



Half Yearly Report

June 30, 2014



**Pakistan International Container
Terminal Limited**

Registered and Terminal Office:
Berths 6 to 9, East Wharf, Karachi Port, Karachi - Pakistan.
UAN: (+9221) 111 11 PICT (7428) Fax: 32854815
E-mail: info@pict.com.pk Website: www.pict.com.pk



Pakistan International Container Terminal Limited

CONTENTS

■ Vision & Mission Statements	2
■ Company Information	3
■ Directors' Report	4
■ Auditors' Report to the Members on Review of Interim Financial Information	5
■ Condensed Interim Financial Statements	6

Vision

Operate a Container Terminal at Karachi Port that provides the highest level of quality services to its clients.

Mission

A Company dedicated to fulfilling the Port Service requirements of Customers and User of Karachi Port at an economic cost through optimum use of human and financial resources and giving a fair return to investors.

**BOARD OF DIRECTORS****Chairman**

Capt. Haleem A. Siddiqui

Chief Executive

Capt. Zafar Iqbal Awan

Directors

Mr. Christian R. Gonzalez
 Mr. Aasim A. Siddiqui
 Mr. Edgardo Q. Abesamis
 Mr. Rafael D. Consing, Jr.
 Mr. Jose Manuel M. De Jesus
 Mr. Hans-Ole Madsen

Chief Financial Officer

Mr. Muhammad Owais Kazi

Company Secretary

Mr. Muhammad Hunain

AUDIT COMMITTEE**Chairman**

Mr. Edgardo Q. Abesamis

Members

Mr. Aasim Azim Siddiqui
 Mr. Jose Manuel M. De Jesus

Chief Internal Auditor

Mr. Moammar Raza

Secretary

Mr. Muhammad Hunain

HUMAN RESOURCE AND REMUNERATION COMMITTEE**Chairman**

Mr. Edgardo Q. Abesamis

Members

Mr. Aasim Azim Siddiqui
 Mr. Jose Manuel M. De Jesus

Auditors

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
 6th Floor, Progressive Plaza
 Beaumont Road, P.O. Box 15541, Karachi-75530

Legal Advisors

Kabirji & Talibuddin
 64 - A/1, Gulshan -e -Faisal, Bath Island
 Karachi 75530.

Usmani & Iqbal
 604 - 9, 6th Floor,
 Business Centre, Mumtaz Hassan Road Karachi.

The Continental Law Associates
 Panorama Centre, Saddar, Karachi.

Bankers

Albaraka Islamic Bank Pakistan Limited
 Askari Bank Limited
 Bank Islami Pakistan Limited
 Barclays Bank PLC, Pakistan
 Faysal Bank Limited
 Habib Bank Limited
 JS Bank Limited
 National Bank of Pakistan
 Samba Bank Limited

Registered & Terminal Office

Berths 6 to 9, East Wharf, Karachi Port,
 Karachi - Pakistan.
 Tel: 32855701-14 Fax: 32854815
 UAN. (+9221)111-11-PICT (7428)

Share Registrar / Transfer Agent

Technology Trade (Pvt.) Limited
 241-C, Block-2, P.E.C.H.S., Karachi.
 Tel: 34391316-7 Fax: 32854815



Directors' Report

The Board of Directors is pleased to present the condensed interim reviewed financial statements of Pakistan International Container Terminal Limited (the Company) for the half year ended June 30, 2014.

General Review

The company, during half year ended June 30, 2014, handled 339,601 TEUs (Twenty Foot Equivalent Container Units) as compared to 333,140 TEUs handled during the corresponding period last year.

Operating & Financial Results for the half year ended June 30, 2014

These are summarized below:

	<i>(Rupees in '000)</i>
Profit before Taxation	1,549,862
Less: Taxation	<u>(478,061)</u>
Profit after taxation	1,071,801
Un-appropriated profit brought forward	1,698,273
Final dividend for the year ended December 31, 2013 on Ordinary shares @ 110 %	(1,200,685)
Interim dividend for the year ending December 31, 2014 on Ordinary Shares @ 20%	<u>(218,306)</u>
Un-appropriated profit carried forward	<u><u>1,351,083</u></u>

Earnings per share - basic and diluted

Rs. 9.82

During the period ended June 30, 2014, the company achieved turnover of Rs. 3,789.69 million as compared to Rs. 3,885.56 million in corresponding period last year showing a decrease of 2.47%.

Gross profit for the half year ended June 30, 2014 amounted to Rs. 1,806.92 million as compared to Rs. 2,013.37 million in the same period last year showing a decrease of 10.25%. Profit after tax amounted to Rs. 1,071.8 million as compared to Rs. 1,144.73 million in the corresponding period last year showing a decrease of 6.37%.

The company endeavors to maximize efficiencies and improve its services to the customers through its state-of-the-art infrastructure and high standards of productivity. Finally, the Board assures you that the management is fully aware of its responsibility towards its stakeholders and is determined to increase its profitability and ultimately the value of the business.

For and on behalf of
Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi; August 19, 2014



Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530,
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
eyfresh.khi@pk.ey.com
ey.com/pk

Auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of Pakistan International Container Terminal Limited (the Company) as at 30 June 2014 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-months period then ended (hereinafter referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

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 information 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 information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Review Engagement Partner: Shariq Ali Zaidi
Date: 19 August 2014
Karachi

A member firm of Ernst & Young Global Limited



**CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2014**

	Note	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
		----- (Rupees in `000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,381,529	4,693,036
Intangible assets		25,169	17,102
Long-term deposits		1,841	675
		<u>4,408,539</u>	<u>4,710,813</u>
CURRENT ASSETS			
Stores and spares		391,274	375,129
Trade debts		209,631	303,837
Advances - unsecured, considered good		45,955	46,246
Deposits and prepayments		170,679	171,849
Other receivables		22,563	8,940
Short term investments	6	9,750	10,250
Taxation - net		187,186	33,599
Cash and bank balances		882,601	2,015,717
		<u>1,919,639</u>	<u>2,965,567</u>
TOTAL ASSETS		<u><u>6,328,178</u></u>	<u><u>7,676,380</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Unappropriated profit		<u>1,351,083</u>	<u>1,698,273</u>
		<u>2,442,615</u>	<u>2,789,805</u>
NON-CURRENT LIABILITIES			
Long-term financing - secured	7	1,195,022	1,493,777
Deferred tax liability	8	875,153	942,759
Staff compensated absences		42,206	44,987
		<u>2,112,381</u>	<u>2,481,523</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,461,237	2,391,755
Accrued markup	7	13,190	13,297
Current portion of long-term financing		298,755	-
		<u>1,773,182</u>	<u>2,405,052</u>
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		<u><u>6,328,178</u></u>	<u><u>7,676,380</u></u>

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

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2014
(UN-AUDITED)**

	Notes	Half-Year Ended		Quarter Ended	
		June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
(Rupees in `000)					
Turnover - net		3,789,686	3,885,558	1,693,224	1,858,218
Terminal operating costs	11	(1,982,761)	(1,872,184)	(940,139)	(970,960)
Gross profit		1,806,925	2,013,374	753,085	887,258
Administrative expenses		(194,128)	(216,453)	(97,674)	(109,910)
Other income		53,146	62,560	24,326	35,559
Finance costs		(80,484)	(99,368)	(40,575)	(46,933)
Other expenses		(35,597)	(38,008)	(15,302)	(21,796)
Profit before taxation		1,549,862	1,722,105	623,860	744,178
Taxation	12	(478,061)	(577,374)	(165,341)	(235,099)
Profit after taxation		1,071,801	1,144,731	458,519	509,079
Earnings per ordinary share - basic & diluted		Rs. 9.82	Rs. 10.49	Rs. 4.20	Rs. 4.66

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

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2014
(UN-AUDITED)**

	<u>Half-Year Ended</u>		<u>Quarter Ended</u>	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- (Rupees in `000) -----			
Profit for the period	1,071,801	1,144,731	458,519	509,079
Other comprehensive income - net of tax	-	-	-	-
Total comprehensive income for the period	<u>1,071,801</u>	<u>1,144,731</u>	<u>458,519</u>	<u>509,079</u>

The annexed notes from 1 to 17 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED JUNE 30, 2014
(UN-AUDITED)**

	Note	Half Year Ended	
		June 30, 2014	June 30, 2013
		----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	14	2,142,223	2,192,662
Taxes paid		(699,253)	(680,397)
Leave encashment paid		(2,780)	(603)
Finance costs paid		(80,591)	(137,858)
Net cash generated from operating activities		1,359,599	1,373,804
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(16,632)	(18,314)
Proceeds from redemption / sale of investments		500	603,209
Payment in relation to capital work-in-progress		(7,329)	(26,925)
Profit received		49,173	46,389
Proceeds from disposal of property, plant and equipment		17,524	8,015
Net cash generated from investing activities		43,236	612,374
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		-	(248,962)
Long-term deposits		(1,166)	-
Dividends paid		(2,534,785)	(1,364,414)
Net cash used in financing activities		(2,535,951)	(1,613,376)
Net (decrease) / increase in cash and cash equivalents		(1,133,116)	372,802
Cash and cash equivalents at the beginning of the period		2,015,717	1,548,065
Cash and cash equivalents at the end of the period		882,601	1,920,867

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

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2014
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Total
	Ordinary shares	Capital redemption reserve fund	Unappropriated profit	Sub Total	
	----- (Rupees in `000) -----				
Balance as at January 01, 2013	1,091,532	180,000	2,924,122	3,104,122	4,195,654
Profit for the period	-	-	1,144,731	1,144,731	1,144,731
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income	-	-	1,144,731	1,144,731	1,144,731
Interim cash dividend for the year ended December 31, 2013 on ordinary shares @ Rs. 12.5/-.	-	-	(1,364,414)	(1,364,414)	(1,364,414)
Balance as at June 30, 2013	1,091,532	180,000	2,704,439	2,884,439	3,975,971
Balance as at January 01, 2014	1,091,532	180,000	1,518,273	1,698,273	2,789,805
Profit for the period	-	-	1,071,801	1,071,801	1,071,801
Other comprehensive income net of tax	-	-	-	-	-
Total comprehensive income	-	-	1,071,801	1,071,801	1,071,801
Final cash dividend for the year ended December 31, 2013 on Ordinary shares @ Rs.11/-.	-	-	(1,200,685)	(1,200,685)	(1,200,685)
Interim cash dividend for the year ending December 31, 2014 on ordinary shares @ Rs. 2/-.	-	-	(218,306)	(218,306)	(218,306)
Balance as at June 30, 2014	1,091,532	180,000	1,171,083	1,351,083	2,442,615

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

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2014
(UN-AUDITED)**

1. THE COMPANY AND ITS 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 Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at berths 6 to 9, East Wharf, Kemari Road, Karachi Port.
- 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 land and all the related concession assets to KPT as disclosed in note 16 to these condensed interim financial statements.
- 1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.53 percent shareholding of the Company and is the ultimate Parent Company of the Company.

2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS

2.1. Statement of compliance

These condensed interim financial statements are unaudited but subject to limited scope review by auditors. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed. These 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 Company's annual financial statements for the year ended December 31, 2013.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended December 31, 2013, whereas, the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement 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, 2013.

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the functional currency of the Company and figures are rounded off to the nearest thousand rupees unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

- 3.1. The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2013 except for the change in accounting policy as explained in note 3.2 and new and amended standards and interpretations as follows:

New and amended standards and interpretations

The Company has adopted the following amended IFRSs and IFRIC interpretations which became effective during the period:

IAS 32 Financial Instruments : Presentation (Amendment) Offsetting Financial Assets and Financial Liabilities

IAS 36 - Impairment of Assets - (Amendment) - Recoverable Amount Disclosures for Non-Financial Assets

IAS 39 - Financial Instruments: Recognition and Measurement - (Amendment) - Novation of Derivatives and Continuation of Hedge Accounting

IFRIC 21 - Levies

The adoption of the above standards, amendments / improvements and interpretations did not have any material effect on the condensed interim financial statements.

- 3.2. During the period, the Company has changed its accounting policy for valuation of stores and spares with effect from January 01, 2014. In accordance with the new policy, stores and spares are valued on First In First Out (FIFO) cost basis whereas previously these were valued on weighted average cost basis. The said accounting policy has been revised to bring the policy of the Company in agreement with the policy adopted by the ultimate Parent Company (ICTSI).

The aforesaid change in accounting policy will result in immaterial change in amount of stores and spares of prior period. As a result, such prior period effect has not been accounted for retrospectively and aforesaid impact has been taken in the financial statements of the current period.

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements require management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. 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 financial statements as at and for the year ended December 31, 2013. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2013.

		June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
Note		----- (Rupees in `000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,361,884	4,378,136
Capital work-in-progress	5.2	19,645	314,900
		<u>4,381,529</u>	<u>4,693,036</u>

5.1. Operating fixed assets

Book value at the beginning of the period / year	5.1.1	4,378,136	4,909,336
Additions during the period / year		302,651	70,500
		<u>4,680,787</u>	<u>4,979,836</u>
Less:			
Disposal during the period / year at book value	5.1.2	16,337	354
Depreciation charged during the period / year		302,566	601,346
		<u>318,903</u>	<u>601,700</u>
		<u>4,361,884</u>	<u>4,378,136</u>



	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
5.1.1. Additions during the period / year		
Leasehold improvements	24,069	-
Port improvements	9,099	4,086
Port equipment	110,867	44,181
Port power generation	153,081	190
Vehicles	636	536
Computers	1,343	10,122
Furniture and fixtures	3,223	1,039
Office equipment	333	10,346
	<u>302,651</u>	<u>70,500</u>
5.1.2. Disposals during the period / year		
Vehicles	16,244	-
Computers	93	-
Port equipment	-	354
	<u>16,337</u>	<u>354</u>

5.2. Capital work-in-progress

	Civil works	Advance to suppliers and contractors	Advance for purchase of cranes and related equipments	Total
	----- (Rupees in `000) -----			
Balance as at January 1, 2014	44,009	256,143	14,748	314,900
Capital expenditure incurred during the period	153	7,176	-	7,329
Transfer made during the period	<u>(44,162)</u>	<u>(258,422)*</u>	<u>-</u>	<u>(302,584)</u>
Balance as at June 30, 2014 (un-audited)	<u>-</u>	<u>4,897</u>	<u>14,748</u>	<u>19,645</u>

* includes computer software amounting to Rs.16.564 million transferred to intangible assets.

	Note	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
		----- (Rupees in `000) -----	
6. SHORT TERM INVESTMENTS held to maturity			
Saudi Pak Leasing Company	6.1	43,000	43,500
Less: Provision for impairment		<u>33,250</u>	<u>33,250</u>
		<u>9,750</u>	<u>10,250</u>

- 6.1. Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company), having face value of Rs. 43.0 million (December 31 2013: Rs. 43.5 million) carrying interest at the rate of 7% (December 31 2013: 7%) per annum.

The Leasing Company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. During the period, the Company has therefore received Rs.0.5 million (December 31, 2013: Rs.6 million) against the above investment.



	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
7. LONG-TERM FINANCING - secured		
Long-term financing	1,493,777	1,493,777
Less: current portion of long-term financing	298,755	-
	<u>1,195,022</u>	<u>1,493,777</u>
8. DEFERRED TAX LIABILITY		
Taxable temporary differences		
Accelerated tax depreciation / amortisation allowance	905,087	974,544
Deductible temporary differences		
Provision for compensated absences	(13,928)	(15,296)
Provision for doubtful debts	(486)	(501)
Others	(15,520)	(15,988)
	<u>875,153</u>	<u>942,759</u>

9. TRADE AND OTHER PAYABLES

These include 698.084 million (December 31, 2013: 481.571 million) payable to ICTSI in respect of technical services fee and Rs. 43.589 million (December 31, 2013: 44.953 million) payable to Premier Mercantile Services (Private) Limited, Rs. 34.554 million (December 31, 2013: Rs. 44.953 million) withheld by the Company from handling and marshalling charges billed by KPT and Rs. 1.500 million (December 31, 2013: 0.134 million) payable to Travel Club (Private) Limited.

10. CONTINGENCIES AND COMMITMENTS**10.1. Contingencies**

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended December 31, 2013.

	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
10.2. Commitments		
10.2.1. Commitments for capital expenditure		
Civil works	-	3,156
Letter of guarantee	96,300	98,200
Letter of credit	15,443	5,403

10.2.2. Aggregate commitments for handling, marshaling and storage charges to Karachi Port Trust (KPT) as of the balance sheet date are as follows:

	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
Not later than one year	149,395	144,624
Later than one year but not later than five years	668,983	641,642
Later than five years	801,356	978,092
	<u>1,619,734</u>	<u>1,764,358</u>

10.2.3. Aggregate commitments for Ijarah payments as of the balance sheet date are as follows:



	June 30, 2014 (Un-audited)		December 31, 2013 (Audited)	
	----- (Rupees in `000) -----			
Not later than one year	6,246		-	
Later than one year but not later than five years	16,396		-	
	<u>22,642</u>		<u>-</u>	

	Half-Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- (Un-audited) -----			
	----- (Rupees in `000) -----			
11. TERMINAL OPERATING COSTS				
Salaries, wages and benefits	219,617	201,352	111,257	106,884
Technical Services Fee	268,880	229,542	117,254	118,078
Contracted labour	38,023	25,537	19,724	15,830
Staff training	920	887	657	601
Royalty - Karachi Port Trust	346,273	320,558	153,032	166,292
Handling and marshalling charges	68,653	81,519	34,543	49,005
Equipment usage charges	18,009	803	8,463	776
Stevedoring	228,892	192,555	108,618	97,248
Custom seals	4,208	2,644	2,318	1,684
Stores, spares and other maintenance charges	114,596	114,331	53,858	56,702
Fuel consumed	296,232	316,860	139,475	165,868
Office maintenance	13,401	13,649	7,833	5,503
Vehicle running expenses	3,101	5,839	290	4,094
Insurance	41,310	49,141	20,512	24,571
Printing and stationery	1,380	1,744	789	1,105
Utilities	2,685	3,031	1,760	1,564
Depreciation	272,251	267,386	136,177	141,754
Amortisation	8,497	6,841	4,249	3,420
Others	35,833	37,965	19,330	9,981
	<u>1,982,761</u>	<u>1,872,184</u>	<u>940,139</u>	<u>970,960</u>
12. TAXATION				
Current	545,666	656,987	207,918	229,844
Deferred	(67,605)	(79,613)	(42,577)	5,255
	<u>478,061</u>	<u>577,374</u>	<u>165,341</u>	<u>235,099</u>
13. RELATED PARTIES TRANSACTIONS				

The related parties include the ultimate Parent Company, associated companies, entities having directors in common with the Company, directors and other key management personnel. The transactions with related parties as mentioned below are entered under normal commercial terms.

	Half-Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	----- (Un-audited) -----			
	----- (Rupees in `000) -----			
Holding Company				
Technical services fee	268,880	229,542	124,358	118,078
Associated companies/undertakings				
Stevedoring charges	161,291	159,698	74,286	93,869
Revenue from container handling	30,945	14,232	13,561	8,716



	Half-Year Ended		Quarter Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
	(Un-audited)			
	(Rupees in '000)			
Traveling expenses	4,999	4,874	3,731	2,719
Donations	2,785	2,700	1,391	1,388
Key management personnel				
Remuneration	61,443	75,651	18,259	28,264
Staff retirement contribution plan				
Contribution to staff provident fund	8,946	8,536	4,486	4,253

June 30,
2014
June 30,
2013
(Un-audited)
(Rupees in '000)

14. CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the period before taxation	1,549,862	1,722,105
Adjustments for non-cash items:		
Depreciation	302,566	297,095
Amortisation	8,497	8,162
Accrual for staff compensated absences	-	731
Gain on disposal of property, plant and equipment	(1,187)	(7,650)
Finance costs	80,484	99,368
Unrealised exchange loss	2,393	1,433
Profit on short term deposits	(49,173)	(47,387)
Gain on redemption of investment	-	(5,220)
	343,580	346,532
Operating profit before working capital changes	1,893,442	2,068,637
Decrease / (increase) in current assets		
Stores and spares	(16,145)	(23,354)
Trade debts	94,206	(98,078)
Advances, deposits, prepayments and other receivables	(12,163)	73,982
	65,898	(47,450)
	1,959,340	2,021,187
Increase in current liabilities		
Trade and other payables	182,883	171,475
Cash generated from operations	2,142,223	2,192,662

15. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 19, 2014 have recommended an interim cash dividend of Rs. 5 per ordinary share for the year ending December 31, 2014 (December 31, 2013: Cash dividend of Rs.14 per ordinary share).

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

The Securities and Exchange Commission of Pakistan in pursuance of the Circular No. 21 dated 22 June 2009 has given relaxation for the implementation of IFRIC 12 - "Service Concession Arrangements" due to the practical difficulties facing the companies till the conclusion of the agreements entered on or before June 30, 2010 with the Government or other authority/entity. However, the 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 were to follow IFRIC-12, the effect on the condensed interim financial statements would be as follows:

	June 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) written down value	<u>2,483,793</u>	<u>2,963,664</u>
Reclassification from spares to intangible assets	<u>216,782</u>	<u>216,782</u>
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	<u>781,128</u>	<u>823,070</u>
Recognition of present value of concession liability on account of intangibles (HMS)	<u>1,304,245</u>	<u>1,340,490</u>
Interest expense charged for the period on account of intangibles (HMS)	<u>36,067</u>	<u>110,204</u>
Amortisation expense charged for the period on account of intangibles (HMS)	<u>43,013</u>	<u>83,038</u>
Amortisation expense charged for the period on account of concession assets	<u>141,709</u>	<u>275,918</u>
Increase in profit before tax for the period on account of reversal of handling and marshalling charges	<u>72,312</u>	<u>152,368</u>

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 19, 2014.

18. GENERAL

18.1 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended June 30, 2014 and 2013 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 years ended June 30, 2014 and 2013.

18.2 Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR