



HALF YEARLY REPORT

JUNE 30, 2022



Registered and Terminal Office:

Berths 6 to 9, East Wharf, Karachi Port, Karachi - Pakistan.

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Pakistan International Container Terminal Limited

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COMPANY INFORMATION

Board of Directors

Chairman

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

Directors

Mr. Arnie Dizon Tablante
(Non-Executive Director)
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)
Mr. Rune Rasmussen
(Independent Director)

Company Secretary

Mr. Adil Siddique

Audit Committee

Chairman

Mr. Rune Rasmussen

Members

Mr. Arnie Dizon Tablante
Mr. Bilal Shahid

Chief Internal Auditor

Mr. Moammar Raza

Risk Management Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Hans-Ole Madsen
Mr. Bilal Shahid

Human Resource & Remuneration Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Hans-Ole Madsen
Ms. Lirene Coloquio Mora-Suarez

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
Bank Islami Pakistan Limited

Registered & Terminal Office

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Share Registrar/ Transfer Agent

CDC Share Registrar Services Limited
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Main Shahra-e-Faisal,
Karachi- 74400
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Vision

Be the container terminal of choice for trade
at Karachi port

Mission

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



DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2022

We the undersigned for and on behalf of the Board of Directors hereby present un-audited condensed interim financial statements of the Company for the half year ended June 30, 2022.

Business Performance Review

During 1HY 2022, global trade and supply chains remained impacted by Covid situation in China and regional conflicts. Global container terminal industry continues to struggle due to ongoing international port congestions and resulting low vessels schedule reliability. The supply chain disruptions and soaring global crude and edible oil prices also led to increased inflationary pressures.

Due to ongoing political instability and economic crisis in the country, government made policy changes to curb imports. In addition, highest ever Pak Rupee depreciation and inflationary pressures further impacted the trade. Consequently, Pakistan container market volumes made a considerable decline during 1HY 2022. Your Company handled 199,822 containers during 1HY-2022 as compared to 245,999 containers handled in 1HY 2021.

While excess capacity available at Karachi Port is a challenge for your Company which is being mitigated through various commercial and operational strategies backed up by continued quality services. Your Company remains determined in providing enduring value for all its stakeholders and has continually endeavoured to retain sustainable market share.

Operating and Financial Results for the Half Year Ended June 30, 2022

	(Rupees in million)
Revenue	5,834
Gross Profit	2,501
Profit before taxation	2,353
Profit after taxation	1,382
Un appropriated profit brought forward	1,452
Unappropriated profit carried forward	924
Earnings per Ordinary Share – Basic and Diluted	(Rupees) 12.66

Your Company recorded revenue of Rs. 5,834 million which is 5% higher than the same period last year. Through operational excellence and concerted efforts for cost optimization despite inflationary pressures, your Company posted a Gross Profit of Rs 2,501 million. Recently, Government of Pakistan through Finance Act, 2022 introduced Super Tax for Tax Year 2022 and onwards which also impacted 1HY 2022 Net Profit of the Company. The Net Profit for the half year clocked in at Rs. 1,382 million which is 20% lower than the corresponding period last year.

Future Outlook

Global trade growth for the Year 2022 is expected to further depress in 2HY 2022. Covid situation in China and regional conflicts will continue to impact global trade, international port congestions and unreliable vessels schedule. These logistics obstacles are not expected to dissipate until 2023.

On the national perspective, Government of Pakistan [GoP] has been able to resume IMF program and has also received letter of intent from IMF for USD 1.17 billion tranche. Further, GoP has recently restricted import bill, in addition loans from friendly countries are also expected in the near future. These will further ease out pressures on Pak Rupee and inflationary pressures on the national economy.

Concession Agreement

The Board draws your attention to Note 2.3 of the un-audited condensed interim financial statements of the Company for the Half year ended June 30, 2022, which contains information about the expiry of the Concession Agreement and going concern assumption.

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, which we believe to be in the interest of the Company as well as Karachi Port Trust.

Acknowledgement

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

Karachi,

Dated: August 22, 2022



Mr. Khurram Aziz Khan
Chief Executive Officer



بیان نظام

ہم مجلس نظام کی جانب سے 30 جون 2022 کو ختم ہونے والی ششماہی مدت کے غیر محاسب شدہ مختصر مالیاتی گوشوارے بمعہ محاسب کی جائزہ رپورٹ پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

1HY-2022 کے دوران، چین میں کووڈ کی صورتحال اور علاقائی تنازعات کی وجہ سے عالمی تجارت اور سپلائی چین متاثر رہی۔ عالمی کنٹینر ٹرمینل انڈسٹری بین الاقوامی بندرگاہوں پر بھیڑ کے نتیجے میں شیڈول میں رکاوٹوں کا سامنا کر رہی ہے۔ سپلائی چین میں خلل اور عالمی سطح پر خام اور خوردنی تیل کی قیمتوں میں اضافے نے بھی مہنگائی کے دباؤ میں اضافہ کیا ہے۔

ملک میں جاری سیاسی عدم استحکام اور معاشی بحران کے باعث حکومت نے درآمدات کو روکنے کے لیے پالیسی میں بھی رد و بدل کیں۔ اس کے علاوہ، پاکستانی روپے کی قدر میں بلند ترین کمی اور افراط زر کے دباؤ نے تجارت کو مزید متاثر کیا۔ نتیجتاً، 1HY-2022 کے دوران پاکستان کی کنٹینر مارکیٹ کے حجم میں کافی کمی واقع ہوئی۔ آپ کی کمپنی نے 1HY-2022 کے دوران 199,822 کنٹینرز اور 1HY-2021 میں 245,999 کنٹینرز سنبھالے۔

کراچی پورٹ پر دستیاب اضافی صلاحیت آپ کی کمپنی کے لیے ایک چیلنج ہے جسے مسلسل معیاری خدمات مختلف تجارتی اور آپریشنل حکمت عملی کے ذریعے کم کیا جا رہا ہے۔ آپ کی کمپنی اپنے تمام اسٹیک ہولڈرز کے لیے پائیدار قدر فراہم کرنے اور اپنے مارکیٹ شیئر کو برقرار رکھنے کے لیے پرعزم ہے۔

30 جون 2022 کو ختم ہونے والے ششماہی مدد کے کاروباری اور مالیاتی نتائج

(روپے ملین میں)

5,834

2,501

2,353

1,382

1,452

924

12.66 (روپے)

محاصل

مجموعی منافع

محصولات سے قبل منافع

بعد از محصولات منافع

آگے لایا گیا غیر منقسمہ منافع

غیر مختص منافع فرستادہ

بنیادی اور خفیف آمدنی فی عمومی حصص

آپ کی کمپنی نے دوران ششماہی 5,834 ملین روپے کی آمدنی ریکارڈ کی ہے۔ جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 5% زیادہ ہے۔ مہنگائی کے دباؤ کے باوجود آپریشنل برتری اور لاگت کو بہتر بنانے کی مشترکہ کوششوں کے ذریعے، آپ کی کمپنی نے 2,501 ملین روپے کا مجموعی منافع حاصل کیا۔ حال ہی میں، حکومت پاکستان نے فنانس ایکٹ، 2022 کے ذریعے ٹیکس سال 2022 اور اس کے بعد کے لیے پرنٹیکس متعارف کرایا ہے جس نے کمپنی کے 1HY-2022 کے خالص منافع کو بھی متاثر کیا۔ اس ششماہی کے دوران بعد از محصولات منافع 1,382 روپے رہا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 20% کم ہے۔

مستقبل کا منظر نامہ

2HY-2022 میں عالمی تجارتی نمویں مزید کمی ہونے کی توقع ہے۔ چین میں کووڈ کی صورتحال اور علاقائی تنازعات عالمی تجارت، بین الاقوامی بندرگاہوں پر بھیڑ جہازوں کے ناقابل اعتبار شیڈول کو متاثر کرتے رہیں گے۔ 2023 تک ان لاجسٹک رکاوٹوں کے جاری رہنے کا امکان ہے۔ قومی تناظر میں، حکومت پاکستان IMF پروگرام کو دوبارہ شروع کرنے میں کامیاب ہو گئی ہے اور اسے IMF سے USD 1.17 Billion قسط کا لیٹر آف انشیت بھی موصول ہوا ہے۔ حکومت پاکستان نے حال ہی میں درآمدی بل کو محدود کیا ہے، اس کے علاوہ مستقبل قریب میں دوست ممالک سے قرضے بھی متوقع ہیں۔ اس سے پاکستانی روپے اور قومی معیشت پر مہنگائی کا دباؤ مزید کم ہوگا۔

کنسنیشن ایگریمنٹ

مجلس نظام آپ کی توجہ آپ کی کمپنی کے 30 جون 2022 کو ختم ہونے والے ششماہی کے غیر محاسب شدہ مختصر عبوری مالیاتی گوشواروں کے نوٹ 2.3 کی طرف مبذول کراتی ہے، جس میں کنسنیشن ایگریمنٹ کی میعاد ختم ہونے اور چلتے ہوئے کاروباری ادارے کی حیثیت کی بنیاد کے بارے میں معلومات شامل ہیں۔

کمپنی ابھی بھی KPT کے ساتھ کنسنیشن ایگریمنٹ کی تجدید/توسیع بشمول مدت اور دیگر تجارتی شرائط و ضوابط پر بات چیت کے عمل میں ہے، ہمیں یقین ہے کہ جو آپ کی کمپنی کے ساتھ ساتھ کراچی پورٹ ٹرسٹ کے بھی مفاد میں ہے۔

اظہار تشکر

مجلس نظام اپنے تمام شیئر ہولڈرز اور صارفین کے مسلسل اعتماد اور بھروسے کے لیے ان کا تہ دل سے شکریہ ادا کرنا چاہتی ہے۔ ہم اپنے ملازمین کے عزم اور لگن کو سراہتے ہیں جو کہ آپ کی کمپنی کی کامیابی میں مسلسل اضافہ کر رہے ہیں۔ مجلس نظام حکومت پاکستان کی وزارت سمندی امور، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں سے ان کی ہدایات اور مسلسل حمایت کیلئے بھی مشکور ہے۔

مجلس نظام کی جانب سے



ہانس اول میڈسن

مجلس نظام کے چیئرمین

کراچی

بتاریخ: 22 اگست 2022

خرم عزیز خان

کمپنی کے سربراہ





EY Ford Rhodes
Chartered Accountants
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Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan International Container Terminal Limited Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan International Container Terminal Limited** (the Company) as at **30 June 2022** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-months period then ended (hereinafter referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the three months period ended 30 June 2022 and 2021 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 30 June 2022.

Scope of Review

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

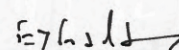
Conclusion

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

Emphasis of matter

We draw attention to the matter disclosed in note 2.3 to the accompanying condensed interim 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 previous 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 conclusion is not modified in respect of this matter.

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



Chartered Accountants

Place: Karachi

Date: 25 August 2022

UDIN Number: RR202210076reVFP8Bx2



CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	June 30, 2022 (Un-audited) ----- (Rs in thousands) -----	December 31, 2021 (Audited) ----- (Rs in thousands) -----
NON-CURRENT ASSETS			
Property, plant and equipment	5	893,287	1,133,045
Intangibles		13,963	21,579
Long-term deposits		22,833	5,544
Deferred taxation - net	6	311,206	199,190
		1,241,289	1,359,358
CURRENT ASSETS			
Stores, spare parts and loose tools - net		544,278	485,795
Trade debts - net	7	574,076	626,955
Advances		70,347	30,159
Deposits, prepayments and other receivables		206,028	203,690
Short-term investments - net	8	-	-
Cash and bank balances		3,546,686	4,132,425
		4,941,415	5,479,024
TOTAL ASSETS		6,182,704	6,838,382
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,103,740	1,631,943
		2,195,272	2,723,475
NON-CURRENT LIABILITIES			
Deferred Liability		68,287	63,597
CURRENT LIABILITIES			
Trade and other payables	9	2,123,157	2,436,143
Unclaimed dividends		76,029	71,431
Unpaid Dividends	10	1,354,894	1,517,481
Taxation - net		365,065	26,255
		3,919,145	4,051,310
TOTAL EQUITY AND LIABILITIES		6,182,704	6,838,382
CONTINGENCIES AND COMMITMENTS	11		

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

Chief Executive Officer

Chief Financial Officer

Director



CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022 (UN-AUDITED)

	Note	Half Year Ended June 30, 2022	June 30, 2021	Quarter Ended June 30, 2022	June 30, 2021
Revenue - net		5,833,921	5,569,299	2,797,905	2,650,338
Cost of services		(3,333,390)	(2,983,798)	(1,689,543)	(1,492,170)
Gross profit		2,500,531	2,585,501	1,108,362	1,158,168
Administrative expenses		(285,272)	(265,871)	(134,428)	(132,889)
Other expenses		(41,111)	(340)	(27,801)	-
Finance costs		(548)	(337)	(134)	(93)
Other income	12	179,098	114,313	98,059	65,316
Profit before taxation		2,352,698	2,433,266	1,044,058	1,090,502
Taxation	13	(970,721)	(705,642)	(591,167)	(315,807)
Profit after taxation		1,381,977	1,727,624	452,891	774,695
----- (Rupees) -----					
Earnings per ordinary share - basic and diluted		12.66	15.83	4.14	7.10

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

Chief Executive Officer

Chief Financial Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022
(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Rs in thousands)			
Profit after taxation	1,381,977	1,727,624	452,891	774,695
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,381,977	1,727,624	452,891	774,695

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

Chief Executive Officer

Chief Financial Officer

Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2022
(UN-AUDITED)**

	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 January 01, 2021	1,091,532	180,000	1,184,061	1,364,061	2,455,593
Profit after taxation	-	-	1,727,624	1,727,624	1,727,624
Other comprehensive income for the period	-	-	1,727,624	1,727,624	1,727,624
Final cash dividend for the year ended December 31, 2020 @ Rs.5.00/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
Interim cash dividend for the year ended December 31, 2021 @ Rs.2.00/- per ordinary share	-	-	(218,306)	(218,306)	(218,306)
Balance as at June 30, 2021	1,091,532	180,000	2,147,613	2,327,613	3,419,145
Balance as at January 01, 2022	1,091,532	180,000	1,451,943	1,631,943	2,723,475
Profit after taxation	-	-	1,381,977	1,381,977	1,381,977
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,381,977	1,381,977	1,381,977
Final cash dividend for the year ended December 31, 2021 @ Rs.9.00/- per ordinary share	-	-	(982,378)	(982,378)	(982,378)
Interim cash dividend for the year ending December 31, 2022 @ Rs.8.50/- per ordinary share	-	-	(927,802)	(927,802)	(927,802)
Balance as at June 30, 2022	1,091,532	180,000	923,740	1,103,740	2,195,272

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

Chief Executive Officer

Chief Financial Officer


Director




CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED JUNE 30, 2022
(UN-AUDITED)

		Half Year Ended	
		June 30, 2022	June 30, 2021
	Note	----- (Rs in thousands) -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	16	2,247,090	2,444,675
Taxes paid		(743,927)	(765,445)
Compensated absences paid		(798)	(1,423)
Finance costs paid		(548)	(337)
Net cash generated from operating activities		1,501,817	1,677,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(160,452)	(3,732)
Proceeds from disposal of operating fixed assets		663	166
Markup on saving accounts received		140,402	78,663
Net cash (used in) / generated from investing activities		(19,387)	75,097
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(2,068,169)	(762,308)
Net cash used in financing activities		(2,068,169)	(762,308)
Net (decrease) / increase in cash and cash equivalents		(585,739)	990,259
Cash and cash equivalents at the beginning of the period		4,132,425	1,875,085
Cash and cash equivalents at the end of the period		3,546,686	2,865,344

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


Chief Executive Officer


Chief Financial Officer


Director



NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2022
(UN-AUDITED)

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 (Holding Company) whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Philippines.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2021.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the period ended June 30, 2021.

The figures of the condensed interim statement of profit or loss for the quarter ended June 30, 2022 and June 30, 2021 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended June 30, 2022 and June 30, 2021.

2.2. Functional and presentation currency

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



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 condensed interim 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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2021 except for the adoption of following new amendments to International Financial Reporting Frameworks (IFRSs) by the Company, which became effective for the current period:

IFRS 3 - Reference to the Conceptual Framework (Amendments)
IAS 16 - Property, Plant and Equipment: Proceeds before Intended Use (Amendments)
IAS 37 - Onerous Contracts – Costs of Fulfilling a Contract (Amendments)
IFRS 9 - Fees in the '10 percent' test for the derecognition of financial liabilities
IFRS 16 - Leases: Lease incentives
IAS 41 - Agriculture - Taxation in fair value measurement

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

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

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

In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual audited financial statements as at and for the year ended December 31, 2021. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended December 31, 2021.

		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	----- (Rs in thousands) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	712,499	857,758
Capital work-in-progress (CWIP)		180,788	275,287
		<u>893,287</u>	<u>1,133,045</u>
5.1. Operating fixed assets			
Written down value at the beginning of the period / year		857,758	1,457,635
Additions / transfers from CWIP during the period / year	5.1.1	254,951	110,318
		<u>1,112,709</u>	<u>1,567,953</u>
Less:			
Disposals during the period / year at written down value	5.1.2	(783)	(585)
Depreciation charged during the period / year		<u>(399,427)</u>	<u>(709,610)</u>
		<u>(400,210)</u>	<u>(710,195)</u>
		<u>712,499</u>	<u>857,758</u>
5.1.1. Additions / transfers from CWIP during the period / year			
Leasehold improvements		-	31,081
Container / terminal handling / workshop equipment		216,177	33,760
Port power generation		22,880	12,353
Vehicles		723	-
Computers and other equipment		15,171	32,609
Furniture and fixtures		-	515
		<u>254,951</u>	<u>110,318</u>
5.1.2. Disposals during the period / year at written down value			
Leasehold improvements		5	-
Container / terminal handling / workshop equipment		-	507
Vehicles		39	-
Computers and other equipment		362	78
Furniture and fixtures		377	-
		<u>783</u>	<u>585</u>
6. DEFERRED TAXATION - net			
Deductible timing differences arising in respect of:			
Accelerated tax depreciation and amortisation		166,296	76,309
Provisions		144,910	122,881
		<u>311,206</u>	<u>199,190</u>
7. TRADE DEBTS - net			
Includes Rs. 3.41 million (December 31, 2021: Rs. 1.35 million) receivable from related party.			



	June 30, 2022 (Un-Audited)	December 31, 2021 (Audited)
Note	----- (Rs in thousands) -----	
8.1	43,000 <u>(43,000)</u> -	43,000 <u>(43,000)</u> -

8. SHORT-TERM INVESTMENTS - net

At amortised cost

Certificate of investments (COIs)		43,000	43,000
Allowance for expected credit losses	8.1	(43,000)	(43,000)
		-	-

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

9. TRADE AND OTHER PAYABLES

Include Rs. 346.79 million (December 31, 2021: Rs 309.44 million) payable to related parties.

10. UNPAID DIVIDENDS

Represents final dividend for the year ended December 31, 2021 and interim cash dividend for the year ending December 31, 2022 which remained unpaid to the Company's foreign shareholders due to pending regulatory approvals.

11. CONTINGENCIES AND COMMITMENTS

11.1. Contingencies

11.1.1. As at June 30, 2022, except for the contingencies mentioned below, there is no material change in the status of matters reported in note 16.1 as contingencies in audited financial statements of the Company for the year ended December 31, 2021.

11.1.2. In 2021, the ACIR annulled 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 who partly decided the appeals in favor of the Company in both tax years. Being aggrieved by the decision of CIR(A), during the period the Company 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 these condensed interim financial statements.

11.1.3. During the period, ACIR amended the deemed assessment of the Company for the tax year 2021 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and raised an income tax demand of Rs 435,375 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 these condensed interim financial statements.



June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
----- (Rs in thousands) -----	
29,615	71,739
180,354	159,354
262,434	90,674
37,566	109,326
209,602	208,071
-	105,338
209,602	313,409

11.2. Commitments

11.2.1. Commitments for capital expenditure

11.2.2. Outstanding letters of guarantee

11.2.3. Outstanding letters of credit

Utilised	262,434	90,674
Unutilised	37,566	109,326

11.2.4. Commitments in respect of Handling, Marshalling and Storage charges to KPT

Not later than one year	209,602	208,071
Later than one year but not later than five years	-	105,338
	<u>209,602</u>	<u>313,409</u>

12. OTHER INCOME

Includes Rs. 168.72 million (June 30, 2021: Rs. 81.70 million) markup on saving accounts.

Half Year Ended		Quarter Ended	
June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
----- (Un-audited) -----			
----- (Rs in thousands) -----			

13. TAXATION

Current	13.1	867,818	780,480	463,558	355,487
Deferred		(112,016)	(74,838)	(87,310)	(39,680)
Prior	13.1	214,919	-	214,919	-
		970,721	705,642	591,167	315,807

13.1. The Finance Act, 2022 has introduced certain amendments relating to taxation of companies. As per these amendments, super tax on high earning persons has been levied from tax year 2022 and onwards at progressive rates on taxable income.

Accordingly, the Company has recognised super tax expense for prior year as well as current year in the condensed interim statement of profit or loss. Therefore, these include aggregate super tax of Rs 317.62 million (June 30, 2021: Nil).

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

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



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

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

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

15. RELATED PARTY TRANSACTIONS

The related parties include the Holding Company, associated companies, 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 period along with relationship and transactions with related parties, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	Half Year Ended		Quarter Ended	
	June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
	(Un-audited)			
	(Rs in thousands)			
Holding Company				
Technical services fee	343,172	327,606	164,583	155,902
Dividends paid	1,369,027	367,612	-	367,612
Associated companies / other related parties				
Terminal handling services and rent	23,660	319,797	15,867	171,399
Revenue from container handling	5,351	11,413	4,488	6,103
Dividends paid	528,698	261,888	192,447	261,888
Key management personnel				
Managerial Remuneration	154,195	140,346	105,469	99,535
Company's contribution to provident fund	4,663	4,211	2,425	2,146
Staff retirement contribution plan				
Provident fund contribution	13,862	12,437	6,866	6,275
Directors				
Fee for attending meetings	4,268	4,210	1,595	1,925

16. CASH FLOWS FROM OPERATING ACTIVITIES

	Half Year Ended June 30, 2022	June 30, 2021
	(Un-audited)	
	(Rs in thousands)	
Profit before taxation	2,352,698	2,433,266
Adjustments for non-cash items:		
Depreciation and amortization	407,043	368,009
Finance cost	548	337
Accrual for compensated leave absence	5,488	4,622
Exchange loss / (gain) – net	40,991	(2,175)
Mark-up on saving accounts	(168,725)	(81,702)
Loss on disposal of operating fixed assets - net	120	340
	285,465	289,431
Operating profit before working capital changes	2,638,163	2,722,697

(Increase) / decrease in current assets

Stores, spare parts and loose tools – net	(58,483)	(51,629)
Trade debts – net	52,879	50,811
Advances, deposits, prepayments and other receivables	(31,492)	(27,790)
	(37,096)	(28,608)
	2,601,067	2,694,089

Decrease in current liabilities

Trade and other payables	(353,977)	(249,414)
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Cash generated from operations

	2,247,090	2,444,675
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17. EXEMPTION FROM APPLICABILITY OF IFRIC-12 "SERVICE CONCESSION ARRANGEMENTS"

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of 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 faced by the companies. However, SECP made it mandatory to disclose the impact on the results due to application of IFRIC-12.

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 these condensed interim financial statements would be as follows:

	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	(Rs in thousands)	
Reclassification from property, plant and equipment (including CWIP) to intangibles (Port Concession Rights) - written down value	558,324	683,013
Reclassification from spares to intangibles	23,447	24,791
Recognition of intangibles (Port Concession Rights) on account of handling and marshalling charges (HMS)	86,014	129,020
Recognition of present value of concession liability on account of intangibles (HMS)	193,363	288,258
Interest expense for the period / year on account of intangibles (HMS)	7,927	25,496
Amortisation expense for the period / year on account of intangibles (HMS)	43,007	86,014
Amortisation expense for the period / year on account of concession assets (PPE and spares)	222,801	389,346
Increase in profit before tax for the period / year on account of reversal of HMS	102,822	200,795



18. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 22, 2022 have recommended an interim cash dividend of Rs. 5.00 (December 31, 2021: Rs 32.60) per ordinary share for the year ending December 31, 2022.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on August 22, 2022.

20. GENERAL

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



Chief Executive Officer



Chief Financial Officer



Director

