



An ICTSI Group Company

# Quarterly Report

September  
30, 2022



**Pakistan International Container Terminal Limited**

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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



## 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. Bilal Shahid

Mr. Hans-Ole Madsen

### Human Resource & Remuneration Committee

#### Chairman

Mr. Gordon Alan P. Joseph

#### Members

Mr. Hans-Ole Madsen

Ms. Lirene Coloquio Mora-Suarez

### 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

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

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

Fax : +92-21-3285-4815

Email: investor-relations@pict.com.pk

Website: www.pict.com.pk

### Share Registrar/ Transfer Agent

CDC Share Registrar Services Limited

99-B, Block 'B', SMCHS,

Main Shahra-e-Faisal,

Karachi- 74400

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

Fax: +92-21-34326053



## DIRECTORS' REPORT FOR THE NINE MONTHS ENDED SEPTEMBER 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 nine months ended September 30, 2022

### BUSINESS PERFORMANCE REVIEW

Global economic challenges continued to be reflected in high international commodity prices due to the aftereffects of COVID and the changes in global geo-political environment. The economic impacts of the global crisis on Pakistan have been exacerbated by foreign exchange constraints, increase in interest rates due to high inflation, significant PKR devaluation and other fiscal measures. Moreover, as per the World Bank's report the cataclysmic floods in Pakistan caused economic damages yet to be ascertained precisely to the country's teetering economy. Impacts of floods on crops and the exports and imports are yet to be seen in coming months.

Consequently, Pakistan container market volumes witnessed a considerable decline during the nine months period ended September 30, 2022. Your Company handled 286,608 containers during 9M-2022 as compared to 367,302 containers handled in 9M 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 NINE MONTHS ENDED SEPTEMBER 30, 2022

	(Rupees in Million)
Revenue	8,884
Gross Profit	3,790
Profit before taxation	3,592
Profit after taxation	2,212
Un appropriated profit brought forward	1,452
Unappropriated profit carried forward	1,208
Earnings per Ordinary Share – Basic and Diluted	<u>(Rupees) 20.26</u>

Your Company recorded revenue of Rs. **8,884** million which is 7% 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 **3,790** million.

The imposition of super tax in the Finance Act, 2022 has adversely affected the bottom-line profits of the Company. The Net Profit for the nine months period clocked in at Rs. **2,212** million which is 14% lower than the corresponding period last year.

### FUTURE OUTLOOK

With the slower economic growth, regional conflicts, global food and energy crises and tightening of monetary policies by central banks globally, the World Trade Organisation and the World Bank are predicting a global recession as early as next year. Apart from these factors, the trade growth in Pakistan for the Year 2022 and 2023 is expected to further depress due to post-flood impacts.



### CONCESSION AGREEMENT

The Board draws your attention to Note 2.3 of the un-audited condensed interim financial statements of the Company for the Nine months ended September 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



**Mr. Khurram Aziz Khan**  
Chief Executive Officer

Karachi,

**Dated: October 26, 2022**



## بیانِ نظماً

ہم مجلسِ نظماً کی جانب سے 30 ستمبر 2022 کو ختم ہونے والی نو ماہی مدت کے غیر محاسب شدہ عبوری مالیاتی گوشوارے پیش کرنے پر مسرور ہیں۔

### کاروباری کارکردگی کا جائزہ

کوویڈ کے اثرات کے بعد اور عالمی جغرافیائی و سیاسی ماحول میں تبدیلیوں کی وجہ سے عالمی معاشی چیلنجز کی عکاسی اعلیٰ بین الاقوامی اجناس کی قیمتوں میں ہوتی رہی ہے۔ پاکستان پر عالمی بحران کے معاشی اثرات، غیر ملکی زرمبادلہ کی رکاوٹوں، افراط زر میں اضافے کی وجہ سے شرح سود میں اضافے، پاکستانی روپے کی قدر میں نمایاں کمی اور دیگر مالیاتی اقدامات کی وجہ سے مزید بڑھ گئے ہیں۔ اس کے علاوہ عالمی بینک کی رپورٹ کے مطابق پاکستان میں آنے والے تباہ کن سیلاب کی وجہ سے معاشی نقصانات ہوئے جن کا ابھی تک قطعی طور پر اندازہ نہیں لگا جاسکا ہے۔ فصلوں، برآمدات اور درآمدات پر سیلاب کے اثرات آنے والے مہینوں میں ابھی دیکھنا باقی ہیں۔

نتیجتاً 30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے دوران پاکستان کنٹینر مارکیٹ کے حجم میں نمایاں کمی دیکھی گئی ہے۔ آپ کی کمپنی نے 2022 کے نو ماہ کے دوران 286,608 کنٹینرز کو ہینڈل کیا جبکہ 2021 کے نو ماہ میں 367,302 کنٹینرز کو ہینڈل کیا گیا تھا۔

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 ستمبر 2022 کو ختم ہونے والے نو ماہی مدت کے کاروباری اور مالیاتی نتائج

(روپے ملینز میں)

8,884

محاصل

3,790

مجموعی منافع

3,592

محصولات سے قبل منافع

2,212

بعد از محصولات منافع

1,452

آگے لایا گیا غیر منقسمہ منافع

1,208

غیر مختص منافع فرسٹاڈ

20.26

(روپے)

بنیادی اور خفیف آمدنی فی عمومی حصص

آپ کی کمپنی نے دوران نو ماہ 8,884 ملین روپے کی آمدنی ریکارڈ کی ہے۔ جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 7% زیادہ ہے۔

مہنگائی کے دباؤ کے باوجود، آپریشنل برتری اور لاگت کو بہتر بنانے کی مشن کے کوششوں کے ذریعے، آپ کی کمپنی نے 3,790 ملین روپے کا مجموعی منافع حاصل کیا۔



فنانس ایکٹ 2022 میں سپر ٹیکس کے نفاذ نے کمپنی کے نو ماہ کے خالص منافع کو بھی متاثر کیا ہے۔ اس نو ماہ کے دوران بعد از محصولات منافع 2,212 ملین روپے رہا جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 14% کم ہے۔

### مستقبل کا منظر نامہ

ست معاشی نمو، علاقائی تنازعات، عالمی خوراک، توانائی کے بحران اور عالمی سطح پر مرکزی بینکوں کی طرف سے مالیاتی پالیسیوں کو سخت کرنے کی وجہ سے ورلڈ ٹریڈ آرگنائزیشن اور ورلڈ بینک اگلے سال کے اوائل میں عالمی ارتداد کی پیش گوئی کر رہے ہیں۔ ان عوامل کے علاوہ سال 2022 اور 2023 میں سیلاب کے بعد کے اثرات کی وجہ سے پاکستان میں تجارتی نمومزید مایوس کن ہونے کی توقع ہے۔

### کنسیشن ایگریمنٹ

مجلس نظماء آپ کی توجہ کمپنی کے 30 ستمبر 2022 کو ختم ہونے والے نو ماہ کے غیر محاسب شدہ عبوری مالیاتی گوشواروں کے نوٹ 2,3 کی طرف مبذول کراتی ہے، جس میں کنسیشن ایگریمنٹ کی مبادعہ ختم ہونے اور چلتے ہوئے کاروباری ادارے کی حیثیت کی بنیاد کے بارے میں معلومات شامل ہیں۔

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

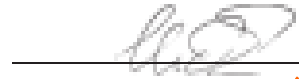
### اظہار تشکر

مجلس نظماء اپنے تمام شیئر ہولڈرز اور صارفین کے مسلسل اعتماد اور بھروسے کے لیے ان کا تہ دل سے شکر یہ 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 نظماء حکومت پاکستان کی وزارت سمندی امور، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور دیگر ریگولیٹری اداروں سے ان کی ہدایات اور مسلسل حمایت کیلئے بھی مشکور ہے۔

مجلس نظماء کی جانب سے



خرم عزیز خان  
کمپنی کے سربراہ



ہانس اول میڈسن  
مجلس نظماء کے چیئر مین  
کراچی

بتاریخ: 26 اکتوبر 2022





**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
 AS AT SEPTEMBER 30, 2022**

		September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	----- (Rs in thousands) -----	
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	719,240	1,133,045
Intangibles		10,155	21,579
Long-term deposits		22,833	5,544
Deferred taxation – net	6	376,757	199,190
		1,128,985	1,359,358
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools – net		559,942	485,795
Trade debts - net	7	564,956	626,955
Advances		69,571	30,159
Deposits, prepayments and other receivables		329,251	203,690
Short-term investments – net	8	-	-
Cash and bank balances		4,736,509	4,132,425
		6,260,229	5,479,024
<b>TOTAL ASSETS</b>		7,389,214	6,838,382
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,387,789	1,631,943
		2,479,321	2,723,475
<b>NON-CURRENT LIABILITIES</b>			
Deferred Liability		71,417	63,597
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	2,527,319	2,436,143
Unclaimed dividends		77,260	71,431
Unpaid dividends	10	1,742,007	1,517,481
Taxation – net		491,890	26,255
		4,838,476	4,051,310
<b>TOTAL EQUITY AND LIABILITIES</b>		7,389,214	6,838,382
<b>CONTINGENCIES AND COMMITMENTS</b>	11		

The annexed notes from 1 to 19 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 NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2022  
(UN-AUDITED)**

Note	Nine Months Ended		Quarter Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
(Rs in thousands)				
<b>Revenue - net</b>	8,883,707	8,300,541	3,049,786	2,731,242
Cost of services	(5,093,908)	(4,473,178)	(1,760,518)	(1,489,380)
<b>Gross profit</b>	<b>3,789,799</b>	<b>3,827,363</b>	<b>1,289,268</b>	<b>1,241,862</b>
Administrative expenses	(450,345)	(405,708)	(165,073)	(139,837)
Other expenses	(79,809)	(18,570)	(38,698)	(18,230)
Finance costs	(907)	(451)	(359)	(114)
Other income	333,340	227,072	154,242	112,759
<b>Profit before taxation</b>	<b>3,592,078</b>	<b>3,629,706</b>	<b>1,239,380</b>	<b>1,196,440</b>
Taxation	(1,380,286)	(1,052,718)	(409,565)	(347,076)
<b>Profit after taxation</b>	<b>2,211,792</b>	<b>2,576,988</b>	<b>829,815</b>	<b>849,364</b>
----- (Rupees) -----				
<b>Earnings per ordinary share - basic and diluted</b>	<b>20.26</b>	<b>23.61</b>	<b>7.60</b>	<b>7.78</b>

The annexed notes from 1 to 19 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 NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2022  
(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- (Rs in thousands) -----			
<b>Profit after taxation</b>	<b>2,211,792</b>	2,576,988	<b>829,815</b>	849,364
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>2,211,792</b>	2,576,988	<b>829,815</b>	849,364

The annexed notes from 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2022  
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profit	Total reserves	Total
(Rs in thousands)					
<b>Balance as at January 01, 2021</b>	1,091,532	180,000	1,184,061	1,364,061	2,455,593
Profit after taxation	-	-	2,576,988	2,576,988	2,576,988
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,576,988	2,576,988	2,576,988
Final cash dividend for the year ended December 31, 2021 @ Rs 5.00/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
Interim cash dividends for the year ended December 31, 2021 @ Rs 4.00/- per ordinary share	-	-	(436,613)	(436,613)	(436,613)
<b>Balance as at September 30, 2021</b>	<u>1,091,532</u>	<u>180,000</u>	<u>2,778,670</u>	<u>2,958,670</u>	<u>4,050,202</u>
<b>Balance as at January 01, 2022</b>	1,091,532	180,000	1,451,943	1,631,943	2,723,475
Profit after taxation	-	-	2,211,792	2,211,792	2,211,792
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	2,211,792	2,211,792	2,211,792
Final cash dividend for the year ended December 31, 2021 @ Rs 9.00/- per ordinary share	-	-	(982,378)	(982,378)	(982,378)
Interim cash dividends for the year ending December 31, 2022 @ Rs 13.50/- per ordinary share	-	-	(1,473,568)	(1,473,568)	(1,473,568)
<b>Balance as at September 30, 2022</b>	<u>1,091,532</u>	<u>180,000</u>	<u>1,207,789</u>	<u>1,387,789</u>	<u>2,479,321</u>

The annexed notes from 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 30, 2022  
(UN-AUDITED)**

		Nine Months Ended	
		September 30, 2022	September 30, 2021
Note		----- (Rs in thousands) -----	----- (Rs in thousands) -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	13	<b>3,850,082</b>	<b>4,045,068</b>
Taxes paid		(1,092,217)	(1,163,699)
Compensated absences paid		(1,625)	(1,731)
Finance costs paid		(907)	(451)
<b>Net cash generated from operating activities</b>		<b>2,755,333</b>	<b>2,879,187</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(196,950)	(25,888)
Proceeds from disposal of operating fixed assets		12,518	166
Markup on saving accounts received		258,775	134,038
<b>Net cash generated from investing activities</b>		<b>74,343</b>	<b>108,316</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(2,225,592)	(762,770)
<b>Net cash used in financing activities</b>		<b>(2,225,592)</b>	<b>(762,770)</b>
<b>Net increase in cash and cash equivalents</b>		<b>604,084</b>	<b>2,224,733</b>
Cash and cash equivalents at the beginning of the period		<b>4,132,425</b>	<b>1,875,085</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>4,736,509</b>	<b>4,099,818</b>

The annexed notes from 1 to 19 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 NINE MONTHS ENDED SEPTEMBER 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 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 September 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.



	September 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Note	----- (Rs in thousands) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	5.1 505,300	857,758
Capital work-in-progress (CWIP)	213,940	275,287
	<u>719,240</u>	<u>1,133,045</u>
<b>5.1. Operating fixed assets</b>		
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 <u>258,297</u>	<u>110,318</u>
	1,116,055	1,567,953
Less:		
Disposals during the period / year at written down value	5.1.2 <u>(783)</u>	<u>(585)</u>
Depreciation charged during the period / year	<u>(609,972)</u>	<u>(709,610)</u>
	<u>(610,755)</u>	<u>(710,195)</u>
	<u>505,300</u>	<u>857,758</u>
<b>5.1.1. Additions / transfers from CWIP during the period / year</b>		
Leasehold improvements	-	31,081
Container / terminal handling / workshop equipment	216,791	33,760
Port power generation	22,880	12,353
Vehicles	723	-
Computers and other equipment	17,903	32,609
Furniture and fixtures	-	515
	<u>258,297</u>	<u>110,318</u>
<b>5.1.2. Disposals during the period / year at written down value</b>		
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>
<b>6. DEFERRED TAXATION - net</b>		
<b>Deductible timing differences arising in respect of:</b>		
Accelerated tax depreciation and amortisation	219,722	76,309
Provisions	157,035	122,881
	<u>376,757</u>	<u>199,190</u>
<b>7. TRADE DEBTS - net</b>		
Includes Rs. 3.56 million (December 31, 2021: Rs. 1.35 million) receivable from related party.		





		<b>September 30, 2022 (Un-audited)</b>	<b>December 31, 2021 (Audited)</b>
	<b>Note</b>	<b>----- (Rs in thousands) -----</b>	<b>-----</b>
<b>8. SHORT-TERM INVESTMENTS - net</b>			
<b>At amortised cost</b>			
Certificate of investments (COIs)		43,000	43,000
Allowance for expected credit losses	8.1	<u>(43,000)</u>	<u>(43,000)</u>
		<u>-</u>	<u>-</u>
<b>8.1</b>	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.		
<b>9. TRADE AND OTHER PAYABLES</b>			
	Include Rs 396.14 million (December 31, 2021: Rs. 309.44 million) payable to related parties.		
<b>10. UNPAID DIVIDENDS</b>			
	Represents final dividend for the year ended December 31, 2021 and interim cash dividends for the year ending December 31, 2022 which remained unpaid to the Company's foreign shareholders including associated companies due to pending regulatory approvals.		
<b>11. CONTINGENCIES AND COMMITMENTS</b>			
<b>11.1. Contingencies</b>			
<b>11.1.1.</b>	As at September 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.		
<b>11.1.2.</b>	In 2021, the ACIR amended the deemed assessment of the Company for the tax years 2019 and 2020 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised income tax demands of Rs 420.619 million and Rs 370.391 million respectively. The Company filed the appeals before CIR-A 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.		
<b>11.1.3.</b>	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.		



	September 30, 2022 (Un-audited) ----- (Rs in thousands) -----	December 31, 2021 (Audited) -----
<b>11.2. Commitments</b>		
11.2.1. Commitments for capital expenditure	<u>42,587</u>	<u>71,739</u>
11.2.2. Outstanding letters of guarantee	<u>180,354</u>	<u>159,354</u>
11.2.3. Outstanding letters of credit		
Utilised	<u>129,682</u>	<u>90,674</u>
Unutilised	<u>170,318</u>	<u>109,326</u>

## 12. OTHER INCOME

Includes Rs. 304.26 million (September 30, 2021: Rs. 137.04 million) markup on saving accounts.

	Nine Months Ended		Quarter Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- (Un-audited) -----			
	----- (Rs in thousands) -----			

## 13. TAXATION

Current	13.1	1,342,933	1,172,407	475,115	391,927
Deferred		(177,566)	(119,689)	(65,550)	(44,851)
Prior	13.1	214,919	-	-	-
		<u>1,380,286</u>	<u>1,052,718</u>	<u>409,565</u>	<u>347,076</u>

- 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 375.21 million (September 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:

	Nine Months Ended		Quarter Ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
	----- (Un-audited) -----			
	----- (Rs in thousands) -----			
<b>Holding Company</b>				
Technical services fee	522,571	488,267	179,399	160,661
Dividends paid	1,369,027	367,612	-	-
<b>Associated companies / other related parties</b>				
Terminal handling services and rent	56,131	498,534	32,471	178,737
Revenue from container handling	12,662	19,558	7,311	8,145
Dividends paid	583,683	261,888	54,985	-
<b>Key management personnel</b>				
Managerial Remuneration	204,931	183,606	50,736	43,260
Company's contribution to provident fund	7,080	6,356	2,417	2,145
<b>Staff retirement contribution plan</b>				
Provident fund contribution	20,668	18,705	6,806	6,268
<b>Directors</b>				
Fee for attending meetings	7,296	6,502	3,027	2,292



**Nine Months Ended**  
**September 30, 2022**    **September 30, 2021**  
----- (Un-audited) -----  
----- (Rs in thousands) -----

**16. CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	3,592,078	3,629,706
Adjustments for non-cash items:		
Depreciation and amortization	621,394	552,284
Finance costs	907	451
Accrual for compensated leave absence	9,445	4,834
Exchange loss – net	79,809	18,230
Mark-up on saving accounts	(304,260)	(137,045)
(Gain) / loss on disposal of operating fixed assets - net	(11,735)	340
	<u>395,560</u>	<u>439,094</u>
<b>Operating profit before working capital changes</b>	<b>3,987,638</b>	<b>4,068,800</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools - net	(74,147)	(34,726)
Trade debts – net	61,999	135,931
Advances, deposits, prepayments and other receivables	(136,777)	(79,625)
	<u>(148,925)</u>	<u>21,580</u>
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	11,369	(45,312)
<b>Cash generated from operations</b>	<b>3,850,082</b>	<b>4,045,068</b>

**17. DIVIDEND AND APPROPRIATION**

The Board of Directors in their board meeting held on October 26, 2022 have recommended an interim cash dividend of Rs 7.60 (December 31, 2021: Rs 32.60) per ordinary share for the year ending December 31, 2022.

**18. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on October 26, 2022.

**19. 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





**Registered and Terminal Office:**

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