

HALF YEARLY REPORT

June 30, 2015

Committed
to
Excellence



Pakistan International Container Terminal Limited

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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.



COMPANY INFORMATION

BOARD OF DIRECTORS

Capt. Haleem A. Siddiqui (Chairman)
Mr. Christian R. Gonzalez
Mr. Aasim A. Siddiqui
Mr. Roman Felipe S. Reyes
Mr. Rafael D. Consing, Jr.
Mr. Jose Manuel M. De Jesus
Mr. Hans-Ole Madsen

Chief Executive Officer	Capt. Zafar Iqbal Awan
Chief Financial Officer	Mr. Muhammad Owais Kazi
Company Secretary	Mr. Muhammad Hunain
Chief Internal Auditor	Mr. Moammar Raza

AUDIT COMMITTEE

Members	Mr. Roman Felipe S. Reyes Mr. Aasim A. Siddiqui Mr. Rafael D. Consing, Jr.
Secretary	Mr. Muhammad Hunain

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Members	Mr. Christian R. Gonzalez Mr. Aasim A. Siddiqui Mr. Hans-Ole Madsen
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Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants 6 th Floor, Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi-75530
Legal Advisors	Kabraji & Talibuddin 64 - A/1, Gulshan -e -Faisal, Bath Island, Karachi 75530 Usmani & Iqbal 604 - 9, 6 th Floor, Business Centre, Mumtaz Hassan Road Karachi The Continental Law Associates Panorama Centre, Saddar, Karachi
Bankers	Albaraka Islamic Bank Pakistan Limited Bank Islami Pakistan Limited 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



Directors' Report

On behalf of the Board of Directors, we are pleased to present the un-audited condensed interim financial statements of the Company for the half year ended June 30, 2015, together with the Auditors' Review Report thereon.

General Review

The Company during the half year ended June 30, 2015 handled 390,045 TEUs (Twenty Foot Equivalent Container Units) as compared to 339,601 TEUs handled during the corresponding period last year.

Operating & Financial Results for the half year ended June 30, 2015

These are summarized below:

	(Rupees in '000)
Profit before Taxation	1,730,788
Less: Taxation	634,664
Profit after Taxation	1,096,124
Un-appropriated profit brought forward	1,492,364
Less: Final cash dividend for the year ended December 31, 2014 @ Rs 3.5 per Ordinary Share	382,036
Less: Interim cash dividend for the year ending December 31, 2015 @ Rs 5.0 per Ordinary Share	545,766
Un-appropriated profit carried forward	1,660,686
Earnings per Ordinary Share - Basic and Diluted	Rs 10.04

During half year ended June 30, 2015, the company achieved turnover of Rs 4,240 million as compared to Rs 3,789 million in corresponding period last year showing an increase of 11.9%.

Gross profit for the half year ended June 30, 2015 amounted to Rs 2,018 million as compared to Rs 1,806 million in the same period last year showing an increase of 11.7%. Profit after Taxation amounted to Rs 1,096 million as compared to 1,071 million in the corresponding period last year showing an increase of 2.3%.

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. The Company's achievements could not have been possible without the concerted efforts of our Employees, who deserve full compliments. We are also thankful to the continued support of the shareholders, whose unwavering trust and confidence has enabled us to aim and achieve the best.

For and on behalf of the Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Capt. Haleem A. Siddiqui
Chairman

Karachi; August 25, 2015



Building a better
working world

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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 2015** 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-month period then ended (here-in-after 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: 25 August 2015
Karachi

A member firm of Ernst & Young Global Limited



**CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2015**

	Note	June 30, 2015 (Un-Audited)	December 31, 2014 (Audited)
----- (Rupees in `000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,879,912	4,149,484
Intangibles		12,895	16,672
Long-term deposits		1,547	1,847
		<u>3,894,354</u>	<u>4,168,003</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		343,506	357,950
Trade debts		349,168	346,590
Advances		47,435	24,302
Deposits and prepayments		76,118	155,923
Other receivables		30,892	46,590
Taxation - net		-	333,442
Cash and bank balances		1,051,175	724,044
		<u>1,898,294</u>	<u>1,988,841</u>
TOTAL ASSETS		<u>5,792,648</u>	<u>6,156,844</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 share capital		1,091,532	1,091,532
Reserves		<u>1,660,686</u>	<u>1,492,364</u>
		<u>2,752,218</u>	<u>2,583,896</u>
NON-CURRENT LIABILITIES			
Long-term financing	6	597,511	896,266
Deferred tax	7	646,519	734,239
Long-term employee benefits		41,379	44,215
		<u>1,285,409</u>	<u>1,674,720</u>
CURRENT LIABILITIES			
Trade and other payables		999,411	1,287,689
Accrued markup on loan		7,347	13,028
Current maturity of long-term financing		597,511	597,511
Taxation - net		150,752	-
		<u>1,755,021</u>	<u>1,898,228</u>
TOTAL EQUITY AND LIABILITIES		<u>5,792,648</u>	<u>6,156,844</u>
CONTINGENCIES AND COMMITMENTS	8		

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

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2015
(UN-AUDITED)**

	Note	Half Year Ended		Quarter Ended	
		June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
(Rupees in `000)					
Revenue		4,240,451	3,789,686	2,106,977	1,693,224
Cost of services	9	(2,221,693)	(1,982,761)	(1,089,340)	(940,139)
Gross profit		2,018,758	1,806,925	1,017,637	753,085
Administrative expenses		(205,641)	(194,128)	(108,924)	(97,674)
Other income		30,203	53,146	9,423	24,326
Finance costs		(72,051)	(80,484)	(33,565)	(40,575)
Other expenses		(40,481)	(35,597)	(17,408)	(15,302)
Profit before taxation		1,730,788	1,549,862	867,163	623,860
Taxation	10	(634,664)	(478,061)	(349,738)	(165,341)
Profit after taxation		1,096,124	1,071,801	517,425	458,519
Earnings per ordinary share - basic and diluted		Rs. 10.04	Rs. 9.82	Rs. 4.74	Rs. 4.20

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

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2015
(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----- (Rupees in `000) -----			
Profit for the period	1,096,124	1,071,801	517,425	458,519
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>1,096,124</u>	<u>1,071,801</u>	<u>517,425</u>	<u>458,519</u>

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

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED JUNE 30, 2015
(UN-AUDITED)**

	Note	Half Year Ended	
		June 30, 2015	June 30, 2014
		----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	12	1,874,585	2,142,223
Taxes paid		(238,192)	(699,253)
Long-term employee benefits paid		(2,836)	(2,780)
Finance costs paid		(77,569)	(80,591)
Long term deposits		300	(1,166)
Net cash generated from operating activities		1,556,288	1,358,433
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(49,824)	(23,961)
Proceeds from disposal of property, plant and equipment		6,000	17,524
Markup received		41,224	49,173
Redemption of investment		-	500
Net cash (used in) / generated from investing activities		(2,600)	43,236
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(298,755)	-
Dividends paid		(927,802)	(2,534,785)
Net cash used in financing activities		(1,226,557)	(2,534,785)
Net increase / (decrease) in cash and cash equivalents		327,131	(1,133,116)
Cash and cash equivalents at the beginning of the period		724,044	2,015,717
Cash and cash equivalents at the end of the period		1,051,175	882,601

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

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2015
(UN-AUDITED)**

	Reserves				
	Issued, subscribed and paid-up share capital	Capital redemption reserve fund	Unappropriated profit	Sub Total	Total
	(Rupees in '000)				
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	-	-	-	-	-
Total comprehensive income	-	-	1,071,801	1,071,801	1,071,801
Final cash dividend for the year ended December 31, 2013 @ Rs. 11/- per ordinary share	-	-	(1,200,685)	(1,200,685)	(1,200,685)
Interim cash dividend for the year ended December 31, 2014 @ Rs. 2/- per ordinary share	-	-	(218,306)	(218,306)	(218,306)
As at June 30, 2014	<u>1,091,532</u>	<u>180,000</u>	<u>1,171,083</u>	<u>1,351,083</u>	<u>2,442,615</u>
As at January 01, 2015	1,091,532	180,000	1,312,364	1,492,364	2,583,896
Profit for the period	-	-	1,096,124	1,096,124	1,096,124
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	1,096,124	1,096,124	1,096,124
Final cash dividend for the year ended December 31, 2014 @ Rs. 3.5/- per ordinary share	-	-	(382,036)	(382,036)	(382,036)
Interim cash dividend for the year ending December 31, 2015 @ Rs. 5/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
As at June 30, 2015	<u>1,091,532</u>	<u>180,000</u>	<u>1,480,686</u>	<u>1,660,686</u>	<u>2,752,218</u>

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

CHIEF EXECUTIVE

DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2015
(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 Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at berths no. 6 to 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.
- 1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.54 percent (2014: 64.54 percent) shareholding of the Company and is the ultimate Parent Company of the Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements of the Company for the half year ended June 30, 2015 have been prepared in accordance with the requirements of the International Accounting Standard 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 are un-audited but subject to limited scope review by the auditors and are being submitted to the shareholders as required under Section 245 of the Company Ordinance, 1984. 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 financial statements of the Company for the year ended December 31, 2014.

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, 2014, 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, 2014.

The figures of the condensed interim profit and loss account for the quarter ended March 31, 2015 and March 31, 2014 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, 2015 and June 30, 2014.

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency.



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 Company's annual financial statements for the year ended December 31, 2014 except for the adoption of new and amended standards and interpretations as follows:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amended IFRS which became effective for the current period:

IFRS 10 Consolidated Financial Statements
 IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements Investment Entities (Amendment)
 IFRS 11 Joint Arrangements
 IFRS 12 Disclosure of Interests in Other Entities
 IFRS 13 Fair Value Measurement
 IAS 19 Employee Benefits (Amendment) - Defined Benefit Plans: Employee Contributions

In addition to the above standard and interpretation, improvements to various accounting standards have also been issued by the IASB and are generally effective for current period. The adoption of the above amended standard / improvement and interpretation did not have any effect on the condensed interim financial statements.

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, 2014. 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, 2014.

	Note	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)
		----- (Rupees in `000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	3,849,961	4,086,982
Capital work-in-progress (CWIP)	5.2	29,951	62,502
		<u>3,879,912</u>	<u>4,149,484</u>
5.1. Operating fixed assets			
Net book value at the beginning of the period / year		4,086,982	4,378,136
Additions / transfers from CWIP during the period / year	5.1.1	80,957	329,649
		4,167,939	4,707,785
Less:			
Disposal during the period / year at book value	5.1.2	20,563	17,190
Depreciation charged during the period / year		297,415	603,613
		<u>317,978</u>	<u>620,803</u>
		<u>3,849,961</u>	<u>4,086,982</u>



	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)		
	----- (Rupees in `000) -----			
5.1.1. Additions / transfers from CWIP during the period / year				
Leasehold improvements	520	34,232		
Container / general cargo handling equipment	-	2,868		
Port power generation	6,494	160,268		
Ancillary plant and workshop equipment	48,442	116,655		
Vehicles	10,546	5,583		
Computers and other equipment	14,823	6,335		
Furniture and fixtures	132	3,708		
	<u>80,957</u>	<u>329,649</u>		
5.1.2. Disposals during the period / year at book value				
Ancillary plant and workshop equipment	19,778	-		
Vehicles	785	17,057		
Computers and other equipment	-	133		
	<u>20,563</u>	<u>17,190</u>		
5.2. Capital work-in-progress				
	Civil works	Advance to suppliers and contractors	Capital spares	Total
	----- (Rupees in `000) -----			
As at January 1, 2015	4,896	25,205	32,401	62,502
Capital expenditure incurred during the period	-	14,976	-	14,976
Transfers made during the period	-	(15,126)	(32,401)	(47,527)
As at June 30, 2015 (un-audited)	<u>4,896</u>	<u>25,055</u>	<u>-</u>	<u>29,951</u>
	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)		
	----- (Rupees in `000) -----			
6. LONG-TERM FINANCING				
Secured				
Loan from banking company	1,195,022	1,493,777		
Less: current maturity of long-term financing	597,511	597,511		
	<u>597,511</u>	<u>896,266</u>		
7. DEFERRED TAX				
Taxable temporary differences				
Accelerated tax depreciation and amortisation	733,716	813,081		
Deductible temporary differences				
Provision for doubtful debts	(471)	(486)		
Provision for obsolescence in stores, spare parts and loose tools	(9,359)	(10,196)		
Provision for impairment in short-term investment	(13,760)	(14,190)		
Others	(63,607)	(53,970)		
	<u>646,519</u>	<u>734,239</u>		

**8. CONTINGENCIES AND COMMITMENTS****8.1. Contingencies**

- 8.1.1.** In 2014, Deputy Commissioner Inland Revenue (D-CIR) passed the order demanding additional federal excise duty (FED) of Rs. 432.5 million along with penalty of Rs. 21.6 million, for the period from July 2009 to June 2011. As per the said order, the short paid FED pertains to services which are excisable under Federal Excise Act, 2005 (FE Act). The Company has filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) against the aforesaid order contending that the services are export related and are thus not excisable under the FE Act. However, the CIR-A has arbitrarily confirmed the action of the D-CIR. The Company, thereafter, filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the order of CIR-A and for the stay of the said demand. The stay has been granted and the appeal is still pending before ATIR. The legal counsel of the Company is of the view that there is no merit in this case since the order passed without jurisdiction and, accordingly, no provision for any liability has been made in these condensed interim financial statements.
- 8.1.2.** In 2007, the Trustees of the Port of Karachi filed a civil suit against the Company in the Honorable High Court of Sindh alleging mis-declaration of the category of goods upon import of Quayside Container Crane and Rubber Tyre Gantry Cranes in the year 2004 and thereby claiming a sum of Rs. 101.5 million as additional wharfage charges and Rs. 203.0 million as penalty, with interest. The management of the Company is confident that there is no merit in this claim and hence there is remote possibility that the case would be decided against the Company and, accordingly, the Company has not provided for any possible obligations arising from the aforementioned legal proceedings.
- 8.1.3.** In 2007, the Company filed an interpleader civil suit against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of the Port of Karachi (KPT) in the Honorable High Court of Sindh (HCS) against the demand raised by DDO under Section 14 of the Property Tax Act, 1958 to pay the property tax amounting to Rs. 34.6 million for the period from 2003 to 2007 out of the Handling and Marshalling (HMS) charges payable to KPT. The HCS granted a stay order to the Company directing that no coercive action be taken against the Company in due course until the case has been finalised. In 2008, the Company withheld the amount of Rs. 34.6 million from HMS charges billed by KPT for the period from July 1 till December 31, 2007 in accordance with the HCS's short order dated June 29, 2007. During period ended June 30, 2015, HCS directed the Company to withhold further amount of Rs. 96.2 million from the HMS charges becoming due and payable to KPT and deposit the same with Nazir of HCS. The HCS further directed to continue depositing the amount on quarterly basis with Nazir of HCS till disposal of instant suits. Since property tax and HMS charges are payable on annual basis therefore, the Company has filed a review application with HCS for further clarification of HCS's direction of withholding and payment on quarterly basis. The Company's legal counsel believes that there is full merit in this case and the property tax imposed will be disallowed by HCS. In view thereof, no provision for any liability has been made by the Company.

	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	-----	-----
	(Rupees in `000)	

8.2. Commitments

Commitments for capital expenditure	7,568	5,584
Letter of guarantees	104,454	96,300
Letters of credit	11,070	9,179

8.2.1. Handling, Marshaling and Storage charges payable to Karachi Port Trust (KPT):

	June 30, 2015 (Un-audited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
Not later than one year	153,284	149,395
Later than one year but not later than five years	705,268	668,983
Later than five years	606,454	801,356
	<u>1,465,006</u>	<u>1,619,734</u>

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	----- (Un-audited) -----			
	----- (Rupees in '000) -----			

9. COST OF SERVICES

Salaries, wages and benefits	244,594	213,675	114,844	108,238
Contribution to staff provident fund	7,168	5,942	3,529	3,019
Staff training	460	920	100	657
Terminal handling and services	310,142	266,916	145,454	128,342
Royalty	389,854	346,273	196,448	153,032
Handling, marshalling and storage	82,066	68,653	38,616	34,543
Fuel and power	261,477	296,232	130,453	139,474
Stores, spare parts and loose tools maintenance	132,632	118,804	68,370	56,174
Technical services fee	326,745	239,806	162,487	106,595
Rent, rates and taxes	94,454	47,084	45,907	19,122
Insurance	39,592	41,310	20,427	20,511
Software maintenance	10,543	9,988	5,272	5,000
Office maintenance	18,138	13,401	8,588	7,833
Travelling, conveyance and vehicle running expenses	369	3,101	133	290
Communication, printing and Stationery	674	1,380	571	789
Utilities	2,360	2,685	1,168	1,760
Depreciation	267,673	272,251	131,075	136,177
Amortisation	5,195	8,497	946	4,249
Others	27,557	25,843	14,955	14,334
	<u>2,221,693</u>	<u>1,982,761</u>	<u>1,089,343</u>	<u>940,139</u>

10. TAXATION

Current	621,735	545,666	400,170	207,918
Deferred	(87,721)	(67,605)	(50,432)	(42,577)
Prior	100,650	-	-	-
	<u>634,664</u>	<u>478,061</u>	<u>349,738</u>	<u>165,341</u>

- 10.1.** The Finance Act, 2015 has introduced certain amendments relating to taxation of companies. As per these amendments, one-time super tax at the rate of 3 percent of the taxable income has been levied. This amendment applies retrospectively for the tax year 2015, i.e., financial year ended December 31, 2014. The effect of above amendment has been incorporated in these condensed interim financial statements and an amount of Rs. 100.650 million (June 30, 2014: Nil) has been recognized as prior year tax charge.



11. RELATED PARTIES TRANSACTIONS

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

	Half Year Ended		Quarter Ended	
	June 30, 2015	June 30, 2014	June 30, 2015	June 30, 2014
	(Un-audited)			
	(Rupees in '000)			
Holding Company				
Technical services fee	326,745	239,806	162,487	106,595
Associated companies/undertakings				
Terminal handling services and rent	216,561	161,291	109,888	74,286
Revenue from container handling	27,939	30,945	16,580	13,561
Traveling expenses	4,640	4,999	641	3,731
Software maintenance	300	250	150	100
Donations	-	2,785	-	1,391
Key management personnel				
Remuneration	83,956	61,443	36,613	18,259
Staff retirement contribution plan				
Contribution to staff provident fund	10,416	8,946	5,013	4,486

	June 30, 2015	June 30, 2014
	(Un-audited)	
	(Rupees in '000)	

12. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	1,730,788	1,549,862
Adjustments for non-cash items:		
Depreciation and amortisation	302,610	311,063
Finance costs	71,888	80,484
Provision for obsolescence on stores, spare parts and loose tools	(1,652)	-
Unrealised exchange loss	2,292	2,393
Mark-up on saving accounts	(41,613)	(49,173)
Loss/(gain) on disposal of property, plant and equipment	14,564	(1,187)
	348,089	343,580
Operating profit before working capital changes	2,078,877	1,893,442
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	16,096	(16,145)
Trade debts	(2,578)	94,206
Advances, deposits, prepayments and other receivables	72,760	(12,163)
	86,278	65,898
	2,165,155	1,959,340
(Decrease) / increase in current liabilities		
Trade and other payables	(290,570)	182,883
Cash generated from operations	1,874,585	2,142,223

13. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 25, 2015 have recommended an interim cash dividend of Rs 7 per ordinary share for the year ending December 31, 2015 (December 31, 2014: Cash Dividend of Rs.13.5 - 135%).

14. EXEMPTION FROM APPLICABILITY OF IFRIC 12 "SERVICE CONCESSION ARRANGEMENTS"

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of the 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 facing the companies. 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, 2015 (Un-audited)	December 31, 2014 (Audited)
	----- (Rupees in '000) -----	
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) - written down value	2,071,250	2,264,522
Reclassification from spares to intangible assets	196,142	196,142
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	688,109	737,477
Recognition of present value of concession liability on account of intangibles (HMS)	1,148,149	1,190,661
Interest expense charged for the period / year on account of intangibles (HMS)	32,756	69,492
Amortisation expense charged for the period / year on account of intangibles (HMS)	43,007	86,664
Amortisation expense charged for the period / year on account of concession assets	141,269	249,882
Increase in profit before tax for the period / year on account of reversal of handling and marshalling charges	75,721	147,009

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 August 25, 2015.

16. GENERAL

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

CHIEF EXECUTIVE

DIRECTOR



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