

Pakistan National Shipping Corporation



Breaking Barriers - Achieving **Milestones**



**UNAUDITED REPORT
FOR THE QUARTER ENDED
SEPTEMBER 30, 2022**



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Corporate Information

Board of Directors

1. Rear Admiral Jawad Ahmed, SI(M)	Chairman
2. Mr. Muhammad Anwer Additional Finance Secretary (Corporate Finance), Finance Division Islamabad.	Member
3. Mr. Asad Rafi Chandna Additional Secretary Ministry of Maritime Affairs, Islamabad.	Member
4. Ms. Alia Shahid The Director General (Ports & Shipping) Ministry of Maritime Affairs, Karachi.	Member
5. Mr. Muhammad Ali	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Anwar Shah	Member

Audit & Finance Committee

1. Mr. Khowaja Obaid Imran Ilyas	Chairman
2. Mr. Muhammad Anwer Additional Finance Secretary (Corporate Finance), Finance Division Islamabad.	Member
3. Mr. Asad Rafi Chandna Additional Secretary Ministry of Maritime Affairs, Islamabad.	Member
4. Ms. Alia Shahid The Director General (Ports & Shipping) Ministry of Maritime Affairs, Karachi.	Member
5. Capt. Anwar Shah	Member
6. Mr. Talha Bin Hamid	Secretary

HR, Nomination and CSR Committee

1. Mr. Muhammad Ali	Chairman
2. Rear Admiral Jawad Ahmed, SI(M)	Member
3. Ms. Alia Shahidi	Member
4. Mr. Khowaja Obaid Imran Ilyas	Member
5. Mr. Atique Sultan Raja	Secretary

Strategy and Risk Management Committee

1. Mr. Muhammad Ali	Chairman
2. Mr. Muhammad Anwer	Member
3. Mr. Asad Rafi Chandna	Member
4. Capt. Anwar Shah	Member
5. Mr. S. Jarar Haider Kazmi	Secretary

Vessels Procurement Committee

1. Rear Admiral Jawad Ahmed, SI(M)	Chairman
2. Mr. Muhammad Ali	Member
3. Mr. Khowaja Obaid Imran Ilyas	Member
4. Capt. Anwar Shah	Member
5. Mr. Khurum Mirza	Secretary

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Company Secretary

Mr. Muhammad Javid Ansari

Chief Internal Auditor

Mr. Talha bin Hamid

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
Phone: (92-21) 99203980-99 (20 Lines)
Fax: (92-21) 99203974, 35636658
www.pnsc.com.pk

Auditors

Grant Thornton Anjum Rahman, Chartered Accountants
Yousuf Adil, Chartered Accountants

Shares Registrar

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

Bankers

Al Baraka Bank (Pakistan) Limited
Bank Al Habib Limited, Bahrain
Bank Alfalah Limited, Bahrain
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
Habib Metropolitan Bank
JS Bank Limited
MCB Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Sindh Bank Limited
UniCredit Bank, Italy
United Bank Limited, London

PAKISTAN NATIONAL SHIPPING CORPORATION

DIRECTORS' REPORT

FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2022

The Board of Directors of Pakistan National Shipping Corporation Group (the Group/PNSC) is pleased to submit the un-consolidated and consolidated condensed interim financial statements of PNSC and Group respectively for the first quarter ended September 30, 2022.

OVERVIEW

The PNSC Group has managed to achieve 748% increase in profit after tax to Rs.5,388 million as against Rs.635 million in the corresponding period last year.

Group earnings per share increased to Rs.40.80 as against Rs.4.81 in the corresponding period last year.

The factors leading to improved financial performance of the group includes induction of two new tanker vessels M.T. Mardan and M.T. Sargodha which also resulted in an increase in liquid cargo weight capacity by 214,246 MT and average growth in AFRA from 97 to 201 and World scale from 4.98 to 5.29. Additionally, average exchange rate against USD during the period was Rs. 229 as compared to Rs. 167 in the corresponding period last year.

Cumulatively, the Group achieved a turnover of Rs.14,431 million (including Rs.4,533 million from PNSC) as compared to Rs.4,700 million (including Rs.1,822 million from PNSC) for the corresponding period last year.

Overall revenue from all segments has increased as compared to last year by Rs.9,730 million.

The major increase in revenue was seen in the Liquid Cargo segment which increased by Rs.8,075 million and includes increase of Rs.6,283 million from owned vessels and Rs.1,792 million from foreign charter vessels.

The increase in revenue was also seen in the Dry Cargo segment which increased by Rs.1,647 million mainly due to the increase in business from slot charter.

The PNSC standalone results reflect a profit after tax of Rs. 850 million as compared to profit after tax of Rs. 88 million in the corresponding period of the last year backed by the increment in volume of slot chartering activities.

Due to exponential increase in revenue, the gross profit margin and net profit margin at group level is increased to 43% and 37% as compared to 20% and 14% respectively in the corresponding period last year.

During the current period the finance cost increased by Rs.175 million (146%) compared to corresponding period last year, due to increase in long-term financing by Rs.4,102 million. Major reason for increase in finance cost is due to the borrowing obtained for the induction of two new tanker vessels M.T. Mardan and M.T. Sargodha.

FUTURE PROSPECTS

Bulk carrier markets have softened in recent months, as easing port congestion and a slowdown in newbuilding demand due to fears of a global economic recession have had clear impacts. While clearly adding to economic headwinds, the Russia-Ukraine conflict has also triggered shifts in trade patterns which have mitigated some of the impacts on vessel demand; an EU ban on Russian coal imports has boosted long-haul trade, while Russian exports of coal and other bulks are 'pivoting' towards Asia. The softening of China's imports due to the pull back in their construction sector, government restrictions on steel output to curb CO2 emissions along with fears of a global recessions are slowing China's manufacturing rates, which in turn had slowed the demand for dry bulk. However, in the long run, there appears support for markets to remain healthy by historical standards, in particular as environmental regulations including EEXI and CII are expected to curb vessel availability.

Tanker market conditions are currently very strong, and the outlook remains positive. Strong conditions have been driven by a range of supportive demand factors, including rebounding oil production in key regions as impacts from COVID have ebbed, and shifts to longer-haul trade flows as a result of both impacts from the Ukraine conflict and shifts in refinery capacity. With the orderbook small and tanker demand expected to strengthen further next year, tanker market conditions are expected to remain firm in the rest of 2022 and through 2023. While new regulations could lead to an increase in vessel recycling, active vessel supply is also likely to be tightened by slower operating speeds, and vessels taking time out of service for retrofitting in order to comply with new environmental regulations are all expected to support freight rates in the short to medium term. Tanker asset prices, particularly for older vessels are increasing disproportionately, due to entities associated with the sanctioned / banned Russian oil trade snapping up all available tonnage at significantly above average rates. However, there still remain a range of downside risks to the demand outlook, notably potential for a lack of significant improvement in Chinese oil demand next year if widespread COVID restrictions continue, as well as from the slowing global economy.

ACKNOWLEDGMENT

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

Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive Officer

Khowaja Obaid Imran Ilyas
Director

Karachi

October 25, 2022

پاکستان نیشنل شپنگ کارپوریشن

ڈائریکٹرز رپورٹ

برائے پہلی سہ ماہی اختتام از 30 ستمبر، 2022

پاکستان نیشنل شپنگ کارپوریشن گروپ (گروپ / پی این ایس سی) کا بورڈ آف ڈائریکٹرز پی این ایس سی اور گروپ کے پہلی سہ ماہی اختتام از 30 ستمبر، 2022 کے لیے بالترتیب منظم اور متفرق عبوری مالیاتی گوشوارے بخوشی پیش کر رہا ہے۔

مجموعی جائزہ

پی این ایس سی گروپ گزشتہ سال اسی دورانیے میں 635 ملین روپے کے مقابلے میں 748% اضافے کے ساتھ 5,388 ملین روپے بعد از ٹیکس منافع حاصل کرنے میں کامیاب رہا ہے۔

گروپ کی فی حصص آمدن میں گزشتہ سال اسی دورانیے کے 4.81 روپے فی حصص کے مقابلے میں 40.80 روپے فی حصص تک اضافہ ہوا۔

گروپ کی مالی کارکردگی کو بہتر بنانے والے عوامل میں دو نئے ٹینکر جہازوں ایم ٹی مردان اور ایم ٹی سرگودھا کی شمولیت ہے، جس کے نتیجے میں مارج کارگو وزن کی گنجائش میں 214,246 ملین ٹن تک اضافہ بھی ہوا اور ایفرا میں اوسطاً 97 سے 201 تک اور عالمی پیمانے پر 4.98 سے 5.29 تک اضافہ ہوا۔ مزید برآں، اس دورانیے میں امریکی ڈالر کے مقابلے میں اوسط شرح مبادلہ گزشتہ سال اسی دورانیے کے 167 روپے کے مقابلے میں 229 روپے رہی۔

مجموعی طور پر، گروپ نے گزشتہ سال اسی دورانیے میں 4,700 ملین روپے (بشمول پی این ایس سی کے 1,822 ملین روپے) کے مقابلے میں 14,431 ملین روپے (بشمول پی این ایس سی کے 4,533 ملین روپے) کا کاروبار حاصل کیا۔

گزشتہ سال کے مقابلے میں تمام شعبوں کی مجموعی آمدنی 9,730 ملین روپے تک بڑھی ہے۔

آمدنی میں زیادہ اضافہ مارج کارگو شعبہ میں دیکھا گیا جس میں 8,075 ملین روپے کا اضافہ ہوا جس میں زیر ملکیت جہازوں سے حاصل ہونے والا 6,283 ملین روپے اور غیر ملکی چارٹر جہازوں سے 1,792 ملین روپے کا اضافہ شامل ہے۔

آمدنی میں اضافہ خشک کارگو شعبہ میں بھی دیکھا گیا جس میں 1,647 ملین روپے کا اضافہ ہوا جس کی بنیادی وجہ سلاٹ چارٹر سے حاصل ہونے والا کاروباری اضافہ ہے۔

صرف پی این ایس سی کے نتائج گزشتہ سال اسی دورانیے میں 88 ملین روپے کے مقابلے میں 850 ملین روپے بعد از ٹیکس منافع ظاہر کرتے ہیں، جو سلاٹ چارٹر میں اضافے کی وجہ سے ہے۔

آمدن میں غیر معمولی اضافے کے باعث، گروپ کی سطح پر مجموعی منافع کا مارجن اور خالص منافع کا مارجن بالترتیب 43% اور 37% رہا جو گزشتہ سال اسی دورانیے میں بالترتیب 20% اور 14% تھا۔

گزشتہ سال اسی دورانیے کے مقابلے میں طویل مدتی فنانسنگ میں 4,102 ملین روپے اضافے کے نتیجے میں موجودہ دورانیے میں مالیاتی

لاگت میں 175 ملین روپے (146%) کا اضافہ ہوا۔ مالیاتی لاگت میں اضافے کی بڑی وجہ دوئے ٹینکر جہازوں ایم ٹی مردان اور ایم ٹی سرگودھا کی شمولیت کے لیے حاصل کردہ قرضہ ہے۔

مستقبل کے امکانات

عالمی اقتصادی کسادبازاری کے خدشے کی وجہ سے بندرگاہوں پر بھیڑ کی کمی اور نئی تعمیرات کی طلب کم ہونے کے نمایاں اثرات کے سبب حالیہ مہینوں میں بلک کیریئر کی منڈیوں میں نرمی آئی ہے۔ واضح طور پر اقتصادی مشکلات میں اضافہ کا باعث بنتے ہوئے، روس - یوکرین تنازعہ نے تجارتی وضع میں بھی تبدیلیاں پیدا کی ہیں جس نے جہازوں کی طلب پر ہونے والے کچھ اثرات کو زائل کیا ہے؛ روسی کونسلے کی درآمدات پر یورپی یونین کی جانب سے پابندی نے طویل فاصلے کی تجارت کو فروغ دیا ہے، جبکہ روس کی کونسلے اور بڑی مقدار میں دیگر اشیاء کی برآمدات کا، محور 'ایشیاء بن رہا ہے۔ چین کے تعمیراتی شعبے میں پیچھے جانے کے باعث چینی درآمدات میں نرمی، کاربن ڈائی آکسائیڈ (CO2) کے اخراج کو کم کرنے کے لیے سٹیبل کی پیداوار پر حکومتی پابندیاں، نیز عالمی کسادبازاری کے خدشات چین کی پیداواری شرح کو کم کر رہے ہیں، جس کے نتیجے میں خشک بلک کی طلب میں کمی آئی ہے۔ تاہم طویل مدت میں، تاریخی معیارات کے مطابق منڈیوں کے استحکام میں مدد کا امکان موجود ہے، خاص طور پر جیسا کہ EEXI اور CII سمیت ماحولیاتی ضوابط سے توقع ہے کہ جہاز کم دستیاب ہوں گے۔

موجودہ طور پر ٹینکر مارکیٹ کے حالات نہایت مستحکم ہیں اور تناظر مثبت ہے۔ مستحکم حالات کا سبب متعدد معاون عوامل ہیں، بشمول COVID اثرات میں کمی کی وجہ سے اہم خطوں میں تیل کی پیداوار کی بحالی اور یوکرین تنازعہ کے اثرات، نیز ریفا سٹریٹوں کی استعداد میں تبدیلی کے نتیجے میں طویل فاصلے کے سفر کی تجارت پر تبدیلی۔ آئندہ سال آرڈر میں کمی اور ٹینکر کی طلب مزید مستحکم ہونے کی توقع کی وجہ سے، 2022 کے بقیہ حصے اور 2023 تک ٹینکر مارکیٹ کے حالات مستحکم رہنے کی امید ہے۔ جیسا کہ نئے ضوابط جہازوں کی ری سائیکلنگ میں اضافے کا باعث بن سکتے ہیں، تاہم، بحری جہازوں کی سست رسد بھی کم ہونے کا امکان ہے، اور نئے ماحولیاتی ضوابط کی تعمیل کے لیے ریٹرو فٹنگ کے لیے غیر فعال ہونے والے جہازوں کے لیے درکار وقت کی وجہ سے فریٹ کے نرخوں میں مختصر سے درمیانی مدت میں اضافے کی توقع ہے۔ ٹینکر اثاثوں کی قیمتیں، خاص طور پر پرانے جہازوں کے لیے غیر متناسب طور پر بڑھ رہی ہیں، جس کی وجہ اجازت شدہ / پابندی شدہ روسی تیل کی تجارت سے وابستہ ادارے دستیاب تیل کی تمام مقدار کو اوسط سے زیادہ نرخوں پر اٹھا رہے ہیں۔ تاہم اگر عالمی معیشت میں سست روی جاری رہتی ہے اور COVID کی وسیع تر پابندیاں جاری رہنے سے آئندہ سال چینی تیل کی طلب میں نمایاں بہتری کا امکان کم رہتا ہے تو طلب کے تناظر میں ابھی کمی کا خطرہ موجود ہے۔

تسلیات

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



خواجہ عبید عمران الیاس
ڈائریکٹر



ریٹریڈمرل جواد احمد SI (M)
چیئرمین اور چیف ایگزیکٹو آفیسر
کراچی

25 اکتوبر، 2022

PNSC Managed Fleet

TANKERS

Vessel: **M.T. MARDAN** Built: Japan 2007



Deadweight (MT): 107,123 Length Overall (M): 246.80
Gross Tonnage (MT): 58,168

Vessel: **M.T SARGODHA** Built: Japan 2008



Deadweight (MT): 107,123 Length Overall (M): 246.80
Gross Tonnage (MT): 58,168

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



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

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



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

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



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

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



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

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



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

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



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

BULK CARRIERS

Vessel: **M.V SIBI**

Built: Japan 2009



Deadweight (MT): 28,442
Gross Tonnage (MT): 17,018

Length Overall (M): 169.37

Vessel: **M.V MALAKAND**

Built: Japan 2004



Deadweight (MT): 76,830
Gross Tonnage (MT): 40,040

Length Overall (M): 225.00

Vessel: **M.V HYDERABAD**

Built: Japan 2004



Deadweight (MT): 52,951
Gross Tonnage (MT): 29,365

Length Overall (M): 188.50

Vessel: **M.V CHITRAL**

Built: Japan 2003



Deadweight (MT): 46,710
Gross Tonnage (MT): 26,395

Length Overall (M): 185.73

Vessel: **M.V MULTAN**

Built: Japan 2002



Deadweight (MT): 50,244
Gross Tonnage (MT): 27,984

Length Overall (M): 189.80

TANKERS & BULK CARRIERS

SEGMENT	DEADWEIGHT (MT)	GROSS TONNAGE (MT)
TANKERS	790,780	431,454
BULK CARRIERS	255,177	140,804
TOTAL	1,045,957	572,258

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



for the quarter ended
September 30, 2022

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022**

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	36,272,761	26,708,229
Right-of-use assets		93,312	93,312
Intangible assets	6	51,806	51,806
Investment properties		3,951,618	3,949,584
Long-term investments in:			
- Related party (associate)		-	-
- Listed companies and other entity		37,329	38,858
Long-term loans	7	27,896	20,374
Deferred taxation - net		47,246	47,246
		40,481,968	30,909,409
CURRENT ASSETS			
Stores and spares		2,590,659	1,767,463
Trade debts - unsecured	8	7,343,638	5,311,573
Agents' and owners' balances - unsecured		22,749	15,707
Loans and advances		279,434	365,002
Trade deposits and short-term prepayments		48,440	39,338
Interest accrued on bank deposits and short-term investments		21,216	114,970
Other receivables	9	464,800	360,085
Incomplete voyages		276,691	100,784
Insurance claims		82,880	81,495
Taxation - net		1,319,984	1,488,254
Short-term investments	10	6,619,681	7,427,491
Cash and bank balances		5,207,242	5,414,650
		24,277,414	22,486,812
		64,759,382	53,396,221
TOTAL ASSETS			
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserves		131,344	131,344
Revenue reserves		44,906,588	39,518,993
Remeasurement of post retirement benefits obligations - net of tax		(221,783)	(221,783)
Surplus on revaluation of property, plant and equipment - net of tax		1,623,362	1,623,362
		47,760,145	42,372,550
NON-CONTROLLING INTEREST		10,864	10,783
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		47,771,009	42,383,333
NON-CURRENT LIABILITIES			
Long-term financing - secured	11	6,780,604	3,547,219
Lease liability		104,746	104,746
Employee benefits		706,069	713,135
		7,591,419	4,365,100
CURRENT LIABILITIES			
Trade and other payables	12	6,970,738	5,306,228
Contract liabilities		312,796	240,253
Provision against damage claims		74,419	42,307
Current portion of long-term financing - secured	11	1,818,593	949,793
Current portion lease liabilities		6,804	6,804
Unclaimed dividend		87,227	87,245
Accrued mark-up on long-term financing		126,377	15,158
		9,396,954	6,647,788
		16,988,373	11,012,888
		64,759,382	53,396,221
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			

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

Syed Jamar Haider Kazmi
Chief Financial Officer

Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)**

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
REVENUE			
Income from shipping business		14,368,331	4,645,922
Rental income		62,238	54,303
		14,430,569	4,700,225
EXPENDITURE			
Fleet expenses - direct		(8,121,912)	(3,714,903)
Fleet expenses - indirect		(2,918)	(6,252)
Real estate expenses		(31,860)	(27,368)
		(8,156,690)	(3,748,523)
		6,273,879	951,702
GROSS PROFIT			
Administrative expenses		(348,861)	(252,204)
Impairment loss		(230,336)	-
Other expenses		(322,285)	(48,776)
Other income		668,541	217,792
		(232,941)	(83,188)
		6,040,938	868,514
OPERATING PROFIT			
Finance cost	14	(295,250)	(120,016)
		5,745,688	748,498
PROFIT BEFORE TAXATION			
Taxation	15	(358,012)	(113,107)
		5,387,676	635,391
PROFIT AFTER TAXATION			
Other comprehensive income		-	-
		5,387,676	635,391
TOTAL COMPREHENSIVE INCOME			
Attributable to:			
Equity holders of the Holding Company		5,387,595	635,162
Non-controlling interest		81	229
		5,387,676	635,391
------(Rupees)-----			
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted			
		40.80	4.81

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



Syed Jarar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)**

	-----Attributable to the shareholders of the Holding Company-----							Total reserves	Non-controlling interest	Total
	Issued, subscribed and paid-up share capital	Capital reserve*	Revenue reserves			Remeasurement of post retirement benefits obligation - net of tax	Surplus on revaluation of property, plant and equipment - net of tax			
			General reserve	Unappropriated profit	Sub-total revenue reserves					
----- (Rupees in '000) -----										
Balance as at July 01, 2021	1,320,634	131,344	129,307	34,133,646	34,262,953	(228,098)	1,626,936	35,793,135	6,468	37,120,237
Profit after tax	-	-	-	635,391	635,391	-	-	635,391	-	635,391
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2021	-	-	-	635,391	635,391	-	-	635,391	319	635,391
Balance as at September 30, 2021	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>34,769,037</u>	<u>34,898,344</u>	<u>(228,098)</u>	<u>1,626,936</u>	<u>36,428,526</u>	<u>6,787</u>	<u>37,755,947</u>
Balance as at July 01, 2022	1,320,634	131,344	129,307	39,389,686	39,518,993	(221,783)	1,623,362	41,051,916	10,783	42,383,333
Profit after tax	-	-	-	5,387,595	5,387,595	-	-	5,387,595	81	5,387,676
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2022	-	-	-	5,387,595	5,387,595	-	-	5,387,595	81	5,387,676
Balance as at September 30, 2022	<u>1,320,634</u>	<u>131,344</u>	<u>129,307</u>	<u>44,777,281</u>	<u>44,906,588</u>	<u>(221,783)</u>	<u>1,623,362</u>	<u>46,439,511</u>	<u>10,864</u>	<u>47,771,009</u>

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

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



Syed Jara Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khawaja Obaid Imran Ilyas
Director

**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)**

Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----		
Cash flows from operating activities		
Cash generated from operations	16 5,117,559	824,939
Employees' gratuity paid	(18,252)	(15,106)
Employees' compensated absences paid	(27,290)	(34,302)
Post-retirement medical benefits paid	(9,841)	(4,689)
Long-term loans	(7,522)	-
Finance costs paid	(184,031)	(121,322)
Taxes paid	(189,744)	(67,442)
Net cash generated from operating activities	4,680,879	582,078
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,123,901)	(218,511)
Additions to investment properties	(2,034)	(5,820)
Short-term investments redeemed / (made)	1,123,609	(127,881)
Dividend received on long-term investment in listed companies	3,871	-
Interest received on short-term investments	323,800	53,042
Net cash used in investing activities	(8,674,655)	(299,170)
Cash flows from financing activities		
Long-term financing obtained	4,349,078	-
Long-term financing repaid	(246,893)	(332,638)
Dividends paid	(18)	(53)
Net cash generated from / (used in) financing activities	4,102,167	(332,691)
Net increase / (decrease) in cash and cash equivalents	108,391	(49,783)
Cash and cash equivalents at the beginning of the period	11,587,351	1,801,489
Cash and cash equivalents at the end of the period	11,695,742	1,751,706

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



Syed Jamar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES

NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

1. THE GROUP AND ITS OPERATIONS

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

The Group consists of:

Holding company

Pakistan National Shipping Corporation

Subsidiary companies

- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Pakistan Marine and Shipping Services Company (Private) Limited
- Johar Shipping (Private) Limited
- National Ship Management and Crewing (Private) Limited
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

Associate

- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (2022: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2022: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker with the exception of Swat Shipping (Private) Limited, Johar Shipping (Private) Limited, National Ship Management and Crewing (Private) Limited, Pakistan Marine and Shipping Services Company (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These consolidated condensed interim financial statements of the Group for the first quarter ended September 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These consolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2022 as these provide an update of previously reported information.

2.2 These consolidated condensed interim financial statements comprise of the consolidated condensed interim statement of financial position as at September 30, 2022 and the consolidated condensed interim statement of profit or loss and other comprehensive income, the consolidated condensed interim statement of changes in equity, the consolidated condensed interim statement of cash flows and notes thereto for the quarter ended September 30, 2022.

2.3 The comparative statement of financial position presented in these consolidated condensed interim financial statements as at June 30, 2022 has been extracted from the annual audited consolidated financial statements of the Group for the year ended June 30, 2022 whereas the comparative consolidated condensed interim statement of profit or loss and other comprehensive income, consolidated condensed interim statement of changes in equity and consolidated condensed interim statement of cash flows for the quarter ended September 30, 2021 have been extracted from the consolidated condensed interim financial statements of the Group for the quarter period then ended, which were neither subject to a review nor audit.

2.4 These consolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.5 **Basis of measurement**

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

2.6 **Functional and presentation currency**

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

3. **SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies and the methods of computation adopted in the preparation of these consolidated condensed interim financial statements are consistent with those applied in the preparation of the consolidated financial statements for the year ended June 30, 2022.

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

(a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2022

There are certain amendments to approved accounting standards which are mandatory for the Group's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Group's financial reporting and, therefore, have not been detailed in these consolidated condensed interim financial statements.

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

Certain other new standards and amendments to the approved accounting standards will also be mandatory for the Group's annual accounting periods beginning on or after July 01, 2022. However, these amendments will not have any significant impact on the financial reporting of the Group and, therefore, have not been disclosed in these consolidated condensed interim financial statements.

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

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

Judgements and estimates made by the management in the preparation of these consolidated condensed interim financial statements are the same as those applied in the Group's consolidated annual financial statements for the year ended June 30, 2022.

The Group's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
5. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	5.1 & 5.2	35,223,013	25,799,614
- Major spare parts and stand-by equipments	5.1	922,454	781,917
- Capital work-in-progress (CWIP)		127,294	126,698
		<u>36,272,761</u>	<u>26,708,229</u>
		(Unaudited)	(Audited)
		Quarter ended September 30, 2022	Quarter ended September 30, 2021
5.1 Additions (including transfers from CWIP) during the period:			
Vessels		9,913,258	-
Buildings on leasehold land		288	3,632
Office equipments		481	110
Computer equipments		11,463	994
Spares capitalised		194,558	31,919
Class renewal and dry docking		2,093	170,777
Equipment on board		386	11,079
		<u>10,122,527</u>	<u>218,511</u>
5.2 Depreciation charge for the period		<u>559,369</u>	<u>437,682</u>
		(Unaudited) September 30, 2022	(Audited) June 30, 2022
6. INTANGIBLE ASSETS			
Computer Software - CWIP		<u>51,806</u>	<u>51,806</u>
6.1 Intangibles also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.			
		(Unaudited) September 30, 2022	(Audited) June 30, 2022
7. LONG-TERM LOANS - considered good			
Loans - Executives & other employees		<u>27,896</u>	<u>20,374</u>
8. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	8.1	3,056,195	2,356,952
- Due from others	8.2	4,287,443	2,954,621
		<u>7,343,638</u>	<u>5,311,573</u>
Considered doubtful			
- Due from related parties	8.1	2,432,695	2,202,360
- Due from others		41,703	41,703
		<u>2,474,398</u>	<u>2,244,063</u>
		<u>9,818,036</u>	<u>7,555,636</u>
Less: Allowance for expected credit loss (ECL)	8.3	<u>2,474,398</u>	<u>2,244,063</u>
		<u>7,343,638</u>	<u>5,311,573</u>

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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at September 30, 2022	(Audited) As at June 30, 2022
	(Rupees in '000)				
District Controller of Stores	5,989	-	2,749	8,738	4,921
Pak Arab Refinery Limited	545,840	243,537	324,948	1,114,325	1,571,374
Pakistan Refinery Limited	283,679	19,114	73,338	376,131	236,457
Pakistan State Oil Company Limited	-	-	-	2,436,165	2,436,165
Sui Northern Gas Pipelines Limited	-	-	-	-	950
Others	462,321	924,040	167,170	1,553,531	309,445
	1,297,829	1,186,691	568,205	5,488,890	4,559,312

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
		(Rupees in '000)	
8.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:			
Upto 1 month		2,037,282	1,337,037
1 to 6 months		1,773,412	917,976
More than 6 months		476,749	699,608
		4,287,443	2,954,621

8.3 **Allowance for ECL**

Opening balance	2,244,063	1,338,813
Charged during the period / year	230,335	905,250
Closing balance	2,474,398	2,244,063

9. **OTHER RECEIVABLES**

Considered good

- Due from related parties	301,754	197,133
- Due from others	163,046	162,952
	464,800	360,085

Considered doubtful

- Due from others	109,890	109,890
	574,690	469,975

Less: Allowance for ECL	109,890	109,890
	464,800	360,085

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

9.2 **Allowance for ECL**

Opening balance	109,890	88,100
Charged during the period / year	-	21,790
Closing balance	109,890	109,890

10. **SHORT-TERM INVESTMENTS**

Amortized Cost

Term deposits with banks having maturity of:

- more than three but upto six months	23,000	1,149,900
- three months or less	6,488,500	6,172,701
	6,511,500	7,322,601

Fair value through profit or loss

- Mutual funds	108,181	104,890
	6,619,681	7,427,491

10.1 Mark-up on these term deposits denominated in local currency ranges from 15.30% to 15.60% (June 30, 2022: 7.45% to 15.50%) per annum, whereas mark-up on term deposits denominated in foreign currency is 3.00% (June 30, 2022: 3.00%) per annum.

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
11. LONG TERM FINANCING - secured			
- Financing under syndicate term finance agreement	11.1	2,638,070	2,783,865
- Financing under musharika agreement	11.2	5,961,127	1,713,147
		8,599,197	4,497,012
Less: Current portion of long-term financing		1,818,593	949,793
		6,780,604	3,547,219

11.1 Financing under syndicate term finance agreement includes:

11.1.1 Represents financing facility obtained during the year ended June 30, 2019, amounting to Rs 6,500 million with a consortium led by Faysal Bank Limited carrying mark-up at the rate of 3 month KIBOR + 0.35% per annum. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Holding Company has drawn Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

11.2 Financing under musharika agreement includes:

11.2.1 Represents financing facility obtained during the year ended June 30, 2019, amounting to Rs 4,000 million with a consortium led by Faysal Bank Limited carrying mark up at the rate of 3 month KIBOR + 0.35% per annum. The loan, along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Holding Company has drawn Rs 1,440 million and Rs 1,455 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

11.2.2 During the period, the Holding Company has obtained total loan financing amounting to Rs 11,825 million with a consortium led by Faysal bank limited carrying mark-up at the rate of 3 month KIBOR + 0.12% per annum. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on July 27, 2027. As of the reporting date, the Holding Company has drawn Rs 2,064 million and Rs 2,280 million to finance its subsidiary companies namely Lalazar Shipping (Private) Limited and Sargodha Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
12. TRADE AND OTHER PAYABLES			
Creditors		387,889	458,569
Advance from charterers'		40,733	-
Accrued liabilities		5,548,225	3,741,164
Agents' and owners' balances		842,102	942,913
Deposits	12.1	45,229	47,805
Withholding tax payable		30,116	25,990
Advance rent		68,390	81,733
Other liabilities		8,054	8,054
		6,970,738	5,306,228

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

13. CONTINGENCIES AND COMMITMENTS

Contingencies

13.1 There are no major changes in the status of contingencies as reported in the annual audited consolidated financial statements for the year ended June 30, 2022, except for:

The contingent liability in respect of claims not acknowledged by the Holding Company aggregated to Rs. 576.186 million as of the period end (2022: Rs. 543.192 millions). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. A sum of Rs. 501.767 million (2022: Rs. 500.885 millions) would be recoverable from P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited in the event that these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs. 74.419 million (2022: Rs.42.307 million) against the aforementioned claims in these consolidated condensed interim financial statements.

		(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
Commitments			
13.2	Commitments for capital expenditure	32,571	32,571
13.3	Outstanding letters of guarantee	19,669	19,669
13.4	The Group has provided an undertaking amounting to USD 11.6 million (Rs 2,626.550) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Holding Company in relation to the aforesaid undertaking.		
13.5	Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 94.420 million) and USD 0.192 million (Rs 43.474 million) respectively.		
		(Unaudited) Quarter ended September 30, 2022	Quarter ended September 30, 2021
	Note	------(Rupees in '000)-----	
14. FINANCE COST			
	Mark-up on long-term financing	293,372	118,309
	Bank charges	1,878	1,707
		295,250	120,016
15. TAXATION			
	Current tax	358,012	113,107
16. CASH GENERATED FROM OPERATIONS			
	Profit before taxation	5,745,688	748,498
	Adjustments for non-cash charges and other items:		
	Depreciation	559,369	437,682
	Provision for employees' gratuity	27,056	20,016
	Provision for employees' compensated absences	19,073	17,133
	Provision for post-retirement medical benefits	2,189	1,966
	Provision no longer required written back	(643)	-
	Income from saving accounts and term deposits	(230,046)	(126,133)
	Finance cost	295,250	120,016
	Balances written-off	25,610	-
	Provision for slow moving stores and spares	192,471	-
	Impairment loss	230,336	-
	Loss on revaluation of long-term investments in listed securities	1,529	5,165
	Dividend income	(3,871)	(1,558)
	Net increase in damage claims	32,112	1,193
	Working capital changes	(1,778,564)	(399,039)
		5,117,559	824,939

(Unaudited)

Quarter ended September 30, 2022	Quarter ended September 30, 2021
--	--

----- (Rupees in '000) -----

16.1 Working capital changes

(Increase) / decrease in current assets:

Stores and spares	(1,015,667)	121,390
Trade debts - unsecured	(2,262,400)	(363,410)
Agents' and owners' balances - unsecured	(7,042)	(10,946)
Loans and advances	85,568	(10,993)
Trade deposits and short-term prepayments	(9,102)	(7,904)
Other receivables	(130,325)	(129,873)
Incomplete voyages	(175,907)	(42,343)
Insurance claims	(1,385)	2,494
	(3,516,260)	(441,585)

(Decrease) / increase in current liabilities:

Trade and other payables	1,665,153	(33,784)
Contract liabilities	72,543	76,330
	(1,778,564)	(399,039)

17. CASH AND CASH EQUIVALENTS

Short-term investments having maturity of three months or less

6,488,500 700,000

Cash and bank balances

5,207,242 1,051,706

11,695,742 1,751,706

18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES**18.1 Financial risk factors**

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

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at June 30, 2022. There have been no changes in risk management policies since the year end.

18.2 Fair value estimation

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

Fair value hierarchy

As at September 30, 2022, the Group's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Holding Company's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2022 was performed by an independent valuer.

The Holding Company classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Holding Company's investment properties was performed by an independent valuer as at June 30, 2022.

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

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

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

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

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

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

	(Unaudited) September 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			

Assets carried at fair value

Long-term investments - Fair value through profit or loss	37,329	-	-	37,329
Short-term investments - mutual funds	108,181	-	-	108,181
	<u>145,510</u>	<u>-</u>	<u>-</u>	<u>145,510</u>

Leasehold land	-	1,399,780	-	1,399,780
Buildings on leasehold land	-	726,201	-	726,201
Beach huts	-	15,974	-	15,974
Workshop machinery and equipments	-	6,709	-	6,709
Investment properties	-	3,951,618	-	3,951,618
	<u>-</u>	<u>6,100,282</u>	<u>-</u>	<u>6,100,282</u>

	(Audited) June 30, 2022			
	Level 1	Level 2	Level 3	Total
	----- (Rupees in '000) -----			

Assets carried at fair value

Long-term investments - Fair value through profit or loss	38,858	-	-	38,858
Short-term investments - mutual funds	104,890	-	-	104,890
	<u>143,748</u>	<u>-</u>	<u>-</u>	<u>143,748</u>

Leasehold land	-	1,399,780	-	1,399,780
Buildings on leasehold land	-	734,707	-	734,707
Beach huts	-	16,416	-	16,416
Workshop machinery and equipments	-	7,040	-	7,040
Investment properties	-	3,949,584	-	3,949,584
	<u>-</u>	<u>6,107,527</u>	<u>-</u>	<u>6,107,527</u>

19. TRANSACTIONS WITH RELATED PARTIES

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

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

Name and particulars	Relationship with the Group	(Unaudited)	
		Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
Transactions with State owned / controlled entities			
Freight income		5,089,312	1,581,362
Income from other operating activities		320,968	66,904
Rental income		3,718	3,194
Rental expense		1,114	1,861
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	1,333	1,299
Directors' fee and traveling allowances	Key management personnel	875	750
Remuneration and other benefits	Key management personnel	26,372	13,945

20. GENERAL

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

21. DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial statements were authorised for issue on October 25, 2022 by the Board of Directors of the Holding Company.



Syed Jarar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director

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



for the quarter ended
September 30, 2022

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2022

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,256,395	2,271,281
Right-of-use assets		93,312	93,312
Intangible assets	6	51,806	51,806
Investment properties		3,951,618	3,949,584
Long-term investments in:			
- Related parties (subsidiaries and an associate)		37,140,379	37,140,378
- Listed companies and other entity		37,329	38,858
		37,177,708	37,179,236
Long-term loans and advances	7	27,896	20,374
Deferred taxation - net		47,246	47,246
		43,605,981	43,612,839
CURRENT ASSETS			
Trade debts - unsecured	8	3,444,580	1,986,270
Agents' and owners' balances - unsecured		22,749	15,707
Loans and advances		148,318	113,750
Trade deposits and short-term prepayments		43,602	35,643
Interest accrued on bank deposits and short-term investments		20,329	114,970
Other receivables	9	313,909	222,150
Incomplete voyages		41,490	46,524
Taxation - net		1,297,881	1,466,246
Short-term investments	10	6,596,681	7,404,491
Cash and bank balances		5,203,148	5,410,043
		17,132,687	16,815,794
		60,738,668	60,428,633
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised capital		2,000,000	2,000,000
Issued, subscribed and paid-up share capital		1,320,634	1,320,634
Capital reserve		126,843	126,843
Revenue reserves		10,170,796	9,321,161
Remeasurement of post retirement benefits obligations - net of tax		(221,781)	(221,781)
Surplus on revaluation of property, plant and equipment - net of tax		1,623,362	1,623,362
		13,019,854	12,170,219
NON-CURRENT LIABILITIES			
Long-term financing - secured	11	6,780,604	3,547,219
Lease liability		104,746	104,746
Employee benefits		706,069	713,135
		7,591,419	4,365,100
CURRENT LIABILITIES			
Trade and other payables	12	37,927,982	42,717,103
Contract liabilities		141,315	99,353
Provision against damage claims		19,097	17,858
Current portion of long-term financing - secured	11	1,818,593	949,793
Current portion of lease liability		6,804	6,804
Unclaimed dividend		87,227	87,245
Accrued mark-up on long-term financing		126,377	15,158
		40,127,395	43,893,314
		47,718,814	48,258,414
		60,738,668	60,428,633
TOTAL LIABILITIES			
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	13		

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



Syed Jara Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
REVENUE			
Freight income - foreign flag vessels		3,019,478	1,542,784
Other operating activities		1,102,163	118,737
Service fees - net		350,044	106,656
Rental income		61,265	53,419
		4,532,950	1,821,596
EXPENDITURE			
Fleet expenses - direct		(3,045,454)	(1,437,660)
Fleet expenses - indirect		(1,501)	(1,416)
Vessel management expenses		(214,107)	(141,767)
Real estate expenses		(31,860)	(27,368)
		(3,292,922)	(1,608,211)
		1,240,028	213,385
GROSS PROFIT			
Administrative expenses		(127,864)	(104,826)
Impairment loss on financial assets		(200,000)	-
Other expenses		(90,651)	(47,589)
Other income		649,934	239,743
		231,419	87,328
OPERATING PROFIT			
		1,471,447	300,713
Finance cost	14	(293,596)	(118,738)
PROFIT BEFORE TAXATION			
		1,177,851	181,975
Taxation	15	(328,216)	(93,539)
PROFIT AFTER TAXATION			
		849,635	88,436
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME			
		849,635	88,436
------(Rupees)-----			
EARNINGS PER SHARE - basic and diluted			
		6.43	0.67

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



Syed Jarar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khawaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

	Issued, subscribed and paid-up share capital	Capital Reserve*	Revenue reserves - unappropriated profit	Remeasurement of post retirement benefits obligations - net of tax	Surplus on revaluation of property, plant and equipment net of tax	Total equity
------(Rupees in '000)-----						
Balance as at July 01, 2021	1,320,634	126,843	8,840,694	(228,096)	1,624,111	11,684,186
Profit after taxation	-	-	88,436	-	-	88,436
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2021	-	-	88,436	-	-	88,436
Balance as at September 30, 2021	<u>1,320,634</u>	<u>126,843</u>	<u>8,929,130</u>	<u>(228,096)</u>	<u>1,624,111</u>	<u>11,772,622</u>
Balance as at July 01, 2022	1,320,634	126,843	9,321,161	(221,781)	1,623,362	12,170,219
Profit after taxation	-	-	849,635	-	-	849,635
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the first quarter ended September 30, 2022	-	-	849,635	-	-	849,635
Balance as at September 30, 2022	<u>1,320,634</u>	<u>126,843</u>	<u>10,170,796</u>	<u>(221,781)</u>	<u>1,623,362</u>	<u>13,019,854</u>

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

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



Syed Jara Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khawaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

	Note	Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
Cash flows from operating activities			
Cash (used in) / generated from operations	16	(5,035,753)	580,509
Employees' gratuity paid		(18,252)	(15,106)
Employees' compensated absences paid		(27,290)	(34,302)
Post-retirement medical benefits paid		(9,841)	(4,689)
Long-term loans and advances		(7,522)	-
Finance cost paid		(182,377)	(120,044)
Taxes paid		(159,853)	(37,808)
Net cash (used in) / generated from operating activities		(5,440,888)	368,560
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,621)	(4,735)
Additions to investment properties		(2,034)	(5,820)
Short-term investments redeemed / (made)		1,123,609	(127,881)
Dividend received		3,871	-
Interest received on short-term investments		323,800	53,041
Net cash generated from / (used in) investing activities		1,447,625	(85,395)
Cash flows from financing activities			
Long-term financing obtained		4,349,078	-
Long-term financing repaid		(246,893)	(332,638)
Dividends paid		(18)	(51)
Net cash generated from / (used in) financing activities		4,102,167	(332,689)
Net increase / (decrease) in cash and cash equivalents		108,904	(49,524)
Cash and cash equivalents at the beginning of the period		11,582,744	1,777,725
Cash and cash equivalents at the end of the period	17	11,691,648	1,728,201

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



Syed Jarar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director

PAKISTAN NATIONAL SHIPPING CORPORATION

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE QUARTER ENDED SEPTEMBER 30, 2022 (UNAUDITED)

1. THE CORPORATION AND ITS OPERATIONS

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

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

2.1 Statement of compliance

These unconsolidated condensed interim financial statements of the Corporation for the quarter ended September 30, 2022 have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These unconsolidated condensed interim financial statements do not include all the information and disclosures required in an annual audited financial statements, and should be read in conjunction with the financial statements for the year ended June 30, 2022 as these provide an update of previously reported information.

- 2.2 These unconsolidated condensed interim financial statements comprise of the unconsolidated condensed interim statement of financial position as at September 30, 2022 and the unconsolidated condensed interim statement of profit or loss and other comprehensive income, the unconsolidated condensed interim statement of changes in equity, the unconsolidated condensed interim statement of cash flows and notes thereto for the first quarter ended September 30, 2022.
- 2.3 The comparative statement of financial position presented in these unconsolidated condensed interim financial statements as at June 30, 2022 has been extracted from the annual audited financial statements of the Corporation for the year ended June 30, 2022 whereas the comparative unconsolidated condensed interim statement of profit or loss and other comprehensive income, unconsolidated condensed interim statement of changes in equity and unconsolidated condensed interim statement of cash flows for the quarter ended September 30, 2021 have been extracted from the unconsolidated condensed interim financial statements of the Corporation for the quarter then ended, which were neither subject to a review nor audit.
- 2.4 These unconsolidated condensed interim financial statements are unaudited and are being submitted to the shareholders as required by listing regulations of Pakistan Stock Exchange vide section 237 of the Companies Act, 2017.

2.5 Basis of measurement

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

2.6 Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and the methods of computation adopted in the preparation of these unconsolidated condensed interim financial statements are consistent with those applied in the preparation of the unconsolidated financial statements for the year ended June 30, 2022.

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

(a) Amendments to published approved accounting standards which are effective during the quarter ended September 30, 2022

There are certain amendments to approved accounting standards which are mandatory for the Corporation's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Corporation's financial reporting and, therefore, have not been detailed in these unconsolidated condensed interim financial statements.

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

Certain new standards and amendments to the approved accounting standards will be mandatory for the Corporation's annual accounting periods beginning on or after July 01, 2022. However, these amendments will not have any significant impact on the financial reporting of the Corporation and, therefore, have not been disclosed in these unconsolidated condensed interim financial statements.

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

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

Judgements and estimates made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the Corporation's unconsolidated annual financial statements for the year ended June 30, 2022.

The Corporation's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2022.

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1 & 5.2	2,202,051	2,209,276
Capital work-in-progress (CWIP)		54,344	62,005
		<u>2,256,395</u>	<u>2,271,281</u>

		(Unaudited) Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
5.1	Additions (including transfers from CWIP) during the period:		

Buildings on leasehold land		288	3,632
Office equipments		481	110
Computer equipment		8,513	993
		<u>9,282</u>	<u>4,735</u>

5.2	Depreciation charge for the period	<u>16,507</u>	14,692
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	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
6. INTANGIBLE ASSETS			

Computer Software - CWIP	6.1	<u>51,806</u>	51,806
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6.1 Intangible also include cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised as on June 30, 2009, however, it is still in active use.

		(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
7. LONG-TERM LOANS AND ADVANCES - considered good			

Loans - Executives & other employees		<u>27,896</u>	20,374
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	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
8. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	8.1	2,043,184	1,012,293
- Due from others	8.2	1,401,396	973,977
		3,444,580	1,986,270
Considered doubtful			
- Due from related parties	8.1	1,454,872	1,254,872
- Due from others		41,703	41,703
		1,496,575	1,296,575
		4,941,155	3,282,845
Less: Allowance for expected credit loss (ECL)	8.3	1,496,575	1,296,575
		3,444,580	1,986,270

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

	Upto 1 month	1 to 6 months	More than 6 months	(Unaudited) As at September 30, 2022	(Audited) As at June 30, 2022
------(Rupees in '000)-----					
Pakistan State Oil Company Limited	-	-	1,849,834	1,849,834	1,849,833
Pak Arab Refinery Limited	-	9,167	7,289	16,456	88,359
Pakistan Refinery Limited	-	5,195	64,302	69,497	13,657
Sui Northern Gas Pipelines Limited	-	-	-	-	950
District Controller of Stores	5,989	-	2,749	8,738	4,921
Others	462,321	924,040	167,170	1,553,531	309,445
	468,310	938,402	2,091,344	3,498,056	2,267,165

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
8.2	The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:		
	Upto 1 month	313,440	419,586
	1 to 6 months	987,100	222,128
	More than 6 months	100,856	332,263
		1,401,396	973,977

8.3	Allowance for ECL		
	Opening balance	1,296,575	725,989
	Charged during the period / year	200,000	570,586
	Closing balance	1,496,575	1,296,575

9. OTHER RECEIVABLES

Considered good			
- Due from related parties	9.1	301,754	197,133
- Due from others		12,155	25,017
		313,909	222,150
Considered doubtful			
- Due from others		46,572	46,572
		360,481	268,722
Less: Allowance for ECL	9.2	46,572	46,572
		313,909	222,150

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
9.1	Related parties:		
	- Government of Pakistan	152,184	83,858
	- Port Qasim Authority	127,247	95,073
	- Karachi Port Trust	4,360	4,535
	- National Insurance Company Limited	17,963	-
	- Sindh Revenue Board	-	13,667
		<u>301,754</u>	<u>197,133</u>
9.2	Allowance for ECL		
	Opening balance	46,572	34,145
	Charged during the period / year	-	12,427
	Closing balance	<u>46,572</u>	<u>46,572</u>
10.	SHORT-TERM INVESTMENTS		
	Amortised cost		
	Term deposits with banks having maturity of:		
	- more than three but upto six months	-	1,126,900
	- three months or less	6,488,500	6,172,701
		<u>6,488,500</u>	<u>7,299,601</u>
	Fair value through profit or loss		
	- Mutual funds	108,181	104,890
		<u>6,596,681</u>	<u>7,404,491</u>
10.1	Mark-up on these term deposits denominated in local currency ranges from 15.50% to 15.60% (June 30, 2022: 7.45% to 15.50%) per annum, whereas mark-up on term deposits denominated in foreign currency is 3% (June 30, 2022: 3%) per annum.		
	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
11.	LONG-TERM FINANCING - secured		
	- Financing under syndicate term finance agreement	11.1	2,638,070
	- Financing under musharika agreement	11.2	5,961,127
			<u>8,599,197</u>
	Less: Current portion of long-term financing		1,818,593
			<u>6,780,604</u>
			<u>3,547,219</u>
11.1	Financing under syndicate term finance agreement includes:		
11.1.1	Represents financing facility obtained during the year ended June 30, 2019, amounting to Rs 6,500 million with a consortium led by Faysal Bank Limited carrying mark-up at the rate of 3 month KIBOR + 0.35% per annum. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs 2,340 million and Rs 2,363.734 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.		
11.2	Financing under musharika agreement includes:		
11.2.1	Represents financing facility obtained during the year ended June 30, 2019, amounting to Rs 4,000 million with a consortium led by Faysal Bank Limited carrying mark up at the rate of 3 month KIBOR + 0.35% per annum. The loan, along with mark-up is repayable on a quarterly basis with the last repayment date on March 22, 2027. As of the reporting date, the Corporation has drawn Rs 1,440 million and Rs 1,455 million to finance its subsidiary companies namely Bolan Shipping (Private) Limited and Khairpur Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.		
11.2.2	During the period the Corporation has obtained total loan financing amounting to Rs 11,825 million with a consortium led by Faysal bank limited carrying mark-up at the rate of 3 month KIBOR + 0.12% per annum. The loan, along with mark-up, is repayable on a quarterly basis with the last repayment date on July 27, 2027. As of the reporting date, the Corporation has drawn Rs 2,064 million and Rs 2,280 million to finance its subsidiary companies namely Lalazar Shipping (Private) Limited and Sargodha Shipping (Private) Limited respectively for purchase of vessels. The facility is secured by way of first mortgage charge over procured vessels owned by respective subsidiary companies.		

	Note	(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
12. TRADE AND OTHER PAYABLES			
Creditors		74,449	116,362
Current account balances with subsidiary companies		34,084,587	39,576,712
Agents' and owners' balances		842,102	942,913
Accrued liabilities		2,775,327	1,917,806
Deposits	12.1	45,229	47,805
Advance rent		68,390	81,733
Withholding tax payable		29,844	25,718
Other liabilities		8,054	8,054
		<u>37,927,982</u>	<u>42,717,103</u>
12.1	These deposits are interest free and are repayable on demand or on completion of specific contracts. As per the requirements of section 217 of the Companies Act, 2017 deposits are kept in separate bank accounts.		
13. CONTINGENCIES AND COMMITMENTS			
Contingencies			
13.1	There are no major changes in the status of contingencies as reported in the annual audited unconsolidated financial statements for the year ended June 30, 2022, except for:		
	The contingent liability in respect of claims not acknowledged by the Corporation aggregated to Rs. 576.186 million as of the period end (2022: Rs. 543.192 millions). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. A sum of Rs. 501.767 million (2022: Rs. 500.885 millions) would be recoverable from P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited in the event that these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs. 19.097 million (2022: Rs.17.858 million) against the aforementioned claims in these unconsolidated condensed interim financial statements.		
		(Unaudited) September 30, 2022	(Audited) June 30, 2022
------(Rupees in '000)-----			
Commitments			
13.2	Commitments for capital expenditure	<u>32,517</u>	<u>32,517</u>
13.3	Outstanding letters of guarantee	<u>19,669</u>	<u>19,669</u>
13.4	The Corporation has provided an undertaking amounting to USD 11.6 million (Rs 2,626.550 million) to one of the vendor / supplier of another state owned entity. This undertaking has been provided due to arrest of two of its managed vessels operated by its subsidiaries which have been released subsequently. However, the Government of Pakistan has provided a counter guarantee to the Corporation in relation to the aforesaid undertaking.		
13.5	Commitments in respect of Enterprise Resource Planning (ERP) implementation and maintenance amounting to USD 0.417 million (Rs 94.420 million) and USD 0.192 million (Rs 43.474 million) respectively.		
		(Unaudited) Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----			
14. FINANCE COST			
	Mark-up on long-term financing	293,372	118,309
	Bank charges	224	429
		<u>293,596</u>	<u>118,738</u>
15. TAXATION			
	Current tax	<u>328,216</u>	<u>93,539</u>

Note	(Unaudited)	
	Quarter ended September 30, 2022	Quarter ended September 30, 2021
------(Rupees in '000)-----		
16. CASH (USED IN) / GENERATED FROM OPERATIONS		
Profit before taxation	1,177,851	181,975
Adjustments for non-cash charges and other items:		
Depreciation	16,507	14,692
Provision for employees' gratuity	27,056	20,881
Provision for employees' compensated absences	19,073	17,133
Provision for post-retirement medical benefits	2,189	1,966
Income from saving accounts and term deposits	(229,159)	(125,737)
Finance cost	293,596	118,738
Impairment loss on financial assets	200,000	-
Provision no longer required written back	(638)	(214)
Dividend income	(3,871)	-
Loss on revaluation of long-term investments in listed securities	1,529	5,165
Net increase in damage claims	1,239	1,193
Balances written-off	25,610	-
Working capital changes	(6,566,735)	344,717
	(5,035,753)	580,509
16.1 Working capital changes		
(Increase) / decrease in current assets:		
Trade debts - unsecured	(1,658,310)	(312,703)
Agents' and owners' balances - unsecured	(7,042)	(10,946)
Loans and advances	(34,568)	(6,995)
Trade deposits and short-term prepayments	(7,959)	(5,951)
Other receivables	(117,369)	(51,064)
Incomplete voyages	5,034	(32,766)
	(1,820,214)	(420,425)
Increase / (decrease) in current liabilities:		
Trade and other payables	(4,788,483)	765,067
Contract liabilities	41,962	75
	(4,746,521)	765,142
	(6,566,735)	344,717
17. CASH AND CASH EQUIVALENTS		
Short-term investments having maturity of three months or less	6,488,500	700,000
Cash and bank balances	5,203,148	1,028,201
	11,691,648	1,728,201
18. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES		
18.1 Financial risk factors		
The Corporation's activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.		
These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Corporation's annual unconsolidated financial statements as at June 30, 2022. There have been no changes in risk management policies since the year end.		
18.2 Fair value estimation		
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.		

Fair value hierarchy

As at September 30, 2022, the Corporation's all assets and liabilities are carried at cost less accumulated depreciation / impairment, if any, or at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2022 was performed by an independent valuer.

The Corporation classifies investment properties and long-term investments in listed companies measured at fair value in the statement of financial position. The latest fair valuation of the Corporation's investment properties was performed by an independent valuer as at June 30, 2022.

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

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

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

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

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

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

	(Unaudited) September 30, 2022			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	37,329	-	-	37,329
Short-term investments - mutual funds	108,181	-	-	108,181
	<u>145,510</u>	<u>-</u>	<u>-</u>	<u>145,510</u>

Leasehold land	-	1,399,780	-	1,399,780
Buildings on leasehold land	-	723,609	-	723,609
Beach huts	-	15,974	-	15,974
Workshop machinery and equipments	-	6,709	-	6,709
Investment properties	-	3,951,618	-	3,951,618
	<u>-</u>	<u>6,097,690</u>	<u>-</u>	<u>6,097,690</u>

	(Audited) June 30, 2022			Total
	Level 1	Level 2	Level 3	
	(Rupees in '000)			
Assets carried at fair value				
Long-term investments - Fair value through profit or loss	38,858	-	-	38,858
Short-term investments - mutual funds	104,890	-	-	104,890
	<u>143,748</u>	<u>-</u>	<u>-</u>	<u>143,748</u>

Leasehold land	-	1,399,780	-	1,399,780
Buildings on leasehold land	-	732,082	-	732,082
Beach huts	-	16,416	-	16,416
Workshop machinery and equipments	-	7,040	-	7,040
Investment properties	-	3,949,584	-	3,949,584
	<u>-</u>	<u>6,104,902</u>	<u>-</u>	<u>6,104,902</u>

19. TRANSACTIONS WITH RELATED PARTIES

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

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

Name and particulars	Relationship with the Corporation	(Unaudited)	
		Quarter ended September 30, 2022	Quarter ended September 30, 2021
----- (Rupees in '000) -----			
Transactions with State owned / controlled entities			
Freight income - foreign flag vessels		1,811,238	389,202
Income from operating activities		15,280	25,768
Rental income		3,718	3,194
Rental expenses		1,114	1,861
Transactions with subsidiary companies			
Service fee charged to subsidiary companies		350,044	106,656
Retirement benefit costs charged to subsidiary companies		196	134
Transactions with other related parties			
Contribution to provident fund	Employees benefit plan	1,333	1,299
Directors' fee and traveling allowances	Key management personnel	875	750
Remuneration and other benefits	Key management personnel	26,372	13,945

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

20. GENERAL

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

21. DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue on October 25, 2022 by the Board of Directors of the Corporation.



Syed Jamar Haider Kazmi
Chief Financial Officer



Rear Admiral Jawad Ahmed, SI(M)
Chairman & Chief Executive



Khowaja Obaid Imran Ilyas
Director



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