 2021

No. of Shareholders	Total Shares		Share holdings Held
	From	To	
1,057	1	100	44,685
938	101	500	278,073
963	501	1000	762,103
634	1001	5000	1,477,514
104	5001	10000	788,177
24	10001	15000	303,740
17	15001	20000	302,176
6	20001	25000	134,383
5	25001	30000	148,140
7	30001	35000	229,900
1	35001	40000	38,300
5	40001	45000	212,700
7	45001	50000	344,940
2	55001	60000	116,500
1	65001	70000	66,784
1	90001	95000	94,000
2	95001	100000	197,440
1	165001	170000	169,300
1	180001	185000	184,100
1	275001	280000	276,665
1	765001	770000	770,000
1	780001	785000	783,500
1	1960001	1965000	1,965,000
1	2235001	2240000	2,235,083
1	10225001	10230000	10,226,000
1	17155001	17160000	17,155,639
1	69845001	69850000	69,848,310
3,784			109,153,152

Details of Purchase/Sale of Shares by Directors, CEO, CFO, Company Secretary and their spouses or minor children during the Year Ended December 31, 2021

Name	Designation	Date of Purchase	No of Shares Purchased
None	N/A	N/A	N/A

Board:	Board of Directors
CEO:	Chief Executive Officer
CSR:	Corporate Social Responsibility
ICAP:	Institute of Chartered Accountants of Pakistan
ICTSI:	International Container Terminal Services Inc.
IFRIC:	International Financial Reporting Interpretations Committee
ISO:	International Organisation for Standardization
KPT:	Karachi Port Trust
NIT:	National Investment Trust Limited
PICT:	Pakistan International Container Terminal Limited
PSX:	Pakistan Stock Exchange
SECP:	Securities and Exchange Commission of Pakistan
SRB:	Sindh Revenue Board
SRO:	Statutory Regulatory Order

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