

CONTENTS

■ Vision & Mission Statements	2
■ Company Information	3
■ Directors' Report	4
■ بیان نضمام	5
■ Condensed Interim Financial Statements	6

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. Andrew James Dawes
 (Appointed on January 21, 2019)
 (Non-Executive Director)

Directors

Mr. Aasim Azim Siddiqui
 (Non-Executive Director)
 Ms. Gigi Iluminada Miguel
 (Non-Executive Director)
 Mr. Gordon Alan P. Joseph
 (Independent Director)
 Mr. Hans-Ole Madsen
 (Non-Executive Director)
 Mr. Roman Felipe S. Reyes
 (Independent Director)
 Mr. Sharique Azim Siddiqui
 (Non-Executive Director)

Company Secretary

Mr. Adil Siddique

Audit Committee

Chairman
 Mr. Roman Felipe S. Reyes

Members

Mr. Sharique Azim Siddiqui
 Ms. Gigi Iluminada Miguel

Chief Internal Auditor

Mr. Moammar Raza

Human Resource & Remuneration Committee

Chairman
 Mr. Gordon Alan P. Joseph

Members

Mr. Aasim Azim Siddiqui
 Mr. Christian R. Gonzalez
 (Resigned on January 21, 2019)
 Mr. Andrew James Dawes
 (Appointed on January 21, 2019)

Risk Management Committee

Chairman
 Mr. Gordon Alan P. Joseph

Members

Mr. Christian R. Gonzalez
 (Resigned on January 21, 2019)
 Mr. Andrew James Dawes
 (Appointed on January 21, 2019)
 Mr. Sharique Azim Siddiqui

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, F-73/11, Swiss Cottages
 Block-4, Clifton, Karachi

Bankers

Al Baraka Bank (Pakistan) Limited
 Faysal Bank Limited
 Habib Bank Limited
 JS Bank Limited
 National Bank of Pakistan
 Samba Bank Limited
 Standard Chartered Bank (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

Central Depository Company of Pakistan Limited
 99-B, Block 'B', SMCHS, Main Shahra-e-Faisal,
 Karachi - 74400
 Tel: +92-21-111-111-500 Fax: +92-21-34326053

Directors' Report

We the undersigned for and on behalf of the Board of Directors are pleased to present un-audited condensed interim financial statements of the Company for the quarter ended March 31, 2019.

BUSINESS PERFORMANCE REVIEW

Pakistan's economy continued to struggle during the quarter ended March 31, 2019 [Q1-2019]. Uncertain border relationship, depleting foreign exchange reserves, exchange rate fluctuations and trade deficit resulted in the economic challenges.

Apart from the above reason, the business environment for container terminals remained challenging due to vessel upsizing, consolidation of shipping lines and increased handling capacity at Karachi Port. Due to low trade activity almost all the container terminals at Karachi Port remained under-utilised in terms of handling capacity resulting in increased cost of service. Overall, Karachi Port witnessed decline in terms of container volumes during Q1-2019 as compared to same period last year.

Sensing the emergence of this challenging environment, since last year your Company has been responding effectively and has been making concentrated efforts for ensuring financial and operational sustainability. Despite cut throat competition, your Company managed to retain sustainable market share and handled 92,809 containers [2018 Q1: 121,115 containers].

OPERATING AND FINANCIAL RESULTS FOR THE QUARTER ENDED MARCH 31, 2019

	(Rupees in 000)
Revenue	1,885,975
Gross Profit	821,242
Profit before taxation	708,883
Profit after taxation	502,917
Un appropriated profit brought forward	1,208,427
Unappropriated profit carried forward	1,711,344
Earnings per Ordinary Share – Basic and Diluted	<u>Rs. 4.61</u>

During Q1-2019, the Company has achieved Revenue of Rs 1,885.9 million as compared to Rs 2,189.9 million in corresponding quarter last year. This reduction in revenue is majorly attributable to decreasing volumes and lower dwell time of containers. Due to higher cost of services and inflationary impacts your company achieved gross profit of Rs 821.2 million for the quarter which showed a decreased of 18% in line with reduction in volume handled.

After accounting for finance cost and taxation, the Company generated net profit of Rs 502.9 million which is 10.4% lower as compared to same period last year.

The Company endeavours to mitigate the effect of the competition through maximization of efficiencies, increased productivity through innovation and provision of improved quality services to the customers.

ACKNOWLEDGEMENT

The Board acknowledges the contribution of each and every employee of the Company. The Board also places on record its sincere gratitude to extremely valued shareholders, customers, suppliers, employees and financial institutions for their support, confidence and cooperation which enables the Company to sustain the competitive environment. We would also like to thank all concerned regulatory authorities for their prompt guidance and support. This continued support gives us confidence and courage and we remain committed to achieve excellence in all areas of operations.

Thanking you all

On behalf of the Board of Directors



Mr. Andrew James Dawes
Chairman of the Board

Karachi,
Dated: April 29, 2019



Mr. Khurram Aziz Khan
Chief Executive Officer

بیان نظام

ہم مجلس نظام کی جانب سے اختتام سہ ماہی مدت 31 مارچ 2019 کے لئے آپ کی کمپنی کے غیر محاسب شدہ ملخص عبوری مالیاتی گوشوارے پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

31 مارچ 2019 (Q1-2019) کا اختتام پاکستان کی معیشت کے لئے سازگار نہ رہا۔ غیر یقینی سرحدی تعلقات کی صورتحال، قومی اور غیر ملکی زرمبادلہ کے ذخائر میں کمی، زرمبادلہ کی شرح میں اتار چڑھاؤ اور تجارتی خسارے کی وجہ سے چیلنجز رہے۔

مندرجہ بالا وجوہات کے علاوہ کنٹینرز میں ملنے والے کاروباری ماحول مسابقتی رہا جسکی اہم وجہ بڑے جہاز، شپنگ لائنوں کا انجماد اور کراچی بندرگاہ میں اضافی کنٹینرز سنبھالنے کی صلاحیت ہے۔ تجارت کی شرح میں کمی کے زیر اثر کراچی بندرگاہ پر تقریباً تمام کنٹینرز میں ملنے والی اضافی صلاحیت سے کم کنٹینرز سنبھالے جس کے نتیجے میں خدمات کی لاگت میں اضافہ رہا۔ مجموعی طور پر، پچھلے سال کے مقابلے اس 2019-Q1 میں کراچی بندرگاہ میں کنٹینرز کے حجم کے نمو میں کمی رہی۔

اس مشکل ماحول کو مد نظر رکھتے ہوئے، آپ کی کمپنی گزشتہ سال سے ہی مالیاتی اور عملی استحکام کو یقینی بنانے کے لئے موثر انداز سے ٹھوس کوششیں کر رہی ہے۔ سخت مسابقت کے باوجود آپ کی کمپنی پائیدار مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی اور 92,809 کنٹینرز سنبھالے (2018 Q1: 121,115)۔

31 مارچ 2019 کو ختم ہونے والے سہ ماہی مدت کے کاروباری اور مالیاتی نتائج

2019
(روپے ہزاروں میں)

1,885,975

821,242

708,883

502,917

1,208,427

1,711,344

4.61 روپے

حاصل

مجموعی منافع

محصولات سے قبل منافع

بعد از محصولات منافع

آگے لایا گیا غیر منقسمہ منافع

غیر مختص منافع فرسٹاڈ

بنیادی اور خفیف آمدنی فی عمومی حصص

2019-Q1 کے دوران، کمپنی نے 1,885.9 ملین روپے آمدنی حاصل کی جو کہ گزشتہ سال کی اسی مدت کے دوران 2189.9 ملین روپے رہی۔ محاصل میں کمی کی بڑی وجہ کنٹینرز کے حجم کے نمو اور ڈویل ٹائم میں کمی ہے۔ افراتر کے اثرات اور سروس کی لاگت میں اضافے کے نتیجے میں آپ کی کمپنی نے 821.2 ملین کا مجموعی منافع حاصل کیا جو کہ حجم کے نمو میں کمی کے مطابق گزشتہ سال کے اسی سہ ماہی مدت کے مقابلے میں 18% کم ہے۔

مالیاتی لاگت اور محصولات کی حساب داری کے بعد کمپنی نے 502.9 ملین روپے کا خام منافع حاصل کیا جو کہ گزشتہ سال 31 مارچ 2018 کو ختم ہونے والی مدت کے مقابلے میں 10.4% کم ہے۔

آپ کی کمپنی استعداد کو بڑھانے، جدت کے ذریعے نتیجہ خیزی میں اضافے اور اپنے گاہکوں کو بہتر معیاری خدمات فراہم کرتے ہوئے کامیابیوں کے تسلسل کو برقرار رکھے ہوئے کاروبار کو مسلسل آگے بڑھانے کے لیے پرعزم ہیں۔

اظہار تشکر

مجلس نظماء ہر ایک ملازم کی شکر گزار ہے۔ مجلس نظماء اپنے انتہائی قابل قدر حصص یافتگان، گاہکوں، سپلائرز، ملازمین اور مالیاتی اداروں کی حمایت، اعتماد اور تعاون کا تہ دل سے شکر یہ ادا کرتی ہے جو کمپنی کو مسابقتی ماحول میں برقرار رکھنے کا باعث بنتے ہیں۔ ہم تمام انضباطی اداروں کی فوری طور پر رہنمائی اور تعاون کے بھی مشکور ہیں۔ یہ مسلسل حمایت ہمارے اعتماد اور حوصلہ افزائی کا باعث بنتا ہے جس کی وجہ سے ہم اپنی تمام عمل کاری میں عمدگی حاصل کرنے کے لیے پرعزم رہتے ہیں۔

آپ سب کا شکریہ۔

مجلس نظماء کی جانب سے



خرم عزیز خان
کمپنی کے سربراہ



اینڈریو بھٹیس ڈپوس
مجلس نظماء کے چیئرمین

کراچی

بتاریخ 29 اپریل 2019

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019**

		March 31, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	----- (Rupees in `000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	2,344,658	2,500,137
Intangibles		89,471	99,403
Long-term deposits		10,424	10,424
		<u>2,444,553</u>	<u>2,609,964</u>
CURRENT ASSETS			
Stores, spare parts and loose tools – net		463,268	473,947
Trade debts - net	6	403,052	419,206
Advances		39,180	35,415
Deposits, prepayments and other receivables		207,450	204,682
Short-term investments – net	7	-	-
Cash and bank balances		816,634	425,339
		<u>1,929,584</u>	<u>1,558,589</u>
TOTAL ASSETS		<u><u>4,374,137</u></u>	<u><u>4,168,553</u></u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,711,344	1,208,427
		<u>2,802,876</u>	<u>2,299,959</u>
NON-CURRENT LIABILITIES			
Deferred taxation – net	8	171,354	205,974
Long term employee benefits		54,841	54,323
		<u>226,195</u>	<u>260,297</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,231,117	1,478,512
Unclaimed dividends		47,574	122,578
Taxation – net		66,375	7,207
		<u>1,345,066</u>	<u>1,608,297</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,374,137</u></u>	<u><u>4,168,553</u></u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

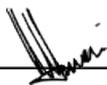


Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED MARCH 31, 2019
(UN-AUDITED)**

	Quarter Ended	
	March 31, 2019	March 31, 2018
	----- (Rupees in `000) -----	
Revenue – net	1,885,975	2,189,995
Cost of services	(1,064,733)	(1,188,364)
Gross profit	<u>821,242</u>	<u>1,001,631</u>
Administrative expenses	(124,688)	(109,655)
Other income / (expenses) – net	12,428	6,872
Finance cost	(99)	(205)
Profit before taxation	<u>708,883</u>	<u>898,643</u>
Taxation	(205,966)	(337,181)
Profit after taxation	<u>502,917</u>	<u>561,462</u>
Earnings per ordinary share – basic and diluted (Rupees)	<u>4.61</u>	<u>5.14</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

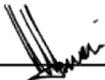


Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2019
(UN-AUDITED)**

	Quarter Ended	
	March 31, 2019	March 31, 2018
	----- (Rupees in `000) -----	
Profit after taxation	502,917	561,462
Other comprehensive income for the period	-	-
Total comprehensive income for the period	502,917	561,462

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer

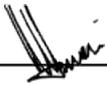


Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED MARCH 31, 2019
(UN-AUDITED)**

	Note	Quarter Ended	
		March 31, 2019	March 31, 2018
		----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	13	642,621	979,880
Taxes paid		(181,418)	(280,494)
Long term employee benefits paid		(1,771)	(475)
Finance cost paid		(99)	(205)
Increase in long-term deposits made during the period		-	(925)
Net cash generated from operating activities		459,333	697,781
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(4,593)	(10,655)
Proceeds from disposal of operating fixed assets		-	510
Markup on savings accounts received		11,559	6,814
Net cash (used in) / generated from investing activities		6,966	(3,331)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(75,004)	(777)
Net cash used in financing activities		(75,004)	(777)
Net increase in cash and cash equivalents		391,295	693,673
Cash and cash equivalents at the beginning of the period		425,339	162,854
Cash and cash equivalents at the end of the period		816,634	856,527

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED MARCH 31, 2019
(UN-AUDITED)**

	Capital reserve	Revenue reserve	Total reserves	Total	
	Capital redemption reserve fund	Unappropriated profit			
	(Rupees in `000)				
Balance as at January 01, 2018	1,091,532	180,000	1,068,925	1,248,925	2,340,457
Profit after taxation	-	-	561,462	561,462	561,462
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	561,462	561,462	561,462
Balance as at March 31, 2018	<u>1,091,532</u>	<u>180,000</u>	<u>1,630,387</u>	<u>1,810,387</u>	<u>2,901,919</u>
Balance as at January 01, 2019	1,091,532	180,000	1,028,427	1,208,427	2,299,959
Profit after taxation	-	-	502,917	502,917	502,917
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	502,917	502,917	502,917
Balance as at March 31, 2019	<u>1,091,532</u>	<u>180,000</u>	<u>1,531,344</u>	<u>1,711,344</u>	<u>2,802,876</u>

The annexed notes from 1 to 16 form an integral part of this condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 2019
(UN-AUDITED)**

1. CORPORATE INFORMATION AND OPERATIONS

- 1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on listed on the Pakistan Stock Exchange Limited on October 15, 2003. The registered office of the Company is situated at Berths 6 -9, East Wharf, Karachi Port, Karachi.
- 1.2. The Company has a Build Operate Transfer (BOT) contract 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. After the expiry date, the Company will transfer all the related concession assets to KPT.
- 1.3. The Company is a subsidiary of ICTSI Mauritius Limited whereas its ultimate parent company is International Container Terminal Services, Inc., a company incorporated in Philippines.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements 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 Companies Act, 2017. 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 is un-audited and is being submitted to the shareholders as required under section 237 of the Act. This condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2018.

The comparative statement of financial position presented in this condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2018, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity have been extracted from the un-audited condensed interim financial statements of the Company for the quarter ended March 31, 2018.

2.2. Functional and presentation currency

This condensed interim financial statements is 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, 2018.

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, 2018. 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, 2018.

	Note	March 31, 2019 (Un-audited) ----- (Rupees in `000) -----	December 31, 2018 (Audited)
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	2,200,280	2,335,855
Capital work-in-progress (CWIP)		<u>144,378</u>	<u>164,282</u>
		<u>2,344,658</u>	<u>2,500,137</u>
5.1. Operating fixed assets			
Written down value at the beginning of the period / year		2,335,855	2,842,247
Additions / transfers from CWIP / reclassifications during the period / year	5.1.1	<u>28,670</u>	<u>134,543</u>
		<u>2,364,525</u>	<u>2,976,790</u>
Less:			
Disposals during the period / year at written down Value	5.1.2	-	(1,036)
Depreciation charged during the period / year		<u>(164,245)</u>	<u>(639,899)</u>
		<u>(164,245)</u>	<u>(640,935)</u>
		<u>2,200,280</u>	<u>2,335,855</u>
5.1.1. Additions / transfers from CWIP / (reclassifications) during the period / year			
Leasehold improvements		19,280	22,148
Container / terminal handling / workshop equipment		2,663	67,791
Port power generation		-	141
Vehicles		-	3,683
Computers and other equipment		3,327	40,616
Furniture and fixtures		3,400	164
		<u>28,670</u>	<u>134,543</u>
5.1.2. Disposals during the period / year at written down value			
Container / terminal handling / workshop equipment		-	1,017
Vehicles		-	-
Computers and other equipment		-	-
Furniture and fixtures		-	19
		<u>-</u>	<u>1,036</u>

6. TRADE DEBTS - net

Includes Rs 11.26 million (December 31, 2018: Rs 6.38 million) receivable from related parties.

Note	March 31, 2019 (Un-Audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited) ----- (Rupees in '000) -----
------	---	---

7. SHORT-TERM INVESTMENTS - net

Held to maturity investments

Certificate of investments (COIs)

Provision for impairment

	43,000	43,000
	<u>(43,000)</u>	<u>(43,000)</u>
7.1	<u>-</u>	<u>-</u>

- 7.1. 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 has carried impairment provision in these condensed interim financial statements as a matter of prudence. However, the company is continuously pursuing for the recovery of investment amount.

March 31, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited) ----- (Rupees in '000) -----
---	---

8. DEFERRED TAXATION - net

Credit / (debit) balances arising in respect of timing differences relating to:

Accelerated tax depreciation and amortisation
Provisions

	288,526	323,257
	<u>(117,172)</u>	<u>(117,283)</u>
	<u>171,354</u>	<u>205,974</u>

9. TRADE AND OTHER PAYABLES - net

Includes Rs 156 million (December 31, 2018: Rs 148 million) payable to related parties.

10. CONTINGENCIES AND COMMITMENTS

10.1. Contingencies

- 10.1.1. The Trustees of the Port of Karachi (KPT) filed a civil suit 1201/2006 against the Company on September 13, 2006, in the Honorable 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 3, 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.

10.1.2.

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

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 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.

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

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

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

10.1.5. In 2017, the Additional Commissioner Inland Revenue (ACIR) modified 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 additions / disallowances 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 the Commissioner Inland Revenue – Appeals (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 Appellate Tribunal Inland Revenue (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 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 the ACIR has been made in these condensed interim financial statements.

10.1.6. 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 Company's favor.

	March 31, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited)
10.2. Commitments		
10.2.1. Commitments for capital expenditure	<u>22,839</u>	<u>26,227</u>
10.2.2. Outstanding letters of guarantee	<u>144,354</u>	<u>144,354</u>
10.2.3. Outstanding letters of credit		
Utilised	30,542	19,106
Unutilised	<u>269,458</u>	<u>280,894</u>

11. 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. 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.

12. RELATED PARTY TRANSACTIONS

The related parties include the Parent Company, associated companies, entities having directors in common with the Company, Staff Provident Fund, directors and other key management personnel. Details of transactions with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, with related parties are mentioned below:

	March 31, 2019 ----- (Un-audited)----- ----- (Rupees in '000) -----	March 31, 2018
Associated companies / other related parties		
Technical services fee	<u>110,940</u>	<u>171,277</u>
Terminal handling services and rent	<u>90,916</u>	<u>128,741</u>
Revenue from container handling	<u>20,899</u>	<u>11,210</u>
Donations	<u>-</u>	<u>900</u>
Key management personnel		
Remuneration	<u>53,434</u>	<u>49,348</u>
Staff retirement contribution plan		
Provident fund contribution	<u>5,803</u>	<u>5,630</u>
Directors		
Fee for attending meetings	<u>2,080</u>	<u>-</u>

	March 31, 2019	March 31, 2018
	----- (Un-audited) -----	----- (Un-audited) -----
	----- (Rupees in '000) -----	
13. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	708,883	898,643
Adjustments for non-cash items:		
Depreciation and amortization	170,008	162,454
Finance cost	99	205
Accrual / (Reversal) for Long term employee benefits	2,290	(48)
Unrealised exchange loss – net	2,194	1,500
Mark-up on saving accounts	(11,309)	(6,627)
Loss on disposal of operating fixed assets	-	502
	<u>163,282</u>	<u>157,986</u>
Operating profit before working capital changes	872,165	1,056,629
(Increase) / decrease in current assets		
Stores, spare parts and loose tools – net	10,679	(4,179)
Trade debts – net	16,154	(5,211)
Advances, deposits, prepayments and other receivables	(6,788)	(28,153)
	<u>20,045</u>	<u>(37,543)</u>
Increase in current liabilities		
Trade and other payables	(249,589)	(39,206)
Cash generated from operations	<u>642,621</u>	<u>979,880</u>

14. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on April 29, 2019 have recommended an interim cash dividend of Rs 4 (December 31, 2018: Rs 17.6) per ordinary share for the year ending December 31, 2019.

15. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on April 29, 2019.

16. 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 Financial Officer



Chief Executive Officer



Director