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15 Years

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70 Years  
old nation



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 Users 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

**Chairman** Mr. Christian R. Gonzalez

**Directors** Mr. Aasim Azim Siddiqui  
Mr. Roman Felipe S. Reyes  
Mr. Rafael D. Consing, Jr.  
Mr. Hans-Ole Madsen  
Mr. Jose Manuel M. De Jesus  
Mr. Sharique Azim Siddiqui

#### Audit Committee

**Chairman** Mr. Roman Felipe S. Reyes  
**Members** Mr. Sharique Azim Siddiqui  
Mr. Rafael D. Consing, Jr.

**Chief Internal Auditor** Mr. Moammar Raza

#### Human Resource and Remuneration Committee

**Chairman** Mr. Christian R. Gonzalez  
**Members** Mr. Sharique Azim Siddiqui  
Mr. Hans-Ole Madsen

#### Key Management

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

**Chief Financial Officer & Company Secretary** Mr. Muhammad Hunain

**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** Albaraka 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 to 9, East Wharf, Karachi Port  
Karachi - Pakistan  
Tel: +92-21-32855701-14  
Fax: +92-21-32854815

**Share Registrar/ Transfer Agent** **Technology Trade (Pvt.) Limited**  
Dagia House, 241-C, Block-2, P.E.C.H.S  
Off. Shahra e Quaideen, Karachi  
Tel: +92-21-34391316-7  
Fax: +92-21-32854815



### **Chairman's Review**

It is indeed an immense pleasure to present Company's condensed interim financial information for the period ended June 30, 2017.

I am pleased with the efforts made by the management of the Company for maintaining sustainable volume handling together with the increased revenues during the period ended June 30, 2017, despite fierce competition and severe congestion at Karachi port.

To add shareholder value, your Company endeavors to achieve maximum profitability and ensure business enhancement by reinvesting earnings in expansion plans for gaining significant share of the growth at Karachi Port.

In order to maintain a steady stream of income for the shareholders, the Directors of the Company have recommended interim cash dividend @ 75% (Rs. 7.5/- per ordinary share) for the year ending December 31, 2017.

On behalf of the Company, I would like to thank all the stakeholders who always showed their support and confidence in the Management of the Company and with continued support of them I look forward to the completion of successful year.

---

**Christian R. Gonzalez**  
Chairman

**Manila; August 16, 2017**

## چیئر مین کا جائزہ

مجھے کمپنی کے 30 جون 2017 کو ختم ہونے والی ششماہی مدت کے غیر محاسب شدہ ملخص عبوری مالیاتی معلومات پیش کرتے ہوئے بہت زیادہ خوشی محسوس ہو رہی ہے۔

میں کمپنی کی انتظامیہ کی انتھک کوششوں سے بے حد مسرور ہوں، جنہوں نے ٹرینوں کی جانب سے سخت مقابلے اور کراچی بندرگاہ پر شدید بھیڑ کے باوجود، 30 جون 2017 کو ختم ہونے والی ششماہی مدت میں پائیدار حجم کے موسمیّت آمدنی میں اضافے کو برقرار رکھا۔

حصص یافتگان کی قدر میں اضافے کے لئے، آپ کی کمپنی زیادہ منافع کے حصول اور کاروباری پھیلاؤ کو یقینی بنانے کی کوشش کر رہی ہے جس کے لئے آمدنی کی توسیعی منصوبوں میں سرمایہ کاری کی جائے گی تاکہ کراچی بندرگاہ کے بڑھتے ہوئے حجم میں خاطر خواہ حصہ حاصل کیا جاسکے۔

حصص یافتگان کی مستحکم آمدنی کو برقرار رکھنے کے لئے کمپنی کے ناظمین نے ختم ہونے والے سال ۲۰۱۷ دسمبر ۲۰۱۷ کے لئے عبوری کیش ڈیویڈنڈ @ 75 فیصد (یعنی 7.51 روپے فی عام شیئر) کی سفارش کی ہے۔

میں کمپنی کی جانب سے اس سے وابستہ تمام افراد اور اداروں کا مشکور ہوں جنہوں نے ہمیشہ کمپنی کی انتظامیہ کی حمایت اور ان پر اعتماد کا مظاہرہ کیا اور ان کی مسلسل تائید کی بنیاد پر میں ایک کامیاب سال کی تکمیل ہوتا دیکھ رہا ہوں۔

کرسٹین آرگوزائلز

چیئر مین

فیلا، 16 اگست، 2017



### Directors' Report

On behalf of the Board of Directors (the Board), we are pleased to present the un-audited condensed interim financial information of the Company for the half year ended June 30, 2017, together with the Auditor's Review Report thereon.

#### General Review

The Company during the half year ended June 30, 2017 handled 430,353 TEUs (Twenty-Foot Equivalent Units) as compared to 444,229 TEUs handled during the corresponding period last year. The decline in handling is majorly attributable to congestion at Karachi port due to transporters' strike during second quarter of the year.

#### Operating & Financial Results for the half year ended June 30, 2017

These are summarized below:

	(Rupees in '000)
Profit before taxation	2,183,826
Less: Taxation	<u>777,269</u>
Profit after taxation	1,406,557
Reserves brought forward	1,054,350
Reserves carried forward	<u><u>1,358,460</u></u>
Earnings per Ordinary Share - Basic and Diluted	<u><u>Rs. 12.89</u></u>

Despite decrease in volume handled, the Company achieved increased turnover of Rs. 4,899 million as compared to Rs. 4,848 million in corresponding period last year majorly due to increase in storage revenue.

The business environment remains challenging and competitive. Higher cost of services due to inflationary impacts have resulted in gross profit of Rs. 2,402 million for the half year which has slightly decreased as compared to Rs. 2,449 million in the same period last year. After accounting for finance cost and taxation, the Company has produced net profit of Rs. 1,407 million resulting in EPS of Rs. 12.89 for the half year ended June 30, 2017.

Despite the challenging operating environment and increasing competitive intensity we are optimistic about the future outlook of the business. The company endeavors to mitigate the effect of the competition through maximization of efficiencies and further improvement in services to the customers.

We extend our gratitude to all stakeholders for their continued support and thank the management and staff for their dedication and hard work.

The Board of Directors endorses the contents of the Chairman's Review.

For and on behalf of the Board

\_\_\_\_\_  
Khurram Aziz Khan  
Chief Executive Officer

Manila; August 16, 2017

\_\_\_\_\_  
Christian R. Gonzalez  
Chairman

## بیان نظام

مجلس نظام کی جانب سے 30 جون 2017 کو ختم ہونے والی ششماہی مدت کے لئے کمپنی کے غیر محاسب شدہ ملحق عبوری مالیاتی معلومات کو پیش کرنے پر سرور ہیں۔  
عمومی معروضات

30 جون 2017 کو ختم ہونے والی ششماہی مدت کے دوران کمپنی نے 430,353 ٹی ای یوز (جس میں فٹ برابر پوزٹ) سنبھالے۔ گزشتہ سال اسی مدت کے دوران 444,229 ٹی ای یوز سنبھالے گئے تھے۔ کمی کی بنیادی وجہ دوسری سہ ماہی کے دوران ٹرانسپورٹرز کی ہرتال سے کراچی بندرگاہ پر پیدا ہونے والی بھیڑ رہی۔

30 جون 2017 کو ختم ہونے والی ششماہی مدت کے عمل کاری اور مالیاتی نتائج

ان کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)	محصولات سے قبل منافع
2,183,826	تفریق: محصولات
777,269	محصولات کے بعد منافع
1,406,557	ذخائر آورده
1,054,350	ذخائر فرستاده
1,358,460	آمدنی فی عمومی حصص - بنیادی اور خفیف (روپے)
12.89	

جم میں کمی کے باوجود کمپنی نے 4,899 ملین روپے کی بڑھی ہوئی آمدنی حاصل کی جس کی بنیادی وجہ اسٹوریج آمدنی کی مد میں اضافہ ہے۔ اس کے برعکس گزشتہ سال کے اسی ششماہی مدت کے دوران آمدنی 4,848 ملین روپے تھی۔

کاروباری ماحول مشکل اور مسابقتی ہے۔ افراط زر کے سبب خدمات کی بڑھتی ہوئی لاگت کے باعث خام منافع 2,402 ملین روپے رہا جو کہ گزشتہ سال کے اسی ششماہی مدت کے خام منافع 2,449 ملین روپے سے تھوڑا کم رہا۔ مالیاتی لاگت اور محصولات کی تخصیص کے بعد کمپنی نے 30 جون 2017 کو ختم ہونے والی ششماہی مدت کے دوران 1,407 ملین روپے کا خالص منافع حاصل کیا جس کے نتیجے میں فی عمومی حصص آمدنی 12.89 روپے رہی۔

مشکل کاروباری حالات اور بڑھتی ہوئی مسابقتی شدہ کے باوجود ہم کاروبار کے کامیاب مستقبل کے بارے میں پر امید ہیں۔ مسابقتی اثرات کی تخفیف کے لیے کمپنی بڑھتی ہوئی کارکردگی اور سارٹین کو مزید بہتر خدمات کے ذریعے کوشش کر رہی ہے۔

ہم کمپنی سے جڑے ہوئے تمام افراد کی مسلسل حمایت کے لئے ان کے شکر گزار ہیں اور انتظامیہ و ملازمین کی لگن اور سخت محنت کے لئے ان کا شکریہ ادا کرتے ہیں۔

مجلس نظام نے چیئرمین کی جائزہ رپورٹ کے مندرجہ جات کی توثیق کرتی ہے۔

مجلس نظام کی طرف اور جانب سے

کرستیان آرگونز الیز  
صدر مجلس نظام

خرم عزیز خان

کمپنی کے سربراہ

منیلا: 16 اگست 2017



EY Ford Rhodes  
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ey.com/pk

## **Auditors' report to the members on review of Condensed 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 2017** 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 half-year 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:** Arif Nazeer  
**Date:** 16 August 2017  
**Karachi**

A member firm of Ernst & Young Global Limited



**CONDENSED INTERIM BALANCE SHEET  
AS AT JUNE 30, 2017**

		June 30, 2017 (Un-audited) ----- (Rupees in '000) -----	December 31, 2016 (Audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	5	2,976,220	3,262,116
Intangibles		50,468	56,935
Long-term deposits		381	1,547
		<u>3,027,069</u>	<u>3,320,598</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools - net		397,309	337,340
Trade debts - net	6	352,773	302,068
Advances		78,714	43,517
Deposits, prepayments and other receivables		154,780	174,162
Short-term investments - net	7	-	-
Cash and bank balances		704,796	462,705
		<u>1,688,372</u>	<u>1,319,792</u>
<b>TOTAL ASSETS</b>		<u>4,715,441</u>	<u>4,640,390</u>
<b>SHARE CAPITAL AND RESERVES</b>			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,358,460	1,054,350
		<u>2,449,992</u>	<u>2,145,882</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred taxation - net	8	359,448	443,829
Deferred liabilities		51,680	51,327
		<u>411,128</u>	<u>495,156</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	1,700,000	1,565,560
Unpaid and unclaimed dividend		38,610	85,195
Accrued markup		271	1,816
Current maturity of long-term financing		-	298,755
Taxation - net		115,440	48,026
		<u>1,854,321</u>	<u>1,999,352</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>4,715,441</u>	<u>4,640,390</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	10		

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2017  
(UN-AUDITED)**

	Note	Half Year Ended		Quarter Ended	
		June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
		(Rupees in `000)			
<b>Revenue - net</b>		<b>4,899,879</b>	4,848,162	<b>2,344,568</b>	2,422,867
Cost of services	11	<b>(2,497,972)</b>	(2,399,286)	<b>(1,206,778)</b>	(1,221,395)
<b>Gross profit</b>		<b>2,401,907</b>	2,448,876	<b>1,137,790</b>	1,201,472
Administrative expenses		<b>(194,454)</b>	(203,520)	<b>(94,973)</b>	(107,394)
Other income		<b>32,648</b>	47,898	<b>18,382</b>	22,730
Finance cost		<b>(8,236)</b>	(29,059)	<b>(3,356)</b>	(12,654)
Other expenses		<b>(48,039)</b>	(46,315)	<b>(22,624)</b>	(22,583)
<b>Profit before taxation</b>		<b>2,183,826</b>	2,217,880	<b>1,035,219</b>	1,081,571
Taxation	12	<b>(777,269)</b>	(810,961)	<b>(417,419)</b>	(458,705)
<b>Profit after taxation</b>		<b>1,406,557</b>	1,406,919	<b>617,800</b>	622,866
<b>Earnings per ordinary share - basic and diluted</b>		<b>Rs. 12.89</b>	Rs. 12.89	<b>Rs. 5.66</b>	Rs. 5.71

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

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**CHIEF EXECUTIVE**

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**DIRECTOR**

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**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2017  
(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	----- (Rupees in `000) -----			
<b>Profit after taxation</b>	<b>1,406,557</b>	1,406,919	<b>617,800</b>	622,866
Other comprehensive income for the period	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>1,406,557</b>	1,406,919	<b>617,800</b>	622,866

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED JUNE 30, 2017  
(UN-AUDITED)**

	Note	Half Year Ended	
		June 30, 2017	June 30, 2016
----- (Rupees in `000) -----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	14	<b>2,481,508</b>	2,472,408
Taxes paid		(794,235)	(684,468)
Long-term employee benefits paid		(3,151)	(828)
Finance cost paid		(9,781)	(31,338)
<b>Net cash generated from operating activities</b>		<b>1,674,341</b>	1,755,774
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(10,565)	(13,894)
Proceeds from disposal of operating fixed assets		335	13,128
Markup received on saving accounts		25,767	37,920
<b>Net cash generated from investing activities</b>		<b>15,537</b>	37,154
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long-term financing		(298,755)	(298,755)
Dividends paid		(1,149,032)	(1,731,135)
<b>Net cash used in financing activities</b>		<b>(1,447,787)</b>	(2,029,890)
Net increase / (decrease) in cash and cash equivalents		<b>242,091</b>	(236,962)
Cash and cash equivalents at the beginning of the period		<b>462,705</b>	816,352
Cash and cash equivalents at the end of the period		<b>704,796</b>	579,390

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED JUNE 30, 2017  
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital redemption reserve fund	Unappropriated profit	Total reserves	
(Rupees in '000)					
<b>Balance as at January 01, 2016</b>	1,091,532	180,000	1,422,152	1,602,152	2,693,684
Profit after taxation	-	-	1,406,919	1,406,919	1,406,919
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,406,919	1,406,919	1,406,919
Final cash dividend for the year ended December 31, 2015 @ Rs.9/- per ordinary share	-	-	(982,378)	(982,378)	(982,378)
Interim cash dividend for the year ended December 31, 2016 @ Rs.8/- per ordinary share	-	-	(873,225)	(873,225)	(873,225)
<b>Balance as at June 30, 2016</b>	<u>1,091,532</u>	<u>180,000</u>	<u>973,468</u>	<u>1,153,468</u>	<u>2,245,000</u>
<b>Balance as at January 01, 2017</b>	<b>1,091,532</b>	<b>180,000</b>	<b>874,350</b>	<b>1,054,350</b>	<b>2,145,882</b>
Profit after taxation	-	-	1,406,557	1,406,557	1,406,557
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,406,557	1,406,557	1,406,557
Final cash dividend for the year ended December 31, 2016 @ Rs.6.3/- per ordinary share	-	-	(687,665)	(687,665)	(687,665)
Interim cash dividend for the year ending December 31, 2017 @ Rs.3.8/- per ordinary share	-	-	(414,782)	(414,782)	(414,782)
<b>Balance as at June 30, 2017</b>	<u>1,091,532</u>	<u>180,000</u>	<u>1,178,460</u>	<u>1,358,460</u>	<u>2,449,992</u>

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

\_\_\_\_\_  
**CHIEF EXECUTIVE**

\_\_\_\_\_  
**DIRECTOR**

\_\_\_\_\_  
**CHIEF FINANCIAL OFFICER**



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE HALF YEAR ENDED JUNE 30, 2017  
(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 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 construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002. After the expiry date, the Company will transfer all the related concession assets to KPT.
- 1.3. As of the condensed interim balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, has controlling interest of 64.54 percent (2016: 64.54 percent) in the Company and is the Parent Company of the Company.

**2. BASIS OF PREPARATION**

**2.1. Statement of compliance**

This condensed interim financial information of the Company for the half year ended June 30, 2017 has been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

During the year, the Companies Act, 2017 (the Act) has been promulgated effective May 30, 2017 which has repealed old law i.e. the Ordinance. The Act through its promulgation has introduced many changes including changes in presentation and disclosure in the financial statements. Securities and Exchange Commission of Pakistan (SECP) through its circular No. 17 of 2017 dated July 20, 2017 and press release dated July 20, 2017 has deferred the application of the Act in relation to preparation of the financial statements for Companies whose financial year, including quarterly and other interim period closes on or before June 30, 2017. Hence, this condensed interim financial information is prepared under the Ordinance.

This condensed interim financial information is 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. This condensed interim financial information does 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, 2016.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2016, 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 information of the Company for the period ended June 30, 2016.

The figures of the condensed interim profit and loss account for the quarter ended March 31, 2017 and March 31, 2016 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, 2017 and June 30, 2016.

**2.2. Functional and presentation currency**

This condensed interim financial information is presented in Pakistani Rupees which is the functional and presentation currency of the Company and figures are rounded off to the nearest thousand rupees unless otherwise specified.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2016 except as disclosed below:

#### New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 7 Statement of Cash Flows - Disclosure Initiative - (Amendment)

IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)

The adoption of the above amendments to accounting standards did not have any material effect on this condensed interim financial information of the Company.

### 4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information 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 this condensed interim financial information, 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, 2016. 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, 2016.

		June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	Note	----- (Rupees in `000) -----	
<b>5. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	5.1	2,924,196	3,161,837
Capital work-in-progress (CWIP)	5.2	52,024	100,279
		<u>2,976,220</u>	<u>3,262,116</u>
<b>5.1. Operating fixed assets</b>			
Written down value at the beginning of the period / year		3,161,837	3,631,075
Additions / transfers from CWIP / reclassifications during the period / year	5.1.1	58,114	101,583
		<u>3,219,951</u>	3,732,658
Less:			
Disposals during the period / year at written down Value	5.1.2	1,019	11,473
Depreciation charged during the period / year		294,736	559,348
		<u>295,755</u>	570,821
		<u>2,924,196</u>	<u>3,161,837</u>
<b>5.1.1. Additions / transfers from CWIP / (reclassifications) during the period / year</b>			
Leasehold improvements		1,989	7,023
Container / terminal handling / workshop equipments		38,731	33,699
Port power generation		-	2,684
Vehicles		-	6,705
Computers and other equipments		17,394	53,565
Furniture and fixtures		-	(2,093)
		<u>58,114</u>	<u>101,583</u>



	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
Note	----- (Rupees in '000) -----	
<b>5.1.2. Disposals during the period / year at written down value</b>		
Container / terminal handling / workshop equipments	-	8,598
Computers and other equipments	701	2,875
Furniture and fixtures	318	-
	<u>1,019</u>	<u>11,473</u>
<b>5.2. CWIP</b>	<u>52,024</u>	<u>100,279</u>

5.2.1 During the period / year, additions to 'Advances to suppliers and contractors' amounted to Rs.9.3 million (December 31, 2016: Rs.106.9 million) and transfers to operating fixed assets amounted to Rs.57.5 million (December 31, 2016: Rs.75.6 million).

#### 6. TRADE DEBTS - net

Includes Rs.5.9 million (December 31, 2016: Rs.4.1 million) receivable from related parties.

	June 30, 2017 (Un-Audited)	December 31, 2016 (Audited)
Note	----- (Rupees in '000) -----	
<b>7. SHORT-TERM INVESTMENTS - net</b>		
<b>Held to maturity investments</b>		
Certificate of investments (COIs)	43,000	43,000
Provision for impairment	<u>(43,000)</u>	<u>(43,000)</u>
	7.1 -	-

7.1. Represents investment in COIs of Saudi Pak Leasing Company (the Leasing Company). The Leasing 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 this condensed interim financial information as a matter of prudence, however, the company is continuously pursuing for the recovery of investment amount.

	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
<b>8. DEFERRED TAXATION - net</b>		
<b>Credit / (debit) balances arising in respect of timing differences relating to:</b>		
Accelerated tax depreciation and amortisation	494,614	568,853
Provision for doubtful debts	(442)	(456)
Provision for obsolescence in stores, spare parts and loose tools	(8,774)	(9,067)
Provision for impairment in short-term investments	(12,900)	(13,330)
Others	<u>(113,050)</u>	<u>(102,171)</u>
	<u>359,448</u>	<u>443,829</u>

#### 9. TRADE AND OTHER PAYABLES

Include Rs. 172.3 million (December 31, 2016: Rs. 181.2 million) payable to related parties.



## 10. CONTINGENCIES AND COMMITMENTS

### 10.1. Contingencies

- 10.1.1 In 2007, the Trustees of the Port of Karachi (KPT) filed a civil suit against the Company in the Honorable High Court of Sindh (HCS) claiming a sum of Rs. 304.5 million alongwith 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.

During the period, HCS passed the judgement and decree in favour of the Company and ordered that KPT is not entitled to the amount of wharfage charges claimed by it. However, as per the Company's legal advisor, it is most likely that KPT may file an appeal against the aforesaid HCS judgment before the Divisional Bench of HCS.

Further, upon advice of the Company's legal advisor, management is confident that there is no merit in this claim and accordingly no provision in respect of above has been made in this condensed interim financial information.

- 10.1.2 In 2007, the Company has filed an interpleader civil suit before the HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of the 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 instalments. 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 with Nazir of HCS due to KPT in view of complying with the HCS's order. Accordingly, no provision has been made in this respect in this condensed interim financial information.

- 10.1.3 While completing the tax 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 this condensed interim financial information.
- 10.1.4 During the period, the Assistant Commissioner Sindh Revenue Board (AC-SRB) under Sindh Sales Tax on Services Act, 2011 raised a demand of Rs. 514 million alongwith penalty and default surcharge, for the 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 Company has also filed a petition before the HCS in respect of the subject order passed by ACSRB seeking protection from any adverse action. HCS has granted an interim order restraining SRB from taking any adverse action relating to recovery of above demand.

The tax and legal advisors of the Company are of the view that the Company has a strong defense and appeal will be decided in favor of the Company. Accordingly, the Company has not made any provision in respect of the above demand in this condensed interim financial information.



	June 30, 2017 (Un-audited)	December 31, 2016 (Audited)
	----- (Rupees in '000) -----	
<b>10.2. Commitments</b>		
10.2.1 Commitments for capital expenditure	<u>3,284</u>	<u>8,810</u>
10.2.2 Outstanding letters of guarantee	<u>109,354</u>	<u>109,354</u>
10.2.3 Handling, Marshalling and Storage charges payable to KPT:		
Not later than one year	172,013	166,746
Later than one year but not later than five years	770,324	738,816
Later than five years	<u>207,768</u>	<u>411,288</u>
	<u>1,150,105</u>	<u>1,316,850</u>

	Half Year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	----- (Un-audited) -----			
Note	----- (Rupees in '000) -----			

**11. COST OF SERVICES**

Salaries, wages and other benefits	284,521	247,849	141,211	133,888
Provident fund contribution	7,079	7,223	3,495	3,808
Staff training	389	252	122	149
Terminal handling and services	399,133	364,909	183,989	186,140
Royalty paid to KPT	433,943	465,556	196,650	237,189
Handling, marshalling and storage charges	79,455	77,480	39,727	38,740
Fuel and power	309,397	247,230	160,430	119,613
Stores, spare parts, loose tools and other maintenance charges	138,599	128,765	65,091	65,558
Technical services fee	371,577	383,065	170,386	195,265
Rent, rates and taxes	94,577	126,361	51,031	69,878
Insurance	50,346	54,713	25,038	26,247
Software maintenance charges	6,295	10,594	541	5,299
Office maintenance	20,519	20,198	9,567	9,375
Travelling, conveyance and vehicle running expenses	528	678	216	380
Communication, printing and stationery	1,203	1,065	603	592
Utilities	1,827	1,897	389	1,014
Depreciation and amortization	284,073	241,433	149,052	121,833
Others	14,511	20,018	9,240	6,427
	<u>2,497,972</u>	<u>2,399,286</u>	<u>1,206,778</u>	<u>1,221,395</u>

**12. TAXATION**

Current	724,809	767,006	327,454	362,618
Deferred	(84,380)	(79,464)	(46,875)	(27,332)
Prior	136,840	123,419	136,840	123,419
	<u>777,269</u>	<u>810,961</u>	<u>417,419</u>	<u>458,705</u>

12.1. This represents super tax of Rs. 136.8 million (June 30, 2016: Rs. 123.4 million) imposed for rehabilitation of temporarily displaced persons under section 4B of the Income Tax Ordinance, 2001 through Finance Act, 2017.

**13. RELATED PARTY TRANSACTIONS**

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

	Half Year Ended		Quarter Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
	----- (Un-audited) -----			
	----- (Rupees in '000) -----			
<b>Associated companies / other related parties</b>				
Technical services fee	371,577	383,065	170,386	195,265
Terminal handling services and rent	318,537	266,129	149,435	131,640
Revenue from container handling	24,955	31,074	9,963	13,282
Traveling expenses	600	4,943	525	3,509
Software maintenance charges	-	540	-	270
Donations	1,800	1,800	900	1,200
Dividend paid	961,383	1,518,605	961,383	1,518,605
<b>Key management personnel</b>				
Remuneration	119,023	115,437	47,172	50,723
<b>Staff retirement contribution plan</b>				
Provident fund contribution	10,864	10,888	5,418	5,768

**14. CASH FLOWS FROM OPERATING ACTIVITIES**

Profit before taxation	2,183,826	2,217,880
Adjustments for non-cash items:		
Depreciation and amortization	301,906	268,029
Finance cost	8,236	29,059
Accrual for long-term employee benefits	3,504	5,523
Unrealised exchange loss - net	1,543	1,133
Mark-up on saving accounts	(28,885)	(39,998)
Loss / (gain) on disposal of operating fixed assets	684	(4,201)
	286,988	259,545
<b>Operating profit before working capital changes</b>	<b>2,470,814</b>	<b>2,477,425</b>
<b>(Increase) / decrease in current assets</b>		
Stores, spare parts and loose tools - net	(59,969)	14,578
Trade debts - net	(50,705)	70,009
Advances, deposits, prepayments and other receivables	(11,528)	78,564
	(122,202)	163,151
	2,348,612	2,640,576
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	132,896	(168,168)
<b>Cash generated from operations</b>	<b>2,481,508</b>	<b>2,472,408</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 were to follow IFRIC-12, the effect on the condensed interim financial information would be as follows:

	<b>June 30, 2017 (Un-audited)</b>	<b>December 31, 2016 (Audited)</b>
	----- (Rupees in '000) -----	
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) - written down value	<u>1,572,554</u>	<u>1,699,896</u>
Reclassification from spares to intangible assets	<u>21,487</u>	<u>19,092</u>
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	<u>516,082</u>	<u>559,088</u>
Recognition of present value of concession liability on account of intangibles (HMS)	<u>948,823</u>	<u>1,005,852</u>
Interest expense for the period / year on account of intangibles (HMS)	<u>27,661</u>	<u>60,785</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>140,179</u>	<u>158,565</u>
Increase in profit before tax for the year on account of reversal of HMS	<u>84,690</u>	<u>160,117</u>

**16. DIVIDEND AND APPROPRIATION**

The Board of Directors in their board meeting held on August 16, 2017 have recommended an interim cash dividend of Rs. 7.5 (December 31, 2016: Rs.27.5) per ordinary share for the year.

**17. DATE OF AUTHORISATION FOR ISSUE**

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 16, 2017.

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**CHIEF EXECUTIVE**

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**DIRECTOR**

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**CHIEF FINANCIAL OFFICER**

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