

HALF YEARLY REPORT

JUNE 30, 2023

Registered Office:

Plot No. 25/1-A, Street No. 5,
Muslimabad, Jamshed Town,
Karachi - Pakistan.

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Pakistan International Container Terminal Limited

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COMPANY INFORMATION

Board of Directors

Chairman

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

Directors (in alphabetical order)

Mr. Arnie D. 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 C. Mora-Suarez
(Non-Executive Director)

Mr. Rune Rasmussen
(Independent Director)

Company Secretary

Mr. Umair Iqbal Siddiqui

Audit Committee

Chairman

Mr. Rune Rasmussen

Members

Mr. Arnie D. 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 C. Mora-Suarez

Key Management

Chief Executive Officer

Mr. Khuram Khan

Chief Financial Officer

Mr. Muhammad Hunsain

External Auditors

EY Ford Rhodes

Chartered Accountants,

Progressive Plaza, Beaumont Road,

P.O. Box 15541, Karachi-75530

Legal Advisor

Usmani & Iqbal

Bankers

Bank Islami Pakistan Limited

Faysal Bank Limited

Habib Bank Limited

National Bank of Pakistan

Samba Bank Limited

Standard Chartered Bank (Pakistan) Limited

United Bank Limited

Registered Office

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CDC Share Registrar Services Limited

99-B, Block 'B', SMCHS,

Main Shakra-e-Faisal,

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DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2023

We the undersigned for and on behalf of the Board of Directors hereby present un-audited condensed interim financial statements of the Company for the half year ended June 30, 2023.

BUSINESS PERFORMANCE REVIEW

During first half of 2023, significant hurdles emerged within the worldwide and regional economic arena. The international container terminal sector encountered difficulties primarily as a result of inventory destocking strategies adopted across numerous areas, exerting an impact on capacities throughout all sectors. Heightened inflation rates, geopolitical frictions, fiscal contraction initiatives and apprehensions regarding global monetary constancy all contributed to the subdued expansion patterns observed.

In Pakistan, the economy has been grappling with its own set of challenging issues. Inflationary pressures have emerged due to the combination of higher energy prices, a significant depreciation of the Pakistani Rupee and an ongoing foreign exchange crisis. This situation has been exacerbated by political instability, which has further compounded the economic difficulties. The foreign exchange reserves are in a precarious state, leading to numerous challenges for businesses across the country. These challenges include import restrictions and limitations on foreign service procurement, which in turn have led to a sharp decline in the demand for various products. With global markets already experiencing slowdowns, the export industry faced additional setbacks due to the import restrictions, resulting in a further compression of export businesses. The cumulative impact of these factors has created a challenging economic landscape within Pakistan, necessitating strategic measures to stabilize the economy and stimulate growth.

Consequently, the container market in Pakistan has been severely impacted during the period. During first half of 2023, your Company handled 132,679 containers as compared to 199,822 containers in corresponding period last year.

OPERATING AND FINANCIAL RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2023

	(Rupees in million)
Revenue	6,301
Gross Profit	2,563
Profit before taxation	2,676
Profit after taxation	1,517
Un-appropriated profit brought forward	896
Un-appropriated profit carried forward	2,413
Earnings per Ordinary Share – Basic and Diluted	(Rupees) 13.90

During the reporting period, the Company recorded a Net Revenue of Rs. 6,301 million, marking a growth of 8% over the previous year. Gross profit stood at Rs. 2,563 million, a testament to Company's commitment to operational excellence and cost optimization. Net Profit for the reporting period stood at Rs. 1,517 million which was 10% higher than the corresponding period last year.

EXPIRY OF CONCESSION AGREEMENT AND FUTURE OUTLOOK

The Build, Operate and Transfer "Concession Agreement" which the Company had with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port was for a period of twenty-one years commencing June 18, 2002. This Concession Agreement expired on June 17, 2023, and the concession premises have been taken over by KPT on June 18, 2023. The terminal operated by the Company at Berths 6 to 9 pursuant to the Concession Agreement was its key operational asset and the fundamentals of future business operations has ceased with the expiry of the Concession Agreement.

Since the past several years, the Company had raised the matter for early extension in Concession term and expansion of infrastructure, with KPT and other relevant quarters of the Government of Pakistan based on the precedent existing whereby KPT had provided early extension in the Concession term and expansion in the infrastructure to another Container Terminal. The Company took legal actions to protect the rights of the Company and to pursue extension of the concession agreement. As more fully disclosed in note 2.3 to the annual audited financial statements for the year ended December 31, 2022, the Company had instituted a legal suit before the Honourable High Court of Sindh (HCS) seeking extension of the concession term. However, this legal suit culminated vide the order of the HCS after various hearings in June 2023, whereby the Company's appeal was dismissed by the larger bench of HCS.

The Company is actively involved in a complex handover procedure with KPT and is working closely to ensure a smooth transition. The Company is also conducting a transparent assessment of its legal position and options, carefully considering all relevant factors to determine the most appropriate path forward. The Company has also in place a commitment of financial support from its majority shareholder to ensure the Company meets its financial and contingent liabilities until the time when the Company decides on the future course of its operations.

In view of the above events and circumstances, the Company has prepared the condensed interim financial statements on a non-going concern basis which has also been referred by Company's Statutory Auditor in their Review Report.

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.

For and on behalf of the Board of Directors



Mr. Hans-Ole Madsen
Chairman



Mr. Khurram Khan
Chief Executive Officer

Karachi,

Dated: August 28, 2023

بیان نظما

مجلس نظما کی جانب سے 30 جون 2023 کو ختم ہونے والی ششماہی مدت کے لئے آپ کی کمپنی کے غیر محاسب شدہ ملخص عبوری مالیاتی گوشوارے پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

2023 کی پہلی ششماہی کے دوران، عالمی اور علاقائی اقتصادی میدان میں اہم رکاوٹیں سامنے آئیں۔ بین الاقوامی کنٹینرز میں سیکڑوں کی بنیادی طور پر مشغول شعبوں میں اپنی گئی انفریٹری ڈیمانڈ کی حکمت عملیوں کے نتیجے میں مشکلات کا سامنا کرنا پڑا، جس نے تمام شعبوں میں صلاحیتوں پر اثر ڈالا۔ مہنگائی کی بڑھتی ہوئی شرح، جنرل فراہمی کی کمی اور عالمی مالیاتی استحکام کے حوالے سے خدشات، جس نے مشاہدہ کیے گئے توسیعی نمونوں میں اہم کردار ادا کیا۔ پاکستان میں معیشت اپنے ہی مسائل سے دوچار ہے۔ توانائی کی باہمی قیمتوں، پاکستانی روپے کی قدر میں کمی اور غیر ملکی زرمبادلہ کے جاری بحران کی وجہ سے انفراسٹرکچر کا دباؤ بڑھا ہے۔ یہ صورت حال سیاسی عدم استحکام کی وجہ سے ہے جس نے معاشی مشکلات کو مزید بڑھا دیا ہے۔ زرمبادلہ کے ذخائر غیر یقینی حالت میں ہیں، جس کی وجہ سے ملک بھر میں کاروبار کے لیے متعدد مشکلات ہیں۔ ان مشکلات میں درآمدی پابندیاں اور غیر ملکی خدمات کی خریداری پر پابندیاں شامل ہیں، جس کے نتیجے میں مختلف مصنوعات کی مانگ میں زبردستی واقع ہوئی ہے۔ عالمی منڈیوں کو پہلے سے ہی سخت رویے کا سامنا ہے، اس کے ساتھ، برآمدی صنعت کو درآمدی پابندیوں کی وجہ سے اضافی دھچکے کا سامنا کرنا پڑا، جس کے نتیجے میں برآمدی کاروبار مزید دباؤ کا شکار ہوا۔ ان عوامل کے مجموعی اثرات نے پاکستان کے اندر ایک چیلنجنگ معاشی منظر نامے کو جنم دیا ہے، جس سے معیشت کو ختم کرنے اور ترقی کو تیز کرنے کے لیے اسٹریٹجک اقدامات کی ضرورت ہے۔

تینتا پاکستان میں کنٹینر مارکیٹ اس عرصے کے دوران شدید متاثر ہوئی ہے۔ 2023 کی پہلی ششماہی کے دوران، آپ کی کمپنی نے 132,679 کنٹینرز کو ہینڈل کیا جو کہ پچھلے سال کی اسی مدت میں 199,822 کنٹینرز تھے۔

30 جون 2023 کو ختم ہونے والی سہ ماہی مدت کے کاروباری اور مالیاتی نتائج

(روپے ملین میں)

6,301

حاصل

2,563

خام منافع

2,676

محصولات منافع

1,517

بعد از حصص و ملاقات منافع

896

آگے لایا گیا غیر منقسم منافع

2,413

غیر منقسم منافع فرستادہ

13.90 (روپے)

بنیادی اور خریف آمدنی فی عمومی حصص

رپورٹنگ کی مدت کے دوران، کمپنی نے 6,301 ملین روپے کا ریونیو ریکارڈ کیا، جو کہ پچھلے سال کے مقابلے میں 8% سے زیادہ ہے۔ خام منافع 2,563 ملین روپے رہا، جو کہ آپریشنل فیصلیت اور لاگت کی اصلاح کے لیے کمپنی کے عزم کا ثبوت ہے۔ رپورٹنگ کی مدت کے لیے خالص منافع 1,517 ملین روپے رہا، جو کہ گزشتہ سال کی اسی مدت کے مقابلے میں 10 فیصد سے زیادہ ہے۔

کنٹینر ٹرمینل کی میعاد اور مستقبل کا منظر نامہ

کنٹینر ٹرمینل کی خصوصی تعمیر، ترقی، آپریشن اور انتظام کے لیے کمپنی کا کراچی پورٹ ٹرسٹ (KPT) کے ساتھ تھیر، چلانے اور منتقلی کا کنٹینر ڈیپوٹ 17 جون، 2023 کو ختم ہو گیا، جس کے بعد کنٹینر ٹرمینل کی مدت کے لیے تھیر جو 18 جون، 2002 کو شروع ہوا، اور یہ کنٹینر ڈیپوٹ 17 جون، 2023 کو ختم ہو گیا، جس کے بعد کنٹینر ٹرمینل کی مدت کے لیے تھیر جو 18 جون، 2023 کو اپنے چلنے میں لے لیا ہے۔ کنٹینر ڈیپوٹ کے مطابق برآمدہ 6 سے 9 پر کمپنی کی طرف سے چلایا جانے والا ٹرمینل کمپنی کا کھیدی اثاثہ تھا اور معاہدے کی میعاد ختم ہونے کے ساتھ ہی کمپنی کے کاروباری مستقبل کے بنیادی تصورات بھی ختم ہو گئے ہیں۔

پچھلے کئی سالوں سے، کمپنی نے کنٹینر ڈیپوٹ کی مدت میں جلد توسیع کا معاملہ KPT اور حکومت پاکستان کے دیگر متعلقہ حلقوں کے ساتھ اس نظریہ کی بنیاد پر اٹھایا تھا جس کے تحت KPT نے دوسرے کنٹینر ٹرمینل کو کنٹینر ڈیپوٹ کی مدت میں توسیع فراہم کیا تھا۔ کمپنی نے کمپنی کے حقوق کے تحفظ اور کنٹینر ڈیپوٹ کے معاہدے کی توسیع کو آگے بڑھانے کے لیے قانونی کارروائیاں کیں۔ جیسا کہ 31 دسمبر 2022 کو ختم ہونے والے سال کے سالانہ آڈٹ شدہ مالیاتی بیانات کے نوٹ 3.2 میں مکمل طور پر آشکار کیا گیا ہے۔ کمپنی نے کنٹینر ڈیپوٹ کی مدت میں توسیع کے لیے معزز ہائی کورٹ آف سندھ (HCS) کے سامنے ایک قانونی مقدمہ دائر کیا تھا۔ تاہم، یہ قانونی مقدمہ جون 2023 میں مختلف سماعتوں کے بعد HCS کے حکم پر اختتام پزیر ہوا، جس کے تحت HCS کے بڑے بیج نے کمپنی کی اپیل کو خارج کر دیا تھا۔

اس وقت کمپنی KPT کے ساتھ منتقلی کے پیچیدہ طریقہ کار میں فعال طور پر شامل ہے اور ایک ہموار منتقلی کو یقینی بنانے کے لیے کام کر رہی ہے۔ کمپنی نے اپنے اکثریتی شیئر ہولڈرز سے مالی تعاون کا عہد بھی کیا ہے، جو کہ اس وقت تک کمپنی کی تمام ذمہ داریوں کو پورا کرنے کے لیے وقف ہے جب تک کہ کمپنی اپنے مستقبل کا فیصلہ نہیں کر لیتی۔

مندرجہ بالا واقعات اور حالات کے پیش نظر، کمپنی نے مالیاتی بیانات ایک غیر جاری پیش کی بنیاد پر تیار کیے ہیں جن کا حوالہ کمپنی کے آڈیٹر نے اپنی جائزہ رپورٹ میں بھی دیا ہے۔

اعلانیہ نوٹ

یورڈ اپنے شیئر ہولڈرز اور صارفین کے مسلسل اعتماد اور تعاون کے لیے ان کا تھیرڈل سے شکر یہ ادا کرنا چاہتا ہے۔ ہمارے ملازمین کا عزم اور گمن قابل قدر ہے جو آپ کی کمپنی کی کامیابی میں مسلسل اضافہ کر رہا ہے۔

مجلس نظما کی جانب سے



ہاس اول میڈن

مجلس نظما کے چیئرمین

کراچی

بتاریخ: 28 اگست 2023

خرم خان
کمپنی کے سربراہ



EY Ford Rhodes
Chartered Accountants
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INDEPENDENT AUDITOR'S REVIEW REPORT

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

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan International Container Terminal Limited** (the Company) as at **30 June 2023** and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, condensed interim statement of cash flows and notes to the condensed interim financial statements for the six-months period then ended (herein-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the notes forming part thereof for the three months period ended 30 June 2023 and 2022 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 30 June 2023.

Scope of Review

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

Conclusion

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

Emphasis of matter - Non-Going Concern Basis of Preparation of Financial Statements

We draw attention to the matter disclosed in note 2.2 to the accompanying condensed interim financial statements which describes that the Company's Build, Operate and Transfer (BOT) contract (Concession Agreement) with Karachi Port Trust (KPT) has expired on 17 June 2023 and the terminal was taken over by KPT on 18 June 2023. The terminal operated by the Company at Berths 6 to 9 pursuant to the Concession Agreement was its key operational asset and the fundamentals of future business operations ceased with the expiry of the Concession Agreement. Consequently, the condensed interim financial statements have been prepared on a non-going concern basis, as stated in the above referred note. Our conclusion is not modified in respect of this matter.

The engagement partner on the review resulting in this independent auditor's review report is Omer Chughtai.

EY Ford Rhodes
Chartered Accountants

Place: Karachi

Date: 29 August 2023

UDIN: AR2023101205NITBXURA

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023**

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Note		----- (Rs in thousands) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	-	623,717
Intangibles		-	43,176
		-	666,893
CURRENT ASSETS			
Stores, spare parts and loose tools – net	6	258,004	571,821
Trade debts - net	7	736,454	648,929
Advances		3,667	7,270
Deposits, prepayments and other receivables	8	608,999	352,814
Short-term investments – net	9	-	-
Cash and bank balances		9,184,727	6,061,976
		10,791,851	7,642,810
TOTAL ASSETS		10,791,851	8,309,703
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		2,593,488	1,075,873
		3,685,020	2,167,405
NON-CURRENT LIABILITIES			
Deferred Liability		85,130	69,556
CURRENT LIABILITIES			
Trade and other payables	10	3,763,335	3,129,954
Unclaimed dividends		78,758	79,152
Unpaid Dividends	11	2,330,418	2,330,418
Taxation – net		849,190	533,218
		7,021,701	6,072,742
TOTAL EQUITY AND LIABILITIES		10,791,851	8,309,703
CONTINGENCIES AND COMMITMENTS			
	12		

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


 Chief Executive Officer


 Chief Financial Officer


 Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023
(UN-AUDITED)**

		Half Year Ended		Quarter Ended	
	Note	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- (Rs in thousands) -----			
Revenue -- net					
		6,301,533	5,833,921	2,646,357	2,797,905
Cost of services					
		(3,738,538)	(3,333,390)	(1,898,606)	(1,689,543)
Gross profit					
		2,562,995	2,500,531	747,751	1,108,362
Administrative expenses					
		(433,914)	(285,272)	(202,582)	(134,428)
Other expenses					
		(126,895)	(41,111)	(8,901)	(27,801)
Finance costs					
		(1,095)	(548)	(334)	(134)
Other income					
	13	674,486	179,098	389,267	98,059
Profit before taxation					
		2,675,577	2,352,698	925,201	1,044,058
Taxation					
	14	(1,157,962)	(970,721)	(490,681)	(591,167)
Profit after taxation					
		1,517,615	1,381,977	434,520	452,891
----- (Rupees) -----					
Earnings per ordinary share - basic and diluted					
		13.90	12.66	3.98	4.14

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


 Chief Executive Officer


 Chief Financial Officer


 Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2023
(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rs in thousands)			
Profit after taxation	1,517,615	1,381,977	434,520	452,891
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,517,615	1,381,977	434,520	452,891

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


 Chief Executive Officer


 Chief Financial Officer


 Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2023
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profits	Total reserves	Total
	(Rs in thousands)				
Balance as at January 01, 2022	1,091,532	180,000	1,451,943	1,631,943	2,723,475
Profit after taxation	-	-	1,381,977	1,381,977	1,381,977
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,381,977	1,381,977	1,381,977
Final cash dividend for the year ended December 31, 2021 @ Rs. 9.00/- per ordinary share	-	-	(982,378)	(982,378)	(982,378)
Interim cash dividend for the year ended December 31, 2022 @ Rs. 8.50/- per ordinary share	-	-	(927,802)	(927,802)	(927,802)
Balance as at June 30, 2022	1,091,532	180,000	923,740	1,103,740	2,195,272
Balance as at January 01, 2023	1,091,532	180,000	895,873	1,075,873	2,167,405
Profit after taxation	-	-	1,517,615	1,517,615	1,517,615
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,517,615	1,517,615	1,517,615
Balance as at June 30, 2023	1,091,532	180,000	2,413,488	2,593,488	3,685,020

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


 Chief Executive Officer


 Chief Financial Officer


 Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED JUNE 30, 2023
(UN-AUDITED)**

	Note	Half Year Ended	
		June 30, 2023	June 30, 2022
----- (Rs in thousands) -----			
CASH FLOWS FROM OPERATING ACTIVITIES	17	3,431,393	2,247,090
Taxes paid		(841,990)	(743,927)
Compensated leaves paid		(1,153)	(798)
Finance costs paid		(1,095)	(548)
Net cash generated from operating activities		2,587,155	1,501,817
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(58,495)	(160,452)
Proceeds from disposal of operating fixed assets		7,516	663
Markup on saving accounts received		586,969	140,402
Net cash generated from / (used in) investing activities		535,990	(19,387)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(394)	(2,068,169)
Net cash used in financing activities		(394)	(2,068,169)
Net increase / (decrease) in cash and cash equivalents		3,122,751	(585,739)
Cash and cash equivalents at the beginning of the period		6,061,976	4,132,425
Cash and cash equivalents at the end of the period		9,184,727	3,546,686

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



Chief Executive Officer



Chief Financial Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2023
(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 Plot no. 25/1-A, Street no. 5, Muslimabad, Jamshed Town, Karachi.
- 1.2. The Company is a subsidiary of ICTSI Mauritius Limited whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Philippines.
- 1.3. The Build, Operate and Transfer (BOT) "Concession Agreement" which the Company had with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port was for a period of twenty-one years commencing June 18, 2002. This Concession Agreement expired on June 17, 2023 and the terminal has been taken over by KPT on June 18, 2023. The handing over procedure is quite complex and the Company is actively engaged with KPT and the new concessionaire to ensure a seamless operational transition.

2. BASIS OF PREPARATION
2.1. Statement of compliance

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

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures required in the annual audited financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2022.

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, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the period ended June 30, 2022.

The figures of the condensed interim statement of profit or loss for the quarter ended June 30, 2023 and June 30, 2022 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended June 30, 2023 and June 30, 2022.

2.2. Expiry of Concession Agreement and its impact on financial statements

The Concession Agreement with KPT in respect of built, operate and transfer on berths 6 to 9 which was for a period of twenty-one years commencing June 18, 2002 expired on June 17, 2023.

Since the past several years, the Company had raised the matter for early extension in Concession term and expansion of infrastructure, with KPT and other relevant quarters of the Government of Pakistan based on the precedent existing whereby KPT had provided early extension in the Concession term and expansion in the infrastructure to another Container Terminal.

The Company took legal actions to protect the rights of the Company and to pursue extension of the concession agreement. As more fully disclosed in note 2.3 to the annual audited financial statements for the year ended December 31, 2022, the Company had instituted a legal suit before the Honorable High Court of Sindh (HCS) seeking extension of the concession term. However, this legal suit culminated vide the order of the HCS after various hearings in June 2023, whereby the Company's appeal was dismissed by the larger bench of HCS.

The terminal operated by the Company at Berths 6 to 9 pursuant to the Concession Agreement was its key operational asset and the fundamentals of future business operations has ceased with the expiry of the Concession Agreement. The Company is conducting a transparent assessment of its legal position and options, carefully considering all relevant factors to determine the most appropriate path forward. The Company has also in place a commitment of financial support from its majority shareholder, dedicated to meeting all of its obligations including contingent liabilities.

In view of the above events and circumstances, the Company has prepared these condensed interim financial statements on a non-going concern basis, whereby all assets are stated at the lower of carrying amount and their realizable values, and all liabilities are stated at settlement values. This change in basis of preparation had no material effect on the carrying value of assets and liabilities in these condensed interim financial statements.

2.3. 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.

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, 2022 except as mentioned in note 2.2.

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.

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, 2022.

Note	June 30, 2023 (Un-audited) (Rs in thousands)	December 31, 2022 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	-	375,833
Capital work-in-progress (CWIP)	-	247,884
	-	623,717

Note	June 30, 2023 (Un-audited) (Rs in thousands)	December 31, 2022 (Audited)
5.1. Operating fixed assets		
Written down value at the beginning of the period / year	375,833	857,758
Additions / transfers from CWIP during the period / year	306,378	365,904
	682,211	1,223,662
Less:		
Disposals during the period / year at written down value	(17)	(782)
Depreciation charged during the period / year	(682,194)	(847,047)
	(682,211)	(847,829)
	-	375,833
5.1.1. Additions / transfers from CWIP during the period / year		
Leasehold improvements	23,611	775
Container / terminal handling / workshop equipment	112,996	304,190
Port power generation	90,547	23,340
Vehicles	241	7,491
Computers and other equipment	78,983	29,166
Furniture and fixtures	-	942
	306,378	365,904
5.1.2. Disposals during the period / year at written down value		
Leasehold improvements	-	4
Container / terminal handling / workshop equipment	-	-
Port power generation	-	-
Vehicles	-	39
Computers and other equipment	17	362
Furniture and fixtures	-	377
	17	782
5.2. This includes transfer of concession assets alongwith stores and spares upon expiry of Concession Agreement at a token value of Re 1.		

Note	June 30, 2023 (Un-audited) (Rs in thousands)	December 31, 2022 (Audited)
6. STORES, SPARE PARTS AND LOOSE TOOLS - net		
Stores, spare parts and loose tools	540,841	560,847
Fuel and lubricants	40,703	40,069
	581,544	600,916
Provision for obsolescence	(29,095)	(29,095)
Transferred under Concession Agreement	(294,445)	-
	(323,540)	(29,095)
	258,004	571,821

7. TRADE DEBTS - net

Includes Rs 2.45 million (December 31, 2022: Rs 3.28 million) due from Bilal Associates (Pvt.) Limited.

8. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Includes Rs 13.61 million (December 31, 2022: Rs 10.61 million) due from ICTSI Mauritius Limited, Rs 11.72 million (December 31, 2022: Rs 7.93 million) due from Aeolina Investments Limited and Rs 16.54 million (December 31, 2022: Rs 2.16 million) due from Bilal Associates (Pvt.) Limited.

Note	June 30, 2023 (Un-Audited) ----- (Rs in thousands) -----	December 31, 2022 (Audited)
9.1	43,000 (43,000)	43,000 (43,000)
	-	-

9. SHORT-TERM INVESTMENTS - net

At amortised cost

Certificate of investments (COIs)
Allowance for expected credit losses

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

10. TRADE AND OTHER PAYABLES

Includes Rs 304.05 million (2022: Rs 206.12 million) payable to ICTSI, Inc., Rs 69.65 million (2022: Rs 55.12 million) payable to ICTSI Limited - ROHQ, Rs 53.86 million (2022: Rs 39.44 million) payable to ICTSI Limited, Rs 1.86 million (2022: Rs 0.40 million) payable to ICTSI Middle East DMCC and Rs 9.60 million (2022: Rs Nil) payable to Bilal Associates (Pvt.) Limited.

11. UNPAID DIVIDENDS

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

12. CONTINGENCIES AND COMMITMENTS

12.1. Contingencies

12.1.1. The Trustees of the Port of Karachi (KPT) filed a civil suit 1201/2006 against the Company on September 13, 2006, in the Honourable High Court of Sindh (HCS) claiming a sum of Rs 304.5 million along with the interest, as default payment of wharfage and penalty thereon, for the alleged mis-declaration of the category of goods on the import of Ship to Shore Cranes and Rubber Tyre Gantry Cranes in 2004. On April 24, 2017, HCS passed the judgment and decree in favor of the Company and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. On June 03, 2017, KPT filed an appeal 287/2017 against the aforesaid HCS' judgment before the Divisional Bench of HCS. Upon advice of the Company's legal advisor, management believes that there is no merit in this claim and accordingly no provision in respect of above has been made in these condensed interim financial statements.

12.1.2. The Company has filed an interpleader civil suit 827/2007 on June 29, 2007 before HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of demand raised by the DDO on the Company to pay property tax out of the Handling, Marshalling and Storage (HMS) charges payable to KPT amounting to Rs 34.6 million for the period from 2003 to 2007. In compliance with the Order of HCS, the Company deposited the amount with Nazir of HCS, out of amount withheld by the Company from HMS charges billed by KPT. In 2014, another demand was made by the DDO amounting to Rs 96.1 million for the period 2008 to 2014. On an application filed by the Company for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT. The Company complied with the order of HCS. In 2015, HCS issued further orders directing the Company to deposit the remaining HMS charges due and payable with Nazir of HCS in quarterly installments. Accordingly, the Company complied with the order of HCS. The amount deposited with Nazir of HCS is netted off with the HMS charges payable to KPT. The decision of the suit is still pending and the Company's legal advisor believes that there may be no adverse implication for depositing the payments due to KPT with Nazir of HCS in view of complying with the HCS's order. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

12.1.3. While completing the audit proceedings for the tax year 2013, the Deputy Commissioner Inland Revenue (DCIR) amended the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001 and made certain disallowances / additions in the taxable income and raised an income tax demand of Rs 130.4 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) who partly decided the appeal in favour of the Company. Consequently, the Company made the payment of Rs 100 million and filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR) who decided the appeal in favor of the Company. Being aggrieved by the decision of ATIR, DCIR filed the appeal before HCS. The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favour of the Company and accordingly, no provision in respect of excess demand raised by the DCIR has been made in these condensed interim financial statements.

12.1.4. In 2017, the Assistant Commissioner Sindh Revenue Board (AC-SRB) under Sindh Sales Tax on Services Act, 2011 raised a demand of Rs 514.4 million along with penalty and default surcharge, for tax periods January 2013 to December 2014 on exempt services provided by the Company. The Company filed an appeal with Commissioner Appeals - SRB which is pending for hearing. The tax advisor of the Company is of the view that the Company has a strong defence and appeal will be decided in favor of the Company. Accordingly, the Company has not made any provision in respect of the above demand in these condensed interim financial statements.

12.1.5. In 2017, the Additional Commissioner Inland Revenue (ACIR) amended the deemed assessment of the Company for the tax year 2016 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs 222.2 million. The Company filed an appeal before CIR-A who had decided the appeal partly in favor of the Company. Being aggrieved by the decision of CIR-A, the Company as well as the tax department filed the appeals before ATIR which are pending for adjudication. The Company has also sought stay from HCS against the demand created by ACIR after appeal effect proceedings. HCS vide its final order directed the ACIR not to take any coercive recovery measures till the finalization of appeal before the ATIR which is pending for adjudication. The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favor of the Company. Accordingly, no provision in respect of excess demand raised by ACIR has been made in these condensed interim financial statements.

12.1.6. In 2019, ACIR amended the deemed assessments of the Company for the tax years 2018 and 2014 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised the income tax demands of Rs 537.247 million and Rs 451.828 million respectively. The Company filed the appeals before CIR-A who accepted the Company's contention in almost all respects except for couple of matters, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company and ACIR filed the appeals before ATIR. For tax year 2018, ATIR decided the appeal filed by the Company in favor of the Company and for tax year 2014, ATIR partly decided the appeal filed by the Company by remanded back the matter to ACIR for re-verification. 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.

12.1.7. Section 14A of Customs Act, 1969 was amended through Finance Act, 2013 effective from July 01, 2013, according to which port authorities shall provide at its own cost adequate security and accommodation to customs staff for residential purposes, offices, examination charges, detention and storage of goods and for other departmental requirements to be determined by the Collector of Customs and shall pay utility bills, rent and taxes in respect of such accommodation. The Company through its legal advisor filed a joint petition with other terminal operators and challenged the applicability of the aforementioned amendment in law before High Court of Sindh (HCS) which granted an interim order in favor of the terminals in November 2013. In January 2020, HCS dismissed the joint petition, however, suspended the judgment for filing an appeal before the Supreme Court of Pakistan (SCP). The Company has filed a joint Civil Appeal with other terminal operators challenging the impugned HCS Judgement before SCP. On March 03, 2020, SCP suspended the operation of the impugned judgment and granted leave to appeal. The legal advisor of the Company is of the opinion that the Company has a reasonable chance of success in this case. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

12.1.8. In 2020, while completing the audit proceedings for the tax year 2015, DCIR amended the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001 and made certain disallowances/additions to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs 499,290 million. The Company filed an appeal before CIR-A who partly decided the appeal in favor of the Company. Being aggrieved by the decision of CIR-A, the Company filed the appeal before ATIR which is pending for adjudication. The tax advisor of the Company is of the view that the issues involved in the appeal will be decided in favor of the Company. Accordingly, no provision in respect of the aforementioned demand raised by DCIR has been made in these condensed interim financial statements.

12.1.9. In 2020, ACIR amended the deemed assessment of the Company for the tax year 2017 by passing an order under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised an income tax demand of Rs 398,155 million. The Company filed an appeal before CIR-A who partly decided the appeal in favor of the Company. Being aggrieved by the decision of CIR-A, the Company filed the appeal before ATIR who decided the appeal 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.

12.1.10. In 2021, the ACIR amended the deemed assessment of the Company for the tax years 2019 and 2020 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain disallowances / additions to the taxable income and tax credits claimed by the Company and raised income tax demands of Rs 420,619 million and Rs 370,391 million respectively. The Company filed the appeals before CIR-A who partly decided the appeals in favor of the Company in both tax years. Being aggrieved by the decision of CIR-A, the Company filed the appeals before ATIR who decided the appeals in favor of the Company for both tax years. Accordingly, no provision in respect of the aforementioned demands raised by ACIR has been made in these condensed interim financial statements.

12.1.11. In 2022, 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.

12.1.12. In 2023, the Deputy Commissioner Sindh Revenue Board (DC-SRB) issued show cause notices for the financial year 2016 and 2017 under Sindh Sales Tax on Services Act, 2011 wherein demand of Rs 323 million and Rs 246 million have been raised on exempt services provided by the Company. The Company challenged the subject notices before HCS and has sought stay against the demand. The tax advisor of the Company is of the view that the Company has a strong defence. Accordingly, the Company has not made any provision in respect of the above amounts in these condensed interim financial statements.

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

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	----- (Rs in thousands) -----	
12.2. Commitments		
12.2.1. Outstanding letters of guarantee	279,354	392,789
12.2.2. Letters of credit		
Utilised	134,184	130,733
Unutilised	165,816	169,267

13. OTHER INCOME

Includes Rs. 648.69 million (June 30, 2022: Rs. 168.72 million) markup on saving accounts.

	Note	Half Year Ended		Quarter Ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		----- (Un-audited) -----			
		----- (Rs in thousands) -----			
14. TAXATION					
Current	14.1	819,798	867,818	152,517	463,558
Deferred	14.2	-	(112,016)	-	(87,310)
Prior		<u>338,164</u>	<u>214,919</u>	<u>338,164</u>	<u>214,919</u>
		<u>1,157,962</u>	<u>970,721</u>	<u>490,681</u>	<u>591,167</u>

14.1. The Finance Act, 2023 has introduced certain amendments relating to taxation of companies. As per these amendments, rate of super tax on high earning persons has been enhanced retrospectively from tax year 2023 and onwards. Accordingly, the Company has recognised super tax expense for prior year as well as current year in these condensed interim statement of profit or loss. Therefore, these include aggregate super tax of Rs 558.92 million (June 30, 2022: \$17.62 million).

14.2. The Company has not recognized deferred tax assets as the Company does not reasonably foresee to recover the asset through future taxable profits as it is a non-going concern entity.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, advances, trade deposits, other receivables and short-term investments. Financial liabilities consist of trade and other payables, unclaimed and unpaid 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.

16. RELATED PARTY TRANSACTIONS

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

	Half Year Ended		Quarter Ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Un-audited) -----			
	----- (Rs in thousands) -----			
Holding Company				
Technical services fee	-	343,172	-	164,583
Dividends paid	-	1,369,027	-	-
Associated companies / other related parties				
Terminal handling services and rent	78,594	23,660	31,197	15,867
Revenue from container handling	16,926	5,351	10,273	4,488
Dividends paid	-	528,698	-	192,447
Key management personnel				
Managerial Remuneration	188,123	154,195	134,958	105,469
Company's contribution to provident fund	5,725	4,683	3,279	2,425
Staff retirement contribution plan				
Provident fund contribution	15,133	13,862	7,112	6,866
Directors				
Fee for attending meetings	6,776	4,268	6,776	1,595

17. CASH FLOWS FROM OPERATING ACTIVITIES

	Half Year Ended	
	June 30, 2023	June 30, 2022
	----- (Un-audited) -----	
	----- (Rs in thousands) -----	
Profit before taxation	2,675,577	2,352,698
Adjustments for non-cash items:		
Depreciation and amortization	725,370	407,043
Finance cost	1,095	548
Accrual for compensated leaves	18,727	5,488
Exchange loss – net	126,895	40,991
Mark-up on saving accounts	(648,694)	(168,725)
(Gain) / loss on disposal of operating fixed assets - net	(7,499)	120
	213,894	285,465
Operating profit before working capital changes	2,889,471	2,638,163
(Increase) / decrease in current assets		
Stores, spare parts and loose tools – net	313,817	(58,483)
Trade debts – net	(87,525)	52,879
Advances, deposits, prepayments and other receivables	(190,856)	(31,492)
	35,436	(37,096)
	2,924,907	2,601,067
(Increase) / decrease in current liabilities		
Trade and other payables	506,486	(353,977)
Cash generated from operations	3,431,393	2,247,090

18. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 28, 2023 have recommended an interim cash dividend of Rs. 20.00 (December 31, 2022: Rs 21.10) per ordinary share for the year ending December 31, 2023.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on August 28, 2023.

20. GENERAL

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


 Chief Executive Officer


 Chief Financial Officer


 Director