



# HALF YEARLY REPORT

JUNE 30, 2019

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

### Risk Management Committee

#### Chairman

Mr. Gordon Alan P. Joseph

#### Members

Mr. Andrew James Dawes  
(Appointed on January 21, 2019)  
Mr. Christian R. Gonzalez  
(Resigned 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, 6<sup>th</sup> 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

CDC Share Registrar Services Limited  
CDC House, 99-B, Block B, S.M.C.H.S.,  
Main Shahra-e-Faisal, Karachi - 74400  
Tel: +92-0800-23275 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 half year ended June 30, 2019, together with the Auditors' review report thereon.

### BUSINESS PERFORMANCE REVIEW

Pakistan's economy continued to struggle during the half year ended June 30, 2019 [Q2-2019]. Uncertain border relationship, depleting foreign exchange reserves, exchange rate fluctuations and trade deficit resulted in the economic challenges.

The business environment for container terminals remained challenging due to vessel up sizing, consolidation of shipping lines and increased handling capacity at Karachi Port. Low trade activity resulted in under-utilisation of handling capacity at almost all the container terminals at Karachi Port. Overall, Karachi Port experienced decline in terms of container volumes especially imports during Q2-2019 as compared to the 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 stiff competition, your Company managed to retain sustainable market share and handled **182,969** containers [Q2-2018: 231,329 containers].

### OPERATING AND FINANCIAL RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2019

	(Rupees in 000)
Revenue	3,805,485
Gross Profit	1,629,824
Profit before taxation	1,410,141
Profit after taxation	1,000,801
Unappropriated profit brought forward	1,028,427
Unappropriated profit carried forward	1,145,087
Earnings per Ordinary Share – Basic and Diluted	<b><u>Rs. 9.17</u></b>

During Q2-2019, the Company has achieved Revenue of Rs 3,805.5 million as compared to Rs 4,223.3 million in corresponding period 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 1,629.8 million for the period which showed a decreased of 14% in line with reduction in volume handled.

After accounting for finance cost and taxation, the Company generated net profit of Rs 1,000.8 million which is 6.7% lower as compared to the 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: August 20, 2019



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

## بیانِ نظام

ہم مجلسِ نظام کی جانب سے ششماہی اختتام 30 جون 2019 کے لئے آپ کی کمپنی کے غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارے پیش کرنے پر مسرور ہیں۔

### کاروباری کارکردگی کا جائزہ

30 جون 2019 کا اختتام پاکستان کی معیشت کے لئے مشکل 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 چیلنجز رہے۔

مندرجہ بالا وجوہات کے علاوہ کنٹینرز مینٹلو کے لئے کاروباری ماحول مسابقتی رہا اسکی 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 مینٹلو نے اپنی استطاعت سے کم کنٹینرز سنبھالے۔ مجموعی طور پر، پچھلے سال کے مقابلے اس Q2-2019 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 موبعہ انداز میں ٹھوس اقدامات کر رہی ہے۔ سخت مسابقت کے باوجود آپ کی کمپنی پائیدار مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی اور 182,969 کنٹینرز سنبھالے (2018 Q2: 231,329)۔

30 جون 2019 کو ختم ہونے والے ششماہی مدت کے کاروباری اور مالیاتی نتائج

2019	
(روپے ہزاروں میں)	
3,805,485	حاصل
1,629,824	مجموعی منافع
1,410,141	محصولات سے قبل منافع
1,000,801	بعد از محصولات منافع
1,028,427	آگے لایا گیا غیر منقسمہ منافع
1,145,087	غیر مختص منافع فرستادہ
9.17 روپے	بنیادی اور خفیف آمدنی فی عمومی حصص

2019-Q2 کے دوران، کمپنی نے 3,805.5 ملین روپے آمدنی حاصل کی جو کہ گزشتہ سال کی اسی مدت کے دوران 4,223.3 ملین روپے رہی۔ محاصل میں کمی کی بڑی وجہ کنٹینرز کے حجم کے نمو اور ڈویل ٹائم میں کمی ہے۔ افراط زر کے اثرات اور سروس کی لاگت میں اضافے کے نتیجے میں آپ کی کمپنی نے 1,629.8 ملین کا مجموعی منافع حاصل کیا جو کہ حجم کے نمو میں کمی کے مطابق گزشتہ سال کے اسی ششماہی مدت کے مقابلے میں 14% کم ہے۔

مالیاتی لاگت اور محصولات کی حساب داری کے بعد کمپنی نے 1,000.8 ملین روپے کا خام منافع حاصل کیا جو کہ گزشتہ سال 30 جون 2018 کو ختم ہونے والی مدت کے مقابلے میں 6.7% 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 نظامہ ہر ایک ملازم کی شکرگزار ہے۔ مجلس نظامہ اپنے انتہائی قابل قدر حصص یافتگان، گاہکوں، سپلائرز، ملازمین اور مالیاتی اداروں کی حمایت، اعتماد اور تعاون کا تہہ دل سے شکریہ 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 نظامہ کی جانب سے



خرم عزیز خان  
منتظم اعلیٰ



ایڈریچیس ڈیوس  
مجلس نظامہ کے چیئرمین

کراچی

بتاریخ 20 اگست 2019



EY Ford Rhodes  
Chartered Accountants  
Progressive Plaza, Beaumont Road  
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Pakistan

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## INDEPENDENT AUDITOR'S REVIEW REPORT

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

#### Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Pakistan International Container Terminal Limited** as at **30 June 2019** and the related 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, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these 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 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 for the three months ended 30 June 2019 and 2018 have not been reviewed, as we are required to review only the cumulative figures for the six months period ended 30 June 2019.

#### 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 interim financial statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Mr. **Arif Nazeer**.



Chartered Accountants

Place: Karachi

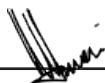
Date: 22 August 2019

A member firm of Ernst & Young Global Limited

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT JUNE 30, 2019**

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	----- (Rupees in `000) -----	-----
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,199,869	2,500,137
Intangibles		83,131	99,403
Long-term deposits		10,424	10,424
		<u>2,293,424</u>	<u>2,609,964</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools - net		440,192	473,947
Trade debts - net	6	462,819	419,206
Advances		24,133	35,415
Deposits, prepayments and other receivables		246,444	204,682
Short-term investments - net	7	-	-
Cash and bank balances		452,115	425,339
		<u>1,625,703</u>	<u>1,558,589</u>
<b>TOTAL ASSETS</b>		<u>3,919,127</u>	<u>4,168,553</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,325,087	1,208,427
		<u>2,416,619</u>	<u>2,299,959</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	8	137,727	205,974
Long-term employee benefits		56,688	54,323
		<u>194,415</u>	<u>260,297</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,225,775	1,478,512
Unclaimed dividends		54,351	122,578
Taxation - net		27,967	7,207
		<u>1,308,093</u>	<u>1,608,297</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>3,919,127</u>	<u>4,168,553</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer




Director

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019  
(UN-AUDITED)**

	Note	Half Year Ended		Quarter Ended	
		June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
		(Rupees in `000)			
<b>Revenue - net</b>		<b>3,805,485</b>	<b>4,223,319</b>	<b>1,919,510</b>	<b>2,033,324</b>
Cost of services		<b>(2,175,661)</b>	<b>(2,323,896)</b>	<b>(1,110,928)</b>	<b>(1,135,532)</b>
<b>Gross profit</b>		<b>1,629,824</b>	<b>1,899,423</b>	<b>808,582</b>	<b>897,792</b>
Administrative expenses		<b>(245,004)</b>	<b>(225,636)</b>	<b>(120,316)</b>	<b>(116,881)</b>
Other expenses		<b>(10,295)</b>	<b>(5,141)</b>	<b>(8,097)</b>	<b>(2,239)</b>
Finance cost		<b>(254)</b>	<b>(410)</b>	<b>(155)</b>	<b>(205)</b>
Other income		<b>35,870</b>	<b>17,312</b>	<b>21,244</b>	<b>8,438</b>
<b>Profit before taxation</b>		<b>1,410,141</b>	<b>1,685,548</b>	<b>701,258</b>	<b>786,905</b>
Taxation	11	<b>(409,340)</b>	<b>(612,691)</b>	<b>(203,374)</b>	<b>(275,510)</b>
<b>Profit after taxation</b>		<b>1,000,801</b>	<b>1,072,857</b>	<b>497,884</b>	<b>511,395</b>
<b>Earnings per ordinary share - basic and diluted (Rupees)</b>		<b>9.17</b>	<b>9.83</b>	<b>4.56</b>	<b>4.69</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2019  
(UN-AUDITED)**

	<u>Half Year Ended</u>		<u>Quarter Ended</u>	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Rupees in `000) -----			
<b>Profit after taxation</b>	<b>1,000,801</b>	1,072,857	<b>497,884</b>	511,395
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<u><b>1,000,801</b></u>	<u>1,072,857</u>	<u><b>497,884</b></u>	<u>511,395</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
 \_\_\_\_\_  
 Chief Financial Officer

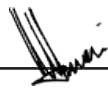
  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

**CONDENSED INTERIM STATEMENT OF CASH FLOWS  
FOR THE HALF YEAR ENDED JUNE 30, 2019  
(UN-AUDITED)**

	Note	Half Year Ended	
		June 30, 2019	June 30, 2018
		----- (Rupees in `000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	14	<b>1,431,619</b>	<b>1,842,183</b>
Taxes paid		(456,827)	(506,439)
Long-term employee benefits paid		(2,576)	(1,628)
Finance cost paid		(254)	(410)
Increase in long-term deposits		-	(925)
<b>Net cash generated from operating activities</b>		<b>971,962</b>	<b>1,332,781</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(24,279)	(24,133)
Proceeds from disposal of operating fixed assets		3,006	1,026
Markup on saving accounts received		28,455	12,770
<b>Net cash generated from / (used in) investing activities</b>		<b>7,182</b>	<b>(10,337)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Dividends paid		(952,368)	(1,242,104)
<b>Net cash used in financing activities</b>		<b>(952,368)</b>	<b>(1,242,104)</b>
<b>Net increase in cash and cash equivalents</b>		<b>26,776</b>	<b>80,340</b>
Cash and cash equivalents at the beginning of the period		425,339	162,854
<b>Cash and cash equivalents at the end of the period</b>		<b>452,115</b>	<b>243,194</b>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2019  
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profit	Total reserves	Total
(Rupees in `000)					
<b>Balance as at January 01, 2018</b>	1,091,532	180,000	1,068,925	1,248,925	2,340,457
Profit after taxation	-	-	1,072,857	1,072,857	1,072,857
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,072,857	1,072,857	1,072,857
Final cash dividend for the year ended December 31, 2017 @ Rs.6.43/- per ordinary share	-	-	(701,855)	(701,855)	(701,855)
Interim cash dividend for the year ended December 31, 2018 @ Rs.5.0/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
<b>Balance as at June 30, 2018</b>	<u>1,091,532</u>	<u>180,000</u>	<u>894,161</u>	<u>1,074,161</u>	<u>2,165,693</u>
<b>Balance as at January 01, 2019</b>	1,091,532	180,000	1,028,427	1,208,427	2,299,959
Profit after taxation	-	-	1,000,801	1,000,801	1,000,801
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,000,801	1,000,801	1,000,801
Final cash dividend for the year ended December 31, 2018 @ Rs.4.10/- per ordinary share	-	-	(447,528)	(447,528)	(447,528)
Interim cash dividend for the year ending December 31, 2019 @ Rs.4.0/- per ordinary share	-	-	(436,613)	(436,613)	(436,613)
<b>Balance as at June 30, 2019</b>	<u>1,091,532</u>	<u>180,000</u>	<u>1,145,087</u>	<u>1,325,087</u>	<u>2,416,619</u>

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

  
 \_\_\_\_\_  
 Chief Financial Officer

  
 \_\_\_\_\_  
 Chief Executive Officer

  
 \_\_\_\_\_  
 Director

**NOTES TO THESE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED JUNE 30, 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 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 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 of the Company for the half year ended June 30, 2019 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, 2018.

The comparative condensed interim 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, 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 period ended June 30, 2018.

The figures of the condensed interim statement of profit or loss for the quarter ended June 30, 2019 and June 30, 2018 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, 2019 and June 30, 2018.

**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.

### 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 except for the adoption of the following new and amended standards, interpretations and improvements to International Financial Reporting Standards (IFRSs) by the Company, which became effective for the current period:

IFRS 9	Financial Instruments
IFRS 9	Prepayment Features with Negative Compensation (Amendments)
IFRS 15	Revenue from Contracts with Customers
IFRS 16	Leases
IAS 19	Plan Amendment, Curtailment or Settlement (Amendments)
IAS 28	Long-term Interests in Associates and Joint Ventures (Amendments)
Improvements to accounting standards issued by IASB in December 2017	

The adoption of above standards, interpretations and improvements to standards did not have any material effect on these condensed interim financial statements of the Company, except for the changes related to adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' as explained below:

#### 3.1. IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments', has replaced IAS 39 'Financial Instruments: Recognition and Measurement' for annual periods beginning on or after January 01, 2019 (as notified by the Securities and Exchange Commission of Pakistan (SECP) vide SRO 229 (1)/2019), bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting. IFRS 9 categorises financial assets at (a) amortised cost; (b) fair value through other comprehensive income (FVTOCI); and (c) fair value through profit or loss (FVTPL) and their classification is based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 has changed the accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward looking expected credit loss (ECL) approach. IFRS 9 requires to recognise a loss allowance for ECLs on debt instruments measured subsequently at amortised cost or at FVTOCI. There are no significant changes in the existing requirements in IAS 39 for the classification and measurement of financial liabilities. Moreover, the adoption of the ECL requirements of IFRS 9 has not resulted in increase in impairment allowances of the Company's debt financial assets.

There is no significant impact of IFRS 9 on the classification and measurement of financial assets for the period ended June 30, 2019 other than the change in classification of loans and receivables and held to maturity investments to the category of amortised cost.

As allowed under IFRS 9, the Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements and therefore, the information presented for prior periods does not reflect the requirements of IFRS 9, but rather those of IAS 39. Further, as initial application of IFRS 9 did not have a significant impact on the classification, measurement and impairment of the Company's existing financial assets and liabilities as at January 01, 2019, accordingly, the opening retained earnings as of January 01, 2019 have not been restated in these condensed interim financial statements.

#### 3.2. IFRS 15 - Revenue from Contracts with Customers

IFRS 15 'Revenue from Contracts with Customers' establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It has replaced IAS 18 'Revenue Recognition', IAS 11 'Construction Contracts' and related interpretations for annual periods beginning on or after January 01, 2019. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised when a customer obtains control of the goods or services and the determination of timing of the transfer of control – at a point in time or over time requires judgement. Further, revenue is recognised at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The Company enters into contracts with customers for rendering of services and related variable consideration and has concluded that the first-time application of IFRS 15 by the Company does not have any significant effect with regard to the amount of revenue and variable consideration recognised and when it is recognised. Accordingly, opening reserves as at January 01, 2019 does not required to be restated. As allowed under IFRS 15, the Company has adopted the new standard on the required effective date using a modified retrospective method, therefore the information presented for prior periods has not been restated, that is, it is presented, as previously reported, under IAS 18 and related interpretations and additional disclosure requirements in IFRS 15 have not been applied to comparative information.

#### 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 except, if any, as stated in note 3 to these condensed interim financial statements. 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.

		June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	<b>2,057,291</b>	2,335,855
Capital work-in-progress (CWIP)		<b>142,578</b>	164,282
		<b>2,199,869</b>	<b>2,500,137</b>
<b>5.1. Operating fixed assets</b>			
Written down value at the beginning of the period / year		<b>2,335,855</b>	2,842,247
Additions / transfers from CWIP during the period / year	5.1.1	<b>50,152</b>	134,543
		<b>2,386,007</b>	2,976,790
Less:			
Disposals during the period / year at written down value	5.1.2	<b>(886)</b>	(1,036)
Depreciation charged during the period / year		<b>(327,830)</b>	(639,899)
		<b>(328,716)</b>	(640,935)
		<b>2,057,291</b>	<b>2,335,855</b>
<b>5.1.1. Additions / transfers from CWIP during the period / year</b>			
Leasehold improvements		<b>19,900</b>	22,148
Container / terminal handling / workshop equipment		<b>17,413</b>	67,791
Port power generation		-	141
Vehicles		-	3,683
Computers and other equipment		<b>9,439</b>	40,616
Furniture and fixtures		<b>3,400</b>	164
		<b>50,152</b>	<b>134,543</b>

June 30, 2019 (Un-audited)	December 31, 2018 (Audited)
----- (Rupees in '000) -----	

**5.1.2. Disposals during the period / year at written down value**

Container / terminal handling / workshop equipment	-	1,017
Computers and other equipment	886	-
Furniture and fixtures	-	19
	<u>886</u>	<u>1,036</u>

**6. TRADE DEBTS - net**

Includes Rs. 3.7 million (December 31, 2018: Rs. 6.38 million) receivable from related parties.

	June 30, 2019 (Un-Audited)	December 31, 2018 (Audited)
Note	----- (Rupees in '000) -----	

**7. SHORT-TERM INVESTMENTS - net**

**At amortised cost**

Certificate of investments (COIs)	43,000	43,000
Provision for impairment	(43,000)	(43,000)
	<u>-</u>	<u>-</u>

7.1

- 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 the investment amount.

June 30, 2019 (Un-audited)	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	256,576	323,257
Provisions	(118,849)	(117,283)
	<u>137,727</u>	<u>205,974</u>

**9. TRADE AND OTHER PAYABLES**

Include Rs. 133.9 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 Karachi Port Trust (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 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 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 the Company's favor.

	June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited) -----
<b>10.2. Commitments</b>		
10.2.1. Commitments for capital expenditure	<u>47,487</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	46,389	19,106
Unutilised	<u>253,611</u>	<u>280,894</u>
10.2.4. Commitments in respect of HMS charges to KPT:		
Not later than one year	191,998	176,736
Later than one year but not later than five years	609,359	801,356
Later than five years	-	-
	<u>801,357</u>	<u>978,092</u>

	Half Year Ended		Quarter Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Un-audited) -----			
Note	----- (Rupees in '000) -----			

## 11. TAXATION

Current	477,587	550,178	237,001	250,605
Deferred	(68,247)	(72,283)	(33,627)	(42,493)
Prior	-	134,796	-	67,398
	<u>409,340</u>	<u>612,691</u>	<u>203,374</u>	<u>275,510</u>

11.1. This represents super tax of Rs. Nil million (June 30, 2018: Rs. 134.8 million) imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001.

## 12. 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 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.

**13. 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. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. 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:

	Half Year Ended		Quarter Ended	
	June 30, 2019	June 30, 2018	June 30, 2019	June 30, 2018
	----- (Un-audited) -----			
	----- (Rupees in '000) -----			
<b>Associated companies / other related parties</b>				
Technical services fee	<u>223,852</u>	<u>346,434</u>	<u>112,912</u>	<u>175,157</u>
Terminal handling services and rent	<u>177,350</u>	<u>254,183</u>	<u>86,434</u>	<u>125,442</u>
Revenue from container handling	<u>26,862</u>	<u>21,083</u>	<u>5,963</u>	<u>9,873</u>
Donations	<u>-</u>	<u>1,800</u>	<u>-</u>	<u>900</u>
Dividends	<u>758,297</u>	<u>1,070,264</u>	<u>758,297</u>	<u>1,070,264</u>
<b>Key management personnel</b>				
Remuneration	<u>116,612</u>	<u>81,367</u>	<u>63,178</u>	<u>32,019</u>
<b>Staff retirement contribution plan</b>				
Provident fund contribution	<u>11,668</u>	<u>11,191</u>	<u>5,865</u>	<u>5,561</u>
<b>Directors</b>				
Fee for attending meetings	<u>3,851</u>	<u>-</u>	<u>1,771</u>	<u>-</u>

Half Year Ended	
June 30, 2019	June 30, 2018
----- (Un-audited) -----	
----- (Rupees in '000) -----	

**14. CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	1,410,141	1,685,548
Adjustments for non-cash items:		
Depreciation and amortisation	339,933	325,390
Finance cost	254	410
Accrual for long-term employee benefits	4,941	104
Exchange loss - net	10,245	3,272
Mark-up on saving accounts	(28,456)	(12,529)
(Gain) / loss on disposal of operating fixed assets - net	(2,120)	15
	<u>324,797</u>	<u>316,662</u>
<b>Operating profit before working capital changes</b>	<b>1,734,938</b>	<b>2,002,210</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools - net	33,755	(17,790)
Trade debts - net	(43,613)	(15,670)
Advances, deposits, prepayments and other receivables	(30,479)	(5,970)
	<u>(40,337)</u>	<u>(39,430)</u>
	<b>1,694,601</b>	<b>1,962,780</b>
<b>Decrease in current liabilities</b>		
Trade and other payables	(262,982)	(120,597)
	<u>(262,982)</u>	<u>(120,597)</u>
<b>Cash generated from operations</b>	<b>1,431,619</b>	<b>1,842,183</b>



**15. EXEMPTION FROM APPLICABILITY OF IFRIC-12 "SERVICE CONCESSION ARRANGEMENTS"**

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of S.R.O No. 24(I)/2012 dated January 16, 2012 has given relaxation for the implementation of IFRIC-12 "Service Concession Arrangements" due to the practical difficulties faced by the companies. However, SECP made it mandatory to disclose the impact on the results due to application of IFRIC-12.

Under IFRIC-12, the consideration required to be made by operator (the Company) for the right to use the asset is to be accounted for as an intangible asset under IAS-38 "Intangible Assets". If the Company had to follow IFRIC-12, the effect on these condensed interim financial statements would be as follows:

	June 30, 2019 (Un-audited) ----- (Rupees in '000) -----	December 31, 2018 (Audited) -----
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) - written down value	<u>1,223,698</u>	<u>1,431,486</u>
Reclassification from spares to intangible assets	<u>31,917</u>	<u>33,844</u>
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	<u>347,432</u>	<u>390,445</u>
Recognition of present value of concession liability on account of intangibles (HMS)	<u>700,979</u>	<u>766,468</u>
Interest expense for the period / year on account of intangibles (HMS)	<u>22,879</u>	<u>49,049</u>
Amortisation expense for the period / year on account of intangibles (HMS)	<u>43,007</u>	<u>86,014</u>
Amortisation expense for the period / year on account of concession assets (PPE and spares)	<u>151,525</u>	<u>295,364</u>
Increase in profit before tax for the period / year on account of reversal of HMS	<u>89,214</u>	<u>176,149</u>

**16. DIVIDEND AND APPROPRIATION**

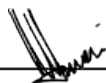
The Board of Directors in their board meeting held on August 20, 2019 have recommended an interim cash dividend of Rs 4 (December 31, 2018: Rs 17.6) per ordinary share for the year ending December 31, 2019.

**17. 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 20, 2019.

**18. 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.



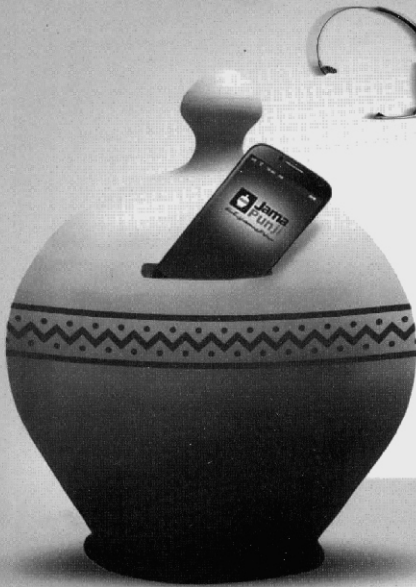
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Chief Executive Officer



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