

Quarterly Report

September 30, 2017



An ICTSI Group Company

Pakistan International Container Terminal Limited

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PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED

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
6th Floor, Progressive Plaza,
Beaumont Road, P.O. Box 15541,
Karachi-75530

Legal Advisor

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

Bankers

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. Shakra 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 un-audited condensed interim financial information for the period ended September 30, 2017.

I am pleased with the efforts made by the management of the Company for maintaining sustainable volume handling together with the sustained revenues during the period ended September 30, 2017, despite ongoing severe competition at Karachi port due to shipping lines consolidation and excess handling capacity.

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 third interim cash dividend @ 62.5% (Rs. 6.25/- 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

Karachi: October 25, 2017

چیئر مین کا جائزہ

مجھے کمپنی کے 30 ستمبر 2017 کو ختم ہونے والی مدت کے غیر مناسب شدہ ملخص عبوری مالیاتی معلومات پیش کرتے ہوئے بہت زیادہ خوش محسوس ہو رہی ہے۔

میں کمپنی کی انتظامیہ کی انتھک کوششوں سے بے حد مسرور ہوں، جنہوں نے شپنگ لائسنز کے انضمام اور اضافی ہینڈلنگ کی وجہ سے کراچی بندرگاہ پر سخت مسابقتی ماحول کے باوجود، 30 ستمبر 2017 کو ختم ہونے والی مدت میں پائیدار حجم کے موسمیات آمدنی کو برقرار رکھا۔

حصص یافتگان کی قدر میں اضافے کے لئے، آپ کی کمپنی زیادہ سے 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 معکم آمدنی کو برقرار رکھنے کے لئے کمپنی کے ناظمین نے ختم ہونے والے سال ۲۰۱۷ دسمبر کے لئے تیسرا عبوری پیش ڈیویڈنڈ @ 62.5 فیصد (یعنی 6.25 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۔

کرشن آر گوڈالز

چیئر مین

کراچی، 25 اکتوبر 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 period ended September 30, 2017.

General Review

The Company during the period ended September 30, 2017 handled 613,968 TEUs (Twenty-Foot Equivalent Units) as compared to 640,794 TEUs handled during the corresponding period last year. The decline in handling is majorly attributable to ongoing global consolidation of shipping lines coupled with increase in vessel sizes and emergence of excess handling capacity at Karachi port. Further, decline in volume also resulted from congestion at the terminal due to transporters' strike during second quarter of the year.

Operating & Financial Results for the period ended September 30, 2017

These are summarized below:

| | (Rupees in '000) |
|---|------------------|
| Profit before taxation | 3,156,825 |
| Less: Taxation | 1,063,803 |
| Profit after taxation | 2,093,022 |
| Reserves brought forward | 1,054,350 |
| Reserves carried forward | 1,226,276 |
| Earnings per Ordinary Share – Basic and Diluted | Rs. 19.18 |

During the period ended September 30, 2017, the Company achieved turnover of Rs. 7,121 million which has slightly decreased as compared to Rs. 7,138 million in corresponding period last year.

The business environment remains challenging and competitive. Higher cost of services due to inflationary impacts have resulted in gross profit of Rs. 3,457 million for the period which has slightly decreased as compared to Rs. 3,588 million in the same period last year. After accounting for finance cost and taxation, the Company has produced net profit of Rs. 2,093 million resulting in EPS of Rs. 19.18 for the period ended September 30, 2017.

Despite the challenging operating environment and increasing competitive intensity we are optimistic about the future outlook of the business and with continued and concerted efforts, the Company will strive hard to have a decent finish of the financial year 2017. 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

Christian R. Gonzalez
Chairman

Karachi; October 25, 2017

بیان نظام

ہم مجلس نظام کی جانب سے 30 ستمبر 2017 کو ختم ہونے والی مدت کے لئے کھٹی کے غیر مناسب شدہ ملخص عبوری مالیاتی معلومات کو پیش کرنے پر مسرور ہیں۔

عمومی معروضات

30 ستمبر 2017 کو ختم ہونے والی مدت کے دوران کھٹی نے 613,968 ٹی ای یوز (میں ٹ برابریونٹ) سنبھالے۔ گزشتہ سال اسی مدت کے دوران 640,794 ٹی ای یوز سنبھالے گئے تھے۔ کمی کی بنیادی وجہ شنگ لائنز کے جاری عالمی انضمام، جہازوں کے ساز میں اضافے اور کراچی بندرگاہ پر اضافی پنڈنگ کی صلاحیت کا انجماد ہے۔ مزید کمی کی بنیادی وجہ دوسری سہ ماہی کے دوران ٹرانسپورٹرز کی ہر تال سے کراچی بندرگاہ پر پیدا ہونے والی بھیڑی۔

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

ان کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

3,156,825

1,063,803

2,093,022

1,054,350

1,226,276

19.18

محصولات سے قبل منافع

تفریق: محصولات

محصولات کے بعد منافع

ذخائر آورده

ذخائر فرستاده

آمدنی فی عمومی حصص - بنیادی اور خفیف (روپے)

30 ستمبر 2017 کو ختم ہونے والی مدت میں کھٹی نے 7,121 ملین روپے آمدنی حاصل کی جو کہ گزشتہ سال کے اسی مدت کے دوران آمدنی 7,138 ملین روپے سے تھوڑی کم ہے۔

کاروباری ماحول مشکل اور مسابقتی ہے۔ افراط زر کے سبب خدمات کی بڑھتی ہوئی لاگت کے باعث خام منافع 3,457 ملین روپے رہا جو کہ گزشتہ سال کے اسی مدت کے خام منافع 3,588 ملین روپے سے تھوڑا کم رہا۔ مالیاتی لاگت اور محصولات کی تخصیص کے بعد کھٹی نے 30 ستمبر 2017 کو ختم ہونے والی مدت کے دوران 2,093 ملین روپے کا خالص منافع حاصل کیا جس کے نتیجے میں فی عمومی حصص آمدنی 19.18 روپے رہی۔

مشکل کاروباری حالات اور بڑھتی ہوئی مسابقتی شدت کے باوجود ہم کاروبار کے کامیاب مستقبل کے بارے میں پرامید ہیں، اور مسلسل کوششوں کے ساتھ کھٹی کے مالی سال 2017 کے مہذب اختتام کے لیے سخت کوشش کریں گے۔ کھٹی اپنی صمد کارکردگی اور صارفین کو مزید بہتر خدمات کے ذریعے مسابقتی اثرات کی تخفیف کے لیے کوشش کر رہی ہے۔

ہم کھٹی 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 جیٹر مین کی جائزہ رپورٹ کے مندرجہ جات کی توثیق کرتی ہے۔

مجلس نظام کی طرف اور جانب سے

کرٹیمان آرگونزالیز

صدر مجلس نظام

خرم عزیز خان

کھٹی کے سربراہ

کراچی، 25 اکتوبر 2017



PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED

CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2017

| | Note | September 30, 2017 (Un-audited) ----- (Rupees in `000) ----- | December 31, 2016 (Audited) ----- |
|---|------|---|--|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5 | 2,938,448 | 3,262,116 |
| Intangibles | | 46,869 | 56,935 |
| Long-term deposits | | 381 | 1,547 |
| | | 2,985,698 | 3,320,598 |
| CURRENT ASSETS | | | |
| Stores, spare parts and loose tools - net | | 453,566 | 337,340 |
| Trade debts - net | 6 | 328,898 | 302,068 |
| Advances | | 80,119 | 43,517 |
| Deposits, prepayments and other receivables | | 221,800 | 174,162 |
| Short-term investments - net | 7 | - | - |
| Cash and bank balances | | 511,424 | 462,705 |
| | | 1,595,807 | 1,319,792 |
| TOTAL ASSETS | | 4,581,505 | 4,640,390 |
| SHARE CAPITAL AND RESERVES | | | |
| Issued, subscribed and paid-up capital | | 1,091,532 | 1,091,532 |
| Reserves | | 1,226,276 | 1,054,350 |
| | | 2,317,808 | 2,145,882 |
| NON-CURRENT LIABILITIES | | | |
| Deferred taxation - net | 8 | 330,942 | 443,829 |
| Deferred liabilities | | 51,170 | 51,327 |
| | | 382,112 | 495,156 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 9 | 1,577,674 | 1,565,560 |
| Unpaid and unclaimed dividend | | 282,829 | 85,195 |
| Accrued markup | | 264 | 1,816 |
| Current maturity of long-term financing | | - | 298,755 |
| Taxation - net | | 20,818 | 48,026 |
| | | 1,881,585 | 1,999,352 |
| TOTAL EQUITY AND LIABILITIES | | 4,581,505 | 4,640,390 |
| CONTINGENCIES AND COMMITMENTS | 10 | | |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

| | Note | Nine Months Ended | | Quarter Ended | |
|--|------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| | | (Rupees in 000) | | | |
| Revenue – net | | 7,121,000 | 7,137,552 | 2,221,121 | 2,289,390 |
| Cost of services | | (3,663,973) | (3,549,361) | (1,166,001) | (1,150,075) |
| Gross profit | | 3,457,027 | 3,588,191 | 1,055,120 | 1,139,315 |
| Administrative expenses | | (302,554) | (312,423) | (108,100) | (108,903) |
| Other income / (expenses) - net | | 10,623 | (7,055) | 26,014 | (8,638) |
| Finance cost | | (8,271) | (38,833) | (35) | (9,774) |
| Profit before taxation | | 3,156,825 | 3,229,880 | 972,999 | 1,012,000 |
| Taxation | 11 | (1,063,803) | (1,108,174) | (286,534) | (297,213) |
| Profit after taxation | | 2,093,022 | 2,121,706 | 686,465 | 714,787 |
| Earnings per ordinary share - basic and diluted | | Rs. 19.18 | Rs. 19.44 | Rs. 6.29 | Rs. 6.55 |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER



PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

| | Nine Months Ended | | Quarter Ended | |
|--|------------------------------|-----------------------|-----------------------|-----------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| | ----- (Rupees in `000) ----- | | | |
| Profit after taxation | 2,093,022 | 2,121,706 | 686,465 | 714,787 |
| Other comprehensive income for the period | - | - | - | - |
| Total comprehensive income for the period | <u>2,093,022</u> | <u>2,121,706</u> | <u>686,465</u> | <u>714,787</u> |

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

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

| | | Nine Months Ended | |
|---|-------------|-------------------------------------|-------------------------------|
| | | September 30, 2017 | September 30, 2016 |
| | Note | ----- (Rupees in `000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | 13 | 3,366,356 | 3,851,850 |
| Taxes paid | | (1,203,898) | (1,207,954) |
| Deferred liabilities paid | | (7,622) | (1,444) |
| Finance cost paid | | (9,823) | (31,427) |
| Net cash generated from operating activities | | 2,145,013 | 2,611,025 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Capital expenditure | | (131,710) | (30,242) |
| Proceeds from disposal of operating fixed assets | | 21,818 | 13,128 |
| Markup received on saving accounts | | 35,815 | 53,050 |
| Net cash (used in) / generated from investing activities | | (74,077) | 35,936 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long-term financing | | (298,755) | (298,755) |
| Dividends paid | | (1,723,462) | (1,851,883) |
| Net cash used in financing activities | | (2,022,217) | (2,150,638) |
| Net increase in cash and cash equivalents | | 48,719 | 496,323 |
| Cash and cash equivalents at the beginning of the period | | 462,705 | 816,352 |
| Cash and cash equivalents at the end of the period | | 511,424 | 1,312,675 |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED SEPTEMBER 30, 2017
(UN-AUDITED)**

| | Issued, subscribed and paid-up capital | Reserves | | | Total |
|---|---|---------------------------------------|--------------------------|----------------|-------------|
| | | Capital redemption reserve fund | Unappropriated profit | Total reserves | |
| (Rupees in `000) | | | | | |
| Balance as at January 01, 2016 | 1,091,532 | 180,000 | 1,422,152 | 1,602,152 | 2,693,684 |
| Profit after taxation | - | - | 2,121,706 | 2,121,706 | 2,121,706 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,121,706 | 2,121,706 | 2,121,706 |
| 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.15.2/- per ordinary share | - | - | (1,659,128) | (1,659,128) | (1,659,128) |
| Balance as at September 30, 2016 | 1,091,532 | 180,000 | 902,352 | 1,082,352 | 2,173,884 |
| Balance as at January 01, 2017 | 1,091,532 | 180,000 | 874,350 | 1,054,350 | 2,145,882 |
| Profit after taxation | - | - | 2,093,022 | 2,093,022 | 2,093,022 |
| Other comprehensive income for the period | - | - | - | - | - |
| Total comprehensive income for the period | - | - | 2,093,022 | 2,093,022 | 2,093,022 |
| 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.11.3/- per ordinary share | - | - | (1,233,431) | (1,233,431) | (1,233,431) |
| Balance as at September 30, 2017 | 1,091,532 | 180,000 | 1,046,276 | 1,226,276 | 2,317,808 |

The annexed notes from 1 to 16 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 NINE MONTHS ENDED SEPTEMBER 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. The Company is a subsidiary of ICTSI Mauritius Limited, whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Manila, Philippines.

2. BASIS OF PREPARATION

2.1. Statement of compliance

This condensed interim financial information of the Company for the period ended September 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. 23 of 2017 dated October 4, 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 December 31, 2017. Hence, this condensed interim financial information is prepared under the Ordinance.

This condensed interim financial information is un-audited 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 September 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 Unrealised 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.

| | | September 30, 2017 (Un-audited) ----- (Rupees in `000) ----- | December 31, 2016 (Audited) |
|--|-------|---|-----------------------------------|
| 5. PROPERTY, PLANT AND EQUIPMENT | | | |
| Operating fixed assets | 5.1 | 2,789,113 | 3,161,837 |
| Capital work-in-progress (CWIP) | 5.2 | 149,335 | 100,279 |
| | | 2,938,448 | 3,262,116 |
| 5.1. Operating fixed assets | | | |
| 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 | 81,952 | 101,583 |
| | | 3,243,789 | 3,732,658 |
| Less: | | | |
| Disposals during the period / year at written down Value | 5.1.2 | (11,346) | (11,473) |
| Depreciation charged during the period / year | | (443,330) | (559,348) |
| | | (454,676) | (570,821) |
| | | 2,789,113 | 3,161,837 |
| 5.1.1. Additions / transfers from CWIP / (reclassifications) during the period / year | | | |
| Leasehold improvements | | 6,484 | 7,023 |
| Container / terminal handling / workshop equipments | | 55,232 | 33,699 |
| Port power generation | | - | 2,684 |
| Vehicles | | - | 6,705 |
| Computers and other equipments | | 19,796 | 53,565 |
| Furniture and fixtures | | 440 | (2,093) |
| | | 81,952 | 101,583 |

| | Note | September 30, 2017 (Un-audited) | December 31, 2016 (Audited) |
|---|-------|---------------------------------------|-----------------------------------|
| | | ----- (Rupees in `000) ----- | |
| 5.1.2 Disposals during the period / year at written down value | | | |
| Container / terminal handling / workshop equipments | | 5,505 | 8,598 |
| Vehicles | | 4,822 | - |
| Computers and other equipments | | 701 | 2,875 |
| Furniture and fixtures | | 318 | - |
| | | <u>11,346</u> | <u>11,473</u> |
| 5.2. CWIP | 5.2.1 | <u>149,335</u> | <u>100,279</u> |

5.2.1 During the period / year, additions to 'Advances to suppliers and contractors' amounted to Rs 129.1 million (December 31, 2016: Rs.106.9 million) and transfers to operating fixed assets amounted to Rs 80.1 million (December 31, 2016: Rs.75.6 million).

6. TRADE DEBTS - net

Includes Rs 5.5 million (December 31, 2016: Rs.4.1 million) receivable from related parties.

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

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.

| | | September 30, 2017 (Un-audited) | December 31, 2016 (Audited) |
|--|--|---------------------------------------|-----------------------------------|
| | | ----- (Rupees in `000) ----- | |
| 8. DEFERRED TAXATION - net | | | |
| Credit / (debit) balances arising in respect of timing differences relating to: | | | |
| Accelerated tax depreciation and amortisation | | 466,234 | 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 | | (113,176) | (102,171) |
| | | <u>330,942</u> | <u>443,829</u> |

9. TRADE AND OTHER PAYABLES - net

Includes Rs 153.6 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. In June 2017, KPT filed an appeal against the aforesaid HCS' judgment before the Divisional Bench of HCS.

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 HCS against the Deputy District Officer, Excise and Taxation (DDO) and the Trustees of KPT in respect of demand raised by the DDO on the Company to pay property tax out of the Handling, Marshalling and Storage (HMS) Charges payable to KPT amounting to Rs 34.6 million for the period from 2003 to 2007. In compliance with the Order of HCS, the Company deposited the amount with Nazir of HCS, out of amount withheld by the company from HMS charges billed by KPT.

In 2014, another demand was made by the DDO amounting to Rs 96.1 million for the period 2008 to 2014. On an application filed by the Company for directions, HCS ordered for deposit of the aforementioned amount out of HMS charges billed by KPT. The Company complied with the order of HCS. In 2015, HCS issued further orders directing the Company to deposit the remaining HMS charges due and payable with Nazir of HCS in quarterly 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 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 along with penalty and default surcharge, for tax periods January 2013 to December 2014 on exempt services provided by the Company. The Company filed an appeal with Commissioner Appeals – SRB which is pending for hearing. The 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 favour of the Company. Accordingly, the Company has not made any provision in respect of the above demand in this condensed financial information.

| | September 30, 2017 (Un-audited) ----- (Rupees in '000) ----- | December 31, 2016 (Audited) ----- (Rupees in '000) ----- |
|--|---|---|
| 10.2. Commitments | | |
| 10.2.1 Commitments for capital expenditure | 15,157 | 8,810 |
| 10.2.2 Outstanding letters of guarantee | 109,354 | 109,354 |
| | Nine Months Ended | Quarter Ended |
| | September 30, 2017 | September 30, 2017 |
| | September 30, 2016 | September 30, 2016 |
| | ----- (Un-audited) ----- | ----- (Un-audited) ----- |
| | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |

11. TAXATION

| | | | | |
|----------|------------------|------------------|----------------|----------------|
| Current | 1,039,850 | 1,095,786 | 315,041 | 328,780 |
| Deferred | (112,887) | (112,526) | (28,507) | (33,062) |
| Prior | 11.1 136,840 | 124,914 | - | 1,495 |
| | 1,063,803 | 1,108,174 | 283,534 | 297,213 |

11.1. This represents super tax of Rs 136.8 million (September 30, 2016: Rs 123.4 million) imposed under section 4B of the Income Tax Ordinance, 2001 through Finance Act, 2017.

12. 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.

| | Nine Months Ended | Quarter Ended | | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | September 30, 2017 | September 30, 2016 | September 30, 2017 | September 30, 2016 |
| | ----- (Un-audited) ----- | ----- (Un-audited) ----- | ----- (Un-audited) ----- | ----- (Un-audited) ----- |
| | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| Associated companies / other related parties | | | | |
| Technical services fee | 530,725 | 552,511 | 159,148 | 169,446 |
| Terminal handling services and rent | 451,358 | 413,256 | 132,821 | 147,127 |
| Revenue from container handling | 35,121 | 44,425 | 10,165 | 13,351 |
| Traveling expenses | 3,260 | 6,168 | 2,660 | 1,225 |
| Software maintenance charges | - | 810 | - | 270 |
| Donations | 2,700 | 2,700 | 900 | 900 |
| Dividend paid | 1,675,281 | 1,655,850 | 713,898 | 137,245 |
| Key management personnel | | | | |
| Remuneration | 172,122 | 158,466 | 57,878 | 51,982 |
| Staff retirement contribution plan | | | | |
| Provident fund contribution | 16,779 | 16,514 | 5,916 | 5,626 |

| | September 30, 2017 | September 30, 2016 |
|--|------------------------------|------------------------------|
| | ----- (Un-audited) ----- | ----- (Un-audited) ----- |
| | ----- (Rupees in '000) ----- | ----- (Rupees in '000) ----- |
| 13. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 3,156,825 | 3,229,880 |
| Adjustments for non-cash items: | | |
| Depreciation and amortisation | 454,099 | 407,640 |
| Finance cost | 8,271 | 38,833 |
| Accrual for Deferred liabilities | 7,465 | 8,664 |
| Unrealised exchange loss - net | - | 496 |
| Mark-up on saving accounts | (41,289) | (53,450) |
| Gain on disposal of operating fixed assets | (10,473) | (4,201) |
| | <u>418,073</u> | <u>397,982</u> |
| Operating profit before working capital changes | 3,574,898 | 3,627,862 |
| (Increase) / decrease in current assets | | |
| Stores, spare parts and loose tools - net | (116,226) | 21,094 |
| Trade debts - net | (26,830) | 80,522 |
| Advances, deposits, prepayments and other receivables | (77,600) | (6,842) |
| | <u>(220,656)</u> | <u>94,774</u> |
| Increase in current liabilities | | |
| Trade and other payables | 12,114 | 129,213 |
| Cash generated from operations | 3,366,356 | 3,851,850 |

14. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on October 25, 2017 have recommended an interim cash dividend of Rs. 6.25 (December 31, 2016: Rs. 27.5) per ordinary share for the year ending December 31, 2017.

15. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on October 25, 2017.

16. GENERAL

Certain figures in this condensed financial information have been rearranged / reclassified for better presentation, the effect of which is immaterial.

CHIEF EXECUTIVE

DIRECTOR

CHIEF FINANCIAL OFFICER

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