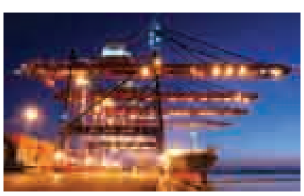
PICT

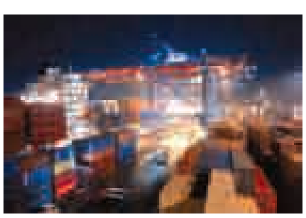
Pakistan International Container Terminal Limited

Experience, Commitment and Service

Annual Report 2011

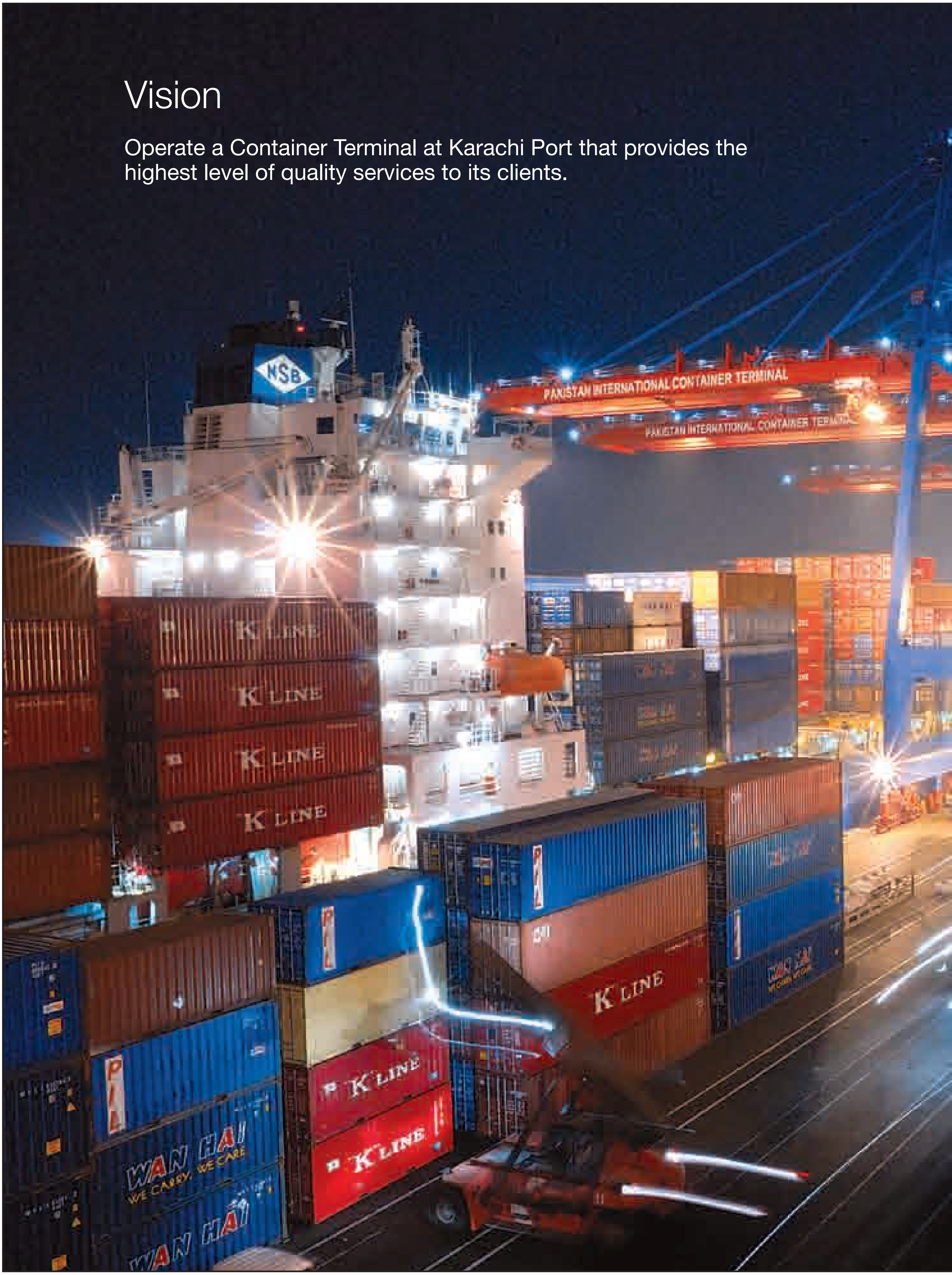
Contents





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
Capt. Haleem A. Siddiqui

Chief Executive Officer
Capt. Zafar Iqbal Awan

Directors
Mr. Aasim Azim Siddiqui
Mr. Sharique Azim Siddiqui
Syed Nizam A. Shah
Mr. Ali Raza Siddiqui
Mr. M. Masood Ahmed Usmani, FCA

Chief Operating Officer
Mr. Sharique Azim Siddiqui

Chief Financial Officer
Mr. M. Masood Ahmed Usmani, FCA

Company Secretary
Mr. Arsalan I. Khan, ACA

Audit Committee

Chairman
Syed Nizam A. Shah

Members
Mr. Aasim Azim Siddiqui
Mr. Ali Raza Siddiqui

Chief Internal Auditor
Mr. Noman Yousuf

Secretary
Mr. Arsalan I. Khan, ACA

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

Legal Advisors
Kabraji & Talibuddin, 64-A/1,
Gulshan-e-Faisal, Bath Island,
Karachi.

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

The Continental Law Associates,
Panorama Centre, Saddar, Karachi.

Bankers
Faysal Bank Limited
Samba Bank Limited
Dubai Islamic Bank Pakistan Limited
National Bank of Pakistan
Habib Bank Limited
JS Bank Limited
United Bank Limited
Standard Chartered Bank (Pakistan) Limited
HSBC Bank Middle East Limited
Albaraka Islamic Bank Limited

Registered & Head Office
2nd Floor, Business Plaza,
Mumtaz Hassan Road, Karachi.
Tel. 92-21-32400450-3 Fax.
92-21-32400281

Terminal
Berth 6-9, East Wharf Karachi.
UAN. 111-11-PICT (7428)
Fax. 92-21-32855715

Registrar / Transfer Agent
Technology Trade (Pvt.) Ltd.
241-C, Block-2, P.E.C.H.S.,
Karachi.
Tel: 92-21-34391316-7

Board of Directors

From left to right: Mr. Sharique Azim Siddiqui, Capt. Zafar Iqbal Awan, Syed Nizam A. Shah, Capt. Haleem A. Siddiqui, Mr. Asim Azim Siddiqui and Mr. M. Masood Ahmed Usmani

From left to right: Mr. Sharique Azim Siddiqui, Mr. Asim Azim Siddiqui, Capt. Zafar Iqbal Awan, Capt. Haleem A. Siddiqui, Syed Nizam A. Shah, Mr. M. Masood Ahmed Usmani and Mr. Arsalan I. Khan

Key Management

Front Row: (Left to right)
Cdre. (R) Salim Ahmad Siddiqui, Mr. M. Masood Ahmed Usmani, Capt. Zafar Iqbal Awan, Capt. Haleem A. Siddiqui, Syed Nizam A. Shah, Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui

Back Row: (Left to right)
Mr. Rizwan Ahmed Khan, Mr. Perveiz Ahmed Khan, Mr. Kamran Samad, Syed M. Imran Moosa, Mr. Noman Yousuf, Mr. Arsalan I. Khan, Mr. Riaz Ahmed Khan, Mr. Mobin Ahmed Qureshi, Mr. M. Zahid Ahmed, Mr. Saud Ur Rehman, Mr. Sharaf Basit Alavi, Syed Asad Ali, Capt. Afzal Shaikh, Capt. Ibrahim Zaheer Khan, Mirza Mujeeb Baig, Mr. Mohsin Mushtaq, Mr. Mumtaz Hassan Penkar, Capt. (R) Shaheen Pervez, Mr. Safdar Abbas, Mr. Mohammad Atiq, Syed Masroor-ul-Hassan, Syed Ziauddin, Mr. Moazzam Ali, Mr. Waqar Ali Khan, Col (R) Nadeem Gulzar

Notice of the 10th Annual General Meeting

Notice is hereby given that the 10th Annual General Meeting of Pakistan International Container Terminal Limited will be held at Beach Luxury Hotel, Karachi, on Monday, October 03, 2011 at 11:00 a.m. to transact the following business:

ORDINARY BUSINESS:

1) To confirm the minutes of the Extra Ordinary General Meeting of the Company held on Wednesday, August 03, 2011.

2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2011 together with Auditors` and Directors` Reports thereon.

3) To approve the payment of final dividend in cash @ 40% i.e. Rs. 4 per ordinary share of Rs.10/- each, for the shareholders of the Company and also cash dividend @10% i.e. Rs. 1 per preference share to the holders of preference shares of the Company as recommended by its Board of Directors in its meeting held on August 29, 2011.

4) To appoint Auditors of the Company for the financial year ending June 30, 2012 and to fix their remuneration. The present auditors, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

5) To consider, and if thought fit, to pass, with or without modification the following resolutions as Special Resolution:

a) RESOLVED THAT "approval of the shareholders of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for making further equity investment in one tranche or from time to time, as may be deemed appropriate by the Company, in fully paid up ordinary shares of the face value of Rs. 10/-, each, at par, of Pakistan International Bulk Terminal Limited (PIBT), an associated undertaking, not exceeding Rs. 2,100,000,000 (Rupees Two Thousand One Hundred Million Only), in addition to earlier approval accorded by the shareholders for making equity investment of Rs. 4,000,000,000/- in PIBT, in 9th AGM of the company held on October 13, 2010."

b) FURTHER RESOLVED THAT "approval of the shareholders of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for making further investment from time to time in the form of advance/loan upto Rs. 1,000,000,000/- (Rupees One Billion only), to PIBT an associated undertaking, for its business purposes, on mark up basis at the company's prevailing rate of borrowing."

FURTHER RESOLVED THAT "the Chief Executive Officer and/or any one directors of the Company be and are hereby authorized to negotiate, finalise, issue, execute agreement(s) and to invest the Company's funds from time to time in the equity of PIBT of an amount in the aggregate not exceeding Rs. 6,100,000,000/- (Rupees Six Thousand One Hundred Million Only), besides advance/loan not exceeding Rs. 1,000,000,000/- (Rupees One Billion only), as above, on such terms and conditions and in such manner and in accordance with the provisions of Section 208 of the Companies Ordinance, 1984 and Notification(s) issued in this regard from time to time by the Securities and Exchange Commission of Pakistan and to take and do and /or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential for giving effect to the aforesaid resolutions."

6) To transact any other business with the permission of the Chair.

By order of the Board

Arsalan I. Khan
Company Secretary

Karachi: September 13, 2011

Statement under section 160(1)(b) of the Ordinance read with SRO865(I)/2000 dated December 06, 2000 is being sent to the members alongwith the notice of the meeting.

NOTES:

1. The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from September 26, 2011 to October 03, 2011 (both days inclusive).

2. A Member of the Company, entitled to attend, speak and vote at the Extraordinary General Meeting is entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Extraordinary General Meeting as are available to the Member. Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a Member of the Company. The proxy shall produce his/her original Computerized National Identity Card (CNIC) or passport to prove his identity.

3. In case of corporate entity, the Board of Directors'/Trustees' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

4. Members are requested to notify any change in their addresses immediately to our Registrar Technology Trade (Pvt.) Ltd., 241-C, P.E.C.H.S., Block 2, Karachi.

5. Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to our Registrar at the above address at the earliest.

6. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC), or original passport at the time of attending the meeting. CDC account holders are also requested to bring their CDC participant ID number and account number.

ii. In case of corporate entity, the Board of Directors'/Trustees' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. FOR APPOINTING PROXIES

i. In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement (note 2 above).

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors'/Trustees' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) alongwith proxy form to the Company.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of the 10th Annual General Meeting of Pakistan International Container Terminal Limited to be held on October 03, 2011 at which special business is to be transacted: The purpose of this Statement is to set forth the material facts concerning such special business.

ITEM 5(a) OF THE AGENDA

a) Pakistan International Bulk Terminal Limited (PIBT) was incorporated on 22 March 2010. The corporate relationship between the Company and PIBT is of an associated undertaking on account of common directorship. The Company intends to make further equity investment in one tranche or from time to time as appropriate, in fully paid up ordinary shares of the face value of Rs.10/-, each, at par, of an amount not exceeding Rs. 2,100,000,000 (Rupees Two Thousand One Hundred Million Only), thus the total aggregate equity investment in PIBT would not exceed Rs. 6,100,000,000/- (Rupees Six Thousand One Hundred Million Only), besides further investment in the form of advance/loan not exceeding Rs.1,000,000,000/-(Rupees One Billion Only), for business purposes of PIBT. The return on advance/loan shall not be less than borrowing cost of the Company, which will be determined by the Board of Directors of the Company.

b) PIBT's main business activities will include developing, managing and operating coal, clinker/cement ports and terminals worldwide, to handle and deal with all kinds and description of bulk cargo, transshipment, bonded warehousing, anchorage services to non-containerized cargo or general cargo and also to provide consultancy and advisory support on technical and operational issues related to domestic and international shipments and services and trade connected therewith.

c) The planned capacity of the project is to handle 8 million tonnes per annum of coal cement and clinker which is enhanceable upto 12million tonnes per annum. As per the current feasibility studies, the project cost is USD 170 million approximately.

d) In anticipation of the earnings and capital appreciation, it is expected that the Company will generate reasonable profits in future and hence, the Board of Directors of the Company has approved to make said investment in the shape of equity as well as advance/loan to PIBT subject to the approval of the members of the Company under Section 208 of the Companies Ordinance, 1984. Accordingly, the consent and approval of the members is sought for making the investment in PIBT as proposed above.

e) The Directors and Chief Executive officer of the Company have an interest in PIBT in their respective capacities as directors/ chief executive officer and as shareholders of the Company.

f) Further information in terms of notification No. SRO 865 (I) /2000 dated December 06 2000 are as follows:

Name of investee Company	Pakistan International Bulk Terminal Limited
Nature, amount & extent of investment	Further equity investment in the ordinary shares of PIBT of Rs. 2,100,000,000/- at the face value of Rs. 10/-, each, at par, thus total equity investment in PIBT in the aggregate will not exceed Rs. 6,100,000,000/-, besides advance/loan not exceeding Rs. 1,000,000,000/-.
Average market price of the share intended to be purchased during preceding six months in case of listed companies	Not applicable, as the PIBT is at this stage an unlisted public company.
Break-up value of shares intended to be purchased	Rs. 9.95 per share as per the audited financial statements for the year ended June 30, 2011

Price at which share will be purchased	Rs. 10 per share being the face value of each ordinary share.
Earnings per share of investee company in last three years	2011: Rs. 0.19 per share 2010: Rs. (1,454,714) per share 2009: Not applicable as the company was incorporated on March 22, 2010
Source of funds from where shares will be purchased	The proposed investment to be made in PIBT in the shape of equity investment and advance/loan will be funded from internally generated resources of the Company.
Period for which investment will be made	Being investment in the equity i.e. ordinary shares of PIBT, the period is indeterminate and advance/loan will be extended for the initial period of five years.
Purpose of Investment	To make efficient use of the retained earnings in a diversified business venture. The investment has expected potential for growth.
Benefit likely to accrue	Since it is going to be a strategic investment, therefore, long term benefits will accrue to the Company and ultimately to its shareholders.
Interest of Directors and their relatives in the investee company	The Directors of the Company and their relatives have interest in the above investment to the extent of their interest in the Company at par with other shareholders of the Company.
Brief financial position of the investee company on the basis of last published financial statements	As of June 30, 2011: Fixed Assets: Rs. 403,447,958/- Cash and bank: Rs. 16,496,919/- Paid Up Capital: Rs. 425,000,070/- Since PIBT has not commenced its commercial operations therefore no operating profit for the year ended June 30, 2011 Non Operating Profit Before tax: Rs. 7,340,995/- Non Operating Profit After tax: Rs. 8,165,642/-
Repayment schedule	Repayable within five years from the date of disbursement of advance/loan
Particulars of collateral security obtained from borrower, if not needed, provide justification thereof.	The BOD of PICT evaluated that PIBT is a viable project and PIBT would be having resources to repay the advance/loan, therefore collateral will not be obtained

g) The company has already made equity investment of Rs. 545,765,760/- in 54,576,576 ordinary shares of Rs, 10/- each of PIBT upto July 04, 2011 out of the approval of Rs. 4,000,000,000/- accorded by the members vide 9th AGM of the company held on October 13, 2010. Further investment in equity of PIBT could not be made due to the fact that the BOD of PIBT has not resolved to issue further shares in the company since in their opinion considering the current status of the project no further equity injection was required. Accordingly PICT has made investment to the extent it was offered by PIBT. The updated financial position of the investee company has been stated herein above.

Chairman's Review

I am pleased with the efforts made by the management of PICT for achieving growth in container handling in financial year 2010-11, inspite the tough economic and trade conditions within the country and internationally. The company has handled 669,806 TEUs (Twenty Foot Equivalent Container Units) during the year as compared to 602,106 TEUs last year- a growth of 11%. Our revenues have grown by 19% and consequently net profits before tax have seen a growth of 39%. Our growth has been commendable ever since we started commercial operations in 2002. All this has been possible by the Grace of God with the full dedication of our team of professionals.

Our priority is to add shareholder value by reinvesting our earnings to support our expansion plans in order to capture a significant share in the growth in Pakistan's container throughput. The Directors of the Company recommends final cash dividend @ 40% (Rs. 4/- per ordinary share) amounting to Rs. 436.61 million for the year ended June 30, 2011. The Directors of the company also recommends final cash dividend on Preference Shares on proportionate basis @ 10% p.a. (Re. 1 per preference share) amounting to Rs. 18 million. Having completed all its development phases much within the stipulated BOT concession period, PICT now endeavours to maximize efficiencies and improve its services to its customers through our systems and to achieve higher standards of productivity. We are presently operating with a total of Six Quayside Cranes, two Mobile Harbour Cranes and twenty Rubber Tyred Gantry Cranes along with the other ancillary equipment.

PICT has built a new Customer Services facility at the entrance of the Terminal with improved systems and increased number of counters to deal with more customers at the same time. Customers can now find out the status of their containers through a newly introduced automated mobile SMS facility.

Azim Gate Building was commissioned on April 29, 2011 to have most of PICT's departments under one roof. Azim Gate comprises of new eight lane entry and exit lanes to reduce traffic congestion at the entrance of the Terminal.

PICT has enhanced the Customs Examinations Area to accommodate larger number of Containers for grounding and examinations by the Customs.

PICT has reduced its carbon emissions and its fuel bill by converting its Rubber Tyred Gantry Cranes from diesel power to electric-power. We are now exploring methods to further reduce our diesel costs by looking into the possibility of introducing Heavy Fuel Oil based gensets in our Power Plant.

On behalf of PICT, I would like to thank the management of KPT, our Lenders- the International Finance Corporation and the OPEC Fund for International Development, our clients and our valued shareholders.

Our objective remains to build the first Pakistani-owned container terminal in the country and to successfully operate at international norms of productivity and service, and to be second to none.

Capt. Haleem A. Siddiqui
Chairman

Karachi: August 29, 2011

Our priority is to add shareholder value by reinvesting our earnings in the company to support our expansion plans in order to capture a significant share in the growth in Pakistan's container throughput.

Directors' Report

The Directors have pleasure in presenting the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2011.

During the last year, PICT has shown progress in terms of growth in containers handled, increase in berth pr oductivity, incr ease in company revenues and profits. The significant milestones achieved were the following:

- 11 per cent gr owth in annual container throughput to 669,806 TEUs (Twenty Foot Equivalent Container Units) (2010: 602,106 TEUs);
- 19 percent growth in annual revenues to Rs. 6,123.78(2010: Rs. 5,125.12) million;
- 35 percent growth in profits before interest and tax to Rs. 2,287.13 (2009: Rs. 1,707.82) million; and
- 40 percent increase in profits before tax to Rs. 2,128.81(2009: Rs. 1,520.96) million.

Future Plans:

Having completed all its development phases much within the stipulated BOT concession period, PICT now endeavours to maximize efficiencies and impr ove its services to its customers through our systems and to achieve higher standards of productivity.

Customer Services: PICT has built a new Customer Services facility at the entrance of the Terminal with improved systems and increased number of counters to deal with more customers at the same time. Customers can now find out the status of their containers thr ough a newly introduced automated mobile SMS facility .

Gate Efficiencies: Azim Gate Building was commissioned on April 29, 2011 to have most of PICT's departments under one r oof. Azim Gate comprises of new eight lane entry and exit lanes to reduce traffic congestion at the entrance of the Terminal.

Customs Examinations Area: PICT has enhanced the Customs Examinations Ar ea to accommodate larger number of Containers for grounding and examinations by the Customs.

Power Plant: PICT has r educed its carbon emissions and its fuel bill by converting its Rubber Tyred Gantry Cranes fr om diesel power to electric-power. We are now exploring methods to further reduce our diesel costs by looking into the possibility of intr oducing Heavy Fuel Oil based gensets in our Power Plant.

From left of right: Mr. Sharique Azim Siddiqui, Capt. Zafar Iqbal Awan, Syed Nizam A. Shah, Capt. Haleem A. Siddiqui, Mr. Asim Azim Siddiqui and Mr. M. Masood Ahmed Usmani

Mr. Ali Raza Siddiqui

Pictorial Review of Developments for the year

Azim Gate



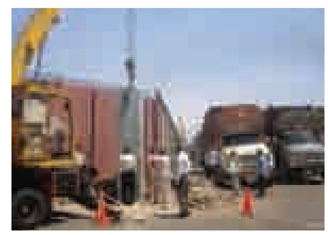
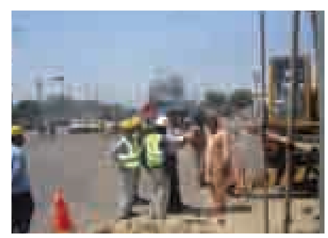






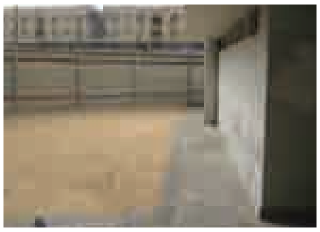

Car Shed

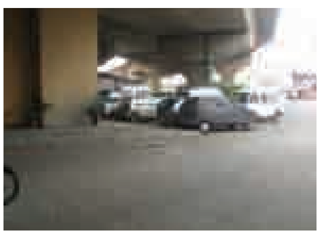
Main Gate

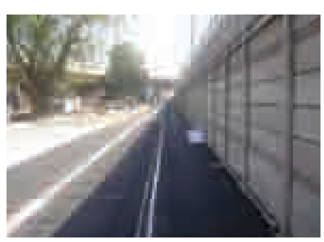

PACCs Extention

Pavement





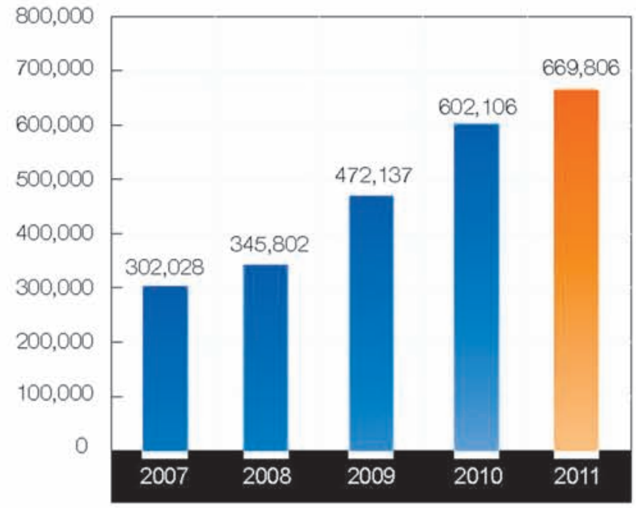
Rail Track Leveling



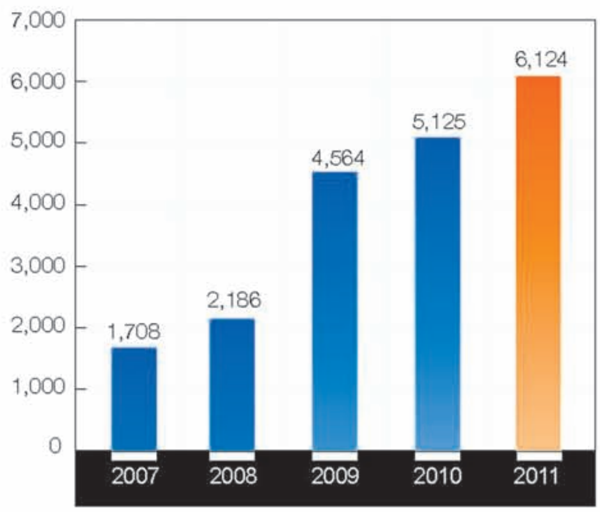
Sewerage Plant

Water Filter Plant

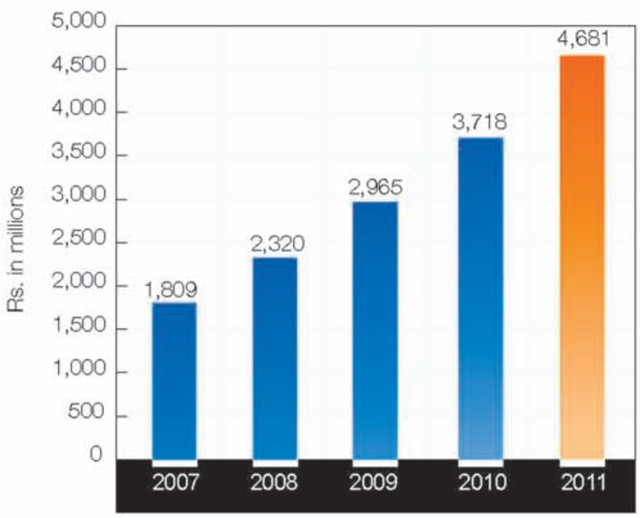
Annual Volume in TEU's (Twenty Foot Equivalent Unit)



Annual Turnover - Rupees in millions



Share Holders' Equity



Operational Performance

The Directors are pleased to note that amongst all the Container Terminals in the country, PICT achieved the highest growth rate in container volumes during the year. The Company has shown growth both in terms of volume as well as revenue. During the year, the Company has handled 669,806 TEU's as compar ed to 602,106 TEU's in the last year showing a growth of 11%. This incr ease in volume is mainly attributable to the quality of service and state-of-the-art facilities being provided to the shipping lines calling at the Terminal.

Financial Performance

The Company's turnover has reached Rs. 6.124 billion in the eighth year after starting operations. The Company has shown an increase of 19% in revenues as compared to last year i.e. fr om Rs. 5,125.12 million to Rs. 6,123.78 million.

Gross profit for the year has amounted to Rs. 2,599.12 million (2010: Rs. 2,183.05 million). Gross margins for the year wer e 42% as compared to 43% last year.

The Company has posted a pr e-tax profit of Rs. 2,128.81 million (2010: Rs. 1,520.96 million) showing an increase of 40% from last year and post-tax profit of Rs. 1,253.86million (2010: Rs. 907.81 million) showing an incr ease 38% from last year figures.

Financial Results

These are summarized below:

	Rs in 000's
Profit before taxation	2,128,813
Taxation	(874,956)
Profit after tax	1,253,857
Un-appropriated profit brought forward	2,446,444
Final dividend for the year ended June 30, 2010- Preference shares	(18,000)
Final Dividend for the year ended June 30, 2010 - Ordinary Shares	(272,883)
Un-appropriated profit carried forward	3,409,418
EPS- Basic	Rs. 11.32
EPS- Diluted	Rs. 9.86

The Directors of the Company recommends final cash dividend @ 40% (Rs. 4/- per ordinary share) amounting to Rs. 436.61 million for the year ended June 30, 2011. The Directors of the company also recommends final cash dividend on Preference Shares on proportionate basis @ 10%. (Re. 1/- per preference share) amounting to Rs. 18 million. The approval of the members for the final dividends will be obtained at the Annual General Meeting to be held on October 3, 2011.

Share Holders' Equity & Capital Gearing

At the year end, the shareholders' equity stood at Rs. 4,680.95million (2010: Rs. 3,717.98 million). Debt to Equity ratio is 35:65 as compared to 46:54 last year due to the repayment of loans during the year. The interest coverage for the year is 14.45 times as compared to 9.18 times last year. Current ratio at the year-end stood at 2.31 as compared to 2.05 last year.

Integrated Management System (IMS)

PICT is the first Container Terminal in Pakistan to have an IMS Certification from Bureau Veritas Quality International. IMS integrates the main parameter of ISO9001:2008 (Quality Management System), ISO14001:2008 (Environment Management System) and OSHAS 18001:2008 (Occupational Safety and Health Standards). By complying with all the three standards we are committed to follow the World Bank Guidelines on Quality, Environment, Health and Safety. PICT has won the Occupational Safety Health and Environment (OSH&E) Award receiving 1st prize in the Services Sector in April, 2011. The award competition was organized by Employers' Federation of Pakistan.

PICT has also won the Environment Excellence Award 2011 organized by National Forum for Environment & Health.

Health Safety & Environment

The Company has implemented the ISO 9001:2008 (Quality Management System), ISO 14001 (Environmental Management System) and OHSAS 18001 (Occupational Health & Safety Management System) certification through a recognized consultant.

ISPS Code Compliant Terminal

PICT is compliant with the International Ship and Port Facility Security Code whereby the Terminal facility is well equipped to deal with security threats and respond to potential emergencies. Furthermore, the Terminal is equipped with a camera surveillance system and monitors the entry of all vehicles into the Terminal.

Credit Rating by JCR-VIS

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned entity credit rating of A + (Single A Plus) and A-1 (A One) for the medium to long-term and short-term respectively to the Company. The outlook on the medium to long-term rating is 'Stable'.

Auditors

The auditors M/s. Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire and being eligible they have offered themselves for reappointment. The Audit Committee has recommended the reappointment of the retiring auditors for the year ending June 30, 2012 and the Board agrees to the recommendation of the Audit Committee.

Compliance with the Code of Corporate Governance

The compliance with the Code of Corporate Governance set out by the Karachi Stock Exchange in the listing regulations, relevant for the year ended June 30, 2011 have been duly complied with. A statement to this effect is annexed with the report.

Board of Directors

During the year four meetings of the Board of Directors of the Company were held. These were attended as follows:

Name of Directors	Meetings Attended
Capt. Haleem A. Siddiqui	3
Capt. Zafar Iqbal Awan	3
Mr. Aasim A. Siddiqui	4
Mr. Sharique A. Siddiqui	3
Syed Nizam A. Shah	3
Mr. Ali Raza Siddiqui	4
Mr. Masood Ahmed Usmani	4

Audit Committee

During the year four meetings of Audit Committee were held.

Corporate Governance and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing, as detailed in the Listing Regulations.
- The key operating and financial data is annexed.
- The value of investments of provident fund based on their un-audited accounts as on June 30, 2011 was Rs. 116million.
- Details of purchase/sale of shares of the company by its directors, CEO, CFO, Company Secretary and their spouses and minor children are given on page 113.
- Pattern of shareholding is included in the annexed shareholders' information.

Code of Ethics & Business Principles

The Board has adopted the Statement of Ethics and Business Principles, which is signed and

acknowledged by all the Directors and employees of the Company and are required to abide by the Code.

CORPORATE SOCIAL RESPONSIBILITY

Pakistan International Container Limited embraces responsibility for the impact of its activities on the environment, consumers, employers, communities and all other stakeholders of the public sphere. In the past year, PICT has undertaken various initiatives in the areas of health, safety, education, environmental protection and preservation and other social activities of individuals and groups, attached directly or indirectly to its business activities.

The following describes the scope of PICT's CSR programs:

Environmental Protection Measures

Due to the pressures of population and technology, our biophysical environment has deteriorated over the years, especially in urban areas which are highly industrialized. PICT believes in the protection of the environment and has an IMS policy which covers the following three standards: ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

The following measures have been undertaken to ensure environmental protection:

Reducing Emissions: PICT has modified some of its existing diesel powered Rubber Tyred Gantry (RTG) Cranes to electric power in order to reduce fuel consumption and carbon emissions. The entire fleet of PICT RTG cranes which are diesel powered are now being converted o electric power. In addition, necessary environmental monitoring including emission testing of terminal equipment is also being performed at set intervals.

Sewerage Treatment Plant: After the installation and satisfactory performance of a Sewerage Treatment Plant of around 20m3/day capacity at the new Executive Block, PICT has installed another Sewerage Treatment Plant to accommodate the environmental requirements of its new expansions at the terminal. Furthermore, effluent testing is also being carried out regularly in order to ensure compliance against the applicable requirements.

Waste Management: Waste generated is segregated into hazardous and non-hazardous waste and stored in separate areas where access is controlled. Disposal of waste is carried out through Authorized Waste Contractor(s) according to the requirements.

Leaky Containers Area: In order to contain the leakage of any cargo, a proper Leaky Containers Area has been developed and designated at the terminal.

Oil Spill Control: PICT has a written procedure regarding oil spill control. A secondary containment tray and saw dust, however, are also available to control any spillage. Moreover, in case of any leakage at seaside, response is sought from the Marine Pollution Control Department.

Work Permit System: There is a proper work permit system in place for hot work and work at height etc.

Power Generation and Sound Attenuation: PICT has its own power house which generates around 10MW of electricity and fulfills the entire domestic needs of the terminal. Louvers have been installed in the power house to achieve sound attenuation and the staff working inside the power house area, wear ear muffs as a part of personal protective equipment.

Welfare spending for under privileged classes: Children Education Assistance Program: PICT supports the low-paid salary staff by taking the responsibility of meeting the educational expenses of their children. All such staff is provided with the facility of getting reimbursement for the educational and related expenses of upto two children. Around 140 members of staff have benefited from this facility.

Out Patient Department (OPD) Facility: To meet their medical expenses, the lower salaried staff has also been facilitated by providing allowance for OPD visits with annual limits prescribed on the basis of their salary. This facility covers all the medical expenses incurred on their own treatment or the treatment of family members including, spouses, children and parents. The company has also provided hospitalization for daily wages workers through insurance cover upto Rs. 150,000/- per individual.

Burial Expenses: For all the lower salary staff, in the case of death of their immediate family members i.e. spouse, children and parents, PICT covers all the expenses pertaining to burial.

Sponsoring Staff for Hajj: In order to support low-paid salary staff who cannot afford to perform Hajj, PICT provides this opportunity by holding a ballot for all such employees. Every year two employees are picked through ballot and all the expenses pertaining to the holy journey are borne by the Company.

Occupational Safety and Health: PICT would like to improve the occupational health of its employees and to eliminate or minimize any safety risks to its employees. We believe that the integration of OHSAS requirements with existing business processes achieves significant efficiencies. We implement, maintain and continually improve an Occupational Health and Safety system which covers the following areas of activity:

Trainings: As part of OSHAS, safety awareness sessions and trainings are carried out on a regular basis. A total of 75 training sessions were conducted related to Occupational Safety and Health. These were attended by a total of 1050 participants. The topics covered in these sessions included terminal and workplace safety, understanding fire safety arrangements, fire fighting and response to fire operations, basic

first aid and safe driving techniques etc. Our management has noticed a better response to workplace safety guidelines among our employees as a result of these trainings and there has also been a reduction in the number of injuries at the workplace.

Ambulance/Dispensary: PICT has arranged and manages a 24 hour dispensary and ambulance at the terminal. Further, a casualty room with basic facilities has been setup to provide first aid treatment on the spot. This emergency facility is available to all the persons directly or indirectly involved in the day to day activities being carried out within the premises.

Staff sports: PICT believes that people with healthy bodies and mind can work with maximum efficiency. To improve the performance of staff members, an open opportunity was given to all, to participate and perform in extracurricular activities. For this, a PICT cricket team has been formed, which regularly participates and plays matches at professional cricket grounds.

Rural Development: Organization for Social Development Initiatives (OSDI) is a think tank based NGO which was established with the support of PICT for poverty alleviation and for the promotion of sustainable development in the rural areas of Pakistan. By providing necessary resources and skills to rural communities, OSDI aims to improve lives through multi-faceted programs such as Livelihood Assistance, Community Development and Food Security.

The purpose of the Livelihood Assistance Programs is to enhance household incomes in rural Pakistan by means of sustained, predictable financing of agricultural inputs and livestock animals. Community Development Programs, on the other hand, are designed to reduce expenditures by setting up affordable services and infrastructure in communities where none existed before. By investing in Education, Health, Water, Sanitation, Renewable Energy and Community Infrastructure, OSDI ensures that the basic needs of every human being in our focused communities are met so that savings and asset creation can be attained. Lastly, the

Food Security Program meets the immediate nutritional requirements of the focused families in order to prevent chronic hunger in the vulnerable households.

The impact of individual projects is monitored and documented in detail by OSDI so that research can influence national policy on poverty through precise data and quality research in the future. The outreach of on-going projects thus far is 1,996 households covering a total number of 12,261 people in 15 villages across Sindh and Khyber-Pakhtunkhwa.

PICT Contribution to OSDI: PICT has funded the entire range of Health projects under OSDI's flagship Community Development Program in District Shikarpur, Matiari and Khairpur in Sindh and District Mardan in Khyber-Pakhtunkhwa. Quality healthcare is usually unavailable on a reliable and affordable basis in rural Pakistan. OSDI initiatives in the health sector aim to fill gaps wherever there is a lack of adequate healthcare in the rural areas.

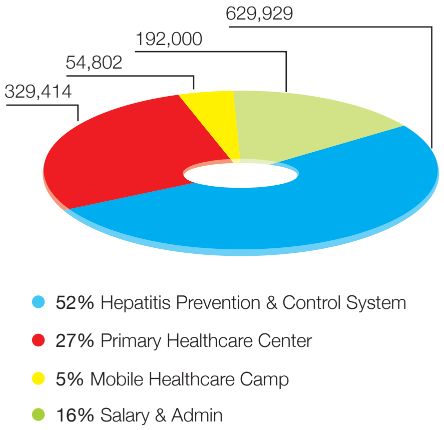
The following projects have been financed by PICT:

Primary Healthcare Center (PHC): A PHC was set up in March 2011 to provide quality healthcare including qualified doctors, subsidized medicines and basic health infrastructure for 16 villages in District Shikarpur. These centers are accessible to the entire population of these villages and cater to between 10 and 15 patients daily. Two additional PHCs are in the pipeline for District Khairpur in Sindh and District Mardan in Khyber-Pakhtoonkhwa.

Hygiene and Nutrition Campaign: A special Hygiene and Nutrition Campaign is being run with the support of PICT in the Temporary Learning Centres established by OSDI. The purpose of this campaign is to improve the nutrition and hygiene of the children in these communities. The campaign includes general medical check-ups along with distribution of milk and healthy biscuits for the 102 children in the TLCs. So far, PICT has donated Rs. 1.2 million specifically for OSDI's health projects. Details of the contribution in each project are illustrated in the diagram below:

Hepatitis B & C prevention and Control Program: In collaboration with the Chief Minister's Initiative for Hepatitis Free Sindh, the Hepatitis Prevention and Control Program has successfully screened over 4,500 individuals (including children) in 6 villages. It is designed to first screen the entire population for the infection and subsequently to facilitate the treatment of Hepatitis positive patients and vaccinate the remaining community.

Mobile Healthcare Camps: Since April 2011, OSDI has organized 4 mobile medical camps in 2 villages in District Matiari. Thus far between 250 and 300 individuals have been diagnosed and treated for common diseases prevalent in rural communities.



Flood Relief

Due to the massive destruction caused by the monsoon floods in 2010, OSDI undertook flood relief operations in mid-August 2010 in District Charsadda in Khyber Pukhtoonkhwa (KPK) and Districts Shikarpur, Khairpur, Matiari and Thatta in Sindh. The relief activities lasted until 30th November 2010 with OSDI's field teams supervising and ensuring a regular supply of food and non-food items, shelter, health, clean drinking water, clothes and blankets, sanitation facilities and medical assistance to flood affectees in five districts across Pakistan.

In Sindh alone, PICT took care of approximately 3,555 beneficiaries from 300 households with the assistance of OSDI's field staff. As part of the relief operation, damage and health assessment surveys were also conducted in order to evaluate damages to infrastructure, livestock, and crops as well as to evaluate affectees' health conditions to ensure that they receive proper care. Based on the health survey findings, a total number of 1,197 people were screened and vaccinated against different preventable diseases such as Hepatitis B and Tetanus. 1,275 people were physically examined by other doctors who visited OSDI camps from time to time. More than 500 people were treated by OSDI doctors in these camps. Around 13 pregnancy cases were also referred to different hospital as critical cases.

A total of PKR 8.3 million was donated by PICT specifically for OSDI's flood relief operations.

Skill Development Initiatives: PICT supports skill development to promote the economic well being of the country. In this context, we support institutes that will lead to the development of skilled youth in the country. We support skill development by supporting educational institutions that will provide higher education and training to our youth, as well as supporting primary education that will develop students qualified to enter institutes of higher learning. We also support The Karigar Training Institute that imparts basic trade skills to young unemployed men. The details of these initiatives are below:

The Zindagi Trust: PICT and its board have extended its support to projects aimed at imparting quality education to the underprivileged children of Pakistan. In this regard, the PICT team visited SMB Fatima Jinnah Government Girls School which is looked after by a local NGO namely, Zindagi Trust. The Trust has successfully transformed the conventional government school where 2200 students are currently enrolled, into a centre of excellence through a well designed teaching methodology and an improved curriculum.

In 2010, PICT made a donation of PKR 2 million to the Zindagi Trust.

Institute of Business Administration (IBA): To support initiatives in higher education, PICT donated PKR 2 million to the General Endowment Fund of IBA. IBA is Pakistan's leading business school and premier higher education institution and this donation will enhance its capacity for the development of highly trained individuals who can become the future leaders of Pakistan.

The Karigar Training Institute: The Karigar Training Institute provides vocational skills training to young men who have studied up to 8th class or a higher level, to become economically independent and productive citizens of Pakistan. Since November 2010, PICT has started a scholarship program in partnership with the Karigar Institute. Under, this program PICT covers the tuition cost for students who would like to complete a technical training course in one of the following four basic trades: motorcycle repair, plumbing, electrical wiring and AC and Refrigerator repair. The duration of the course is four months and the students also have to complete a two month internship in order to receive a certificate for the course. Since November 2010, PICT has sponsored 28 students through this program.
PICT is now also providing assistance to an 'Entrepreneur Support Program' through the Karigar Institute. Through this program, two of the students from the Institute are now being assisted in running their own motorcycle repair workshops.

Community Investment and welfare schemes:

Adopted schools: In November 2009, Pakistan International Container Terminal Ltd. (PICT) adopted five schools at the Hatim Ali Alvi Campus in Keamari. We have provided ongoing assistance to these schools but would like to highlight two main events that were organized through PICT:

Design for Change contest: One of the adopted schools, the Hatim Ali Alvi School, at this campus, was awarded a prize for one of the boldest ideas to participate in “Design for Change Contest” in Pakistan. The idea was to encourage women from the community to send their children to school. The children went to various homes in their neighborhood and invited mothers to come to the school. The Hatim Ali Alvi parents were invited to the school in October. There were a total of 41 mothers and 13 fathers present at the school. The children gave a presentation about their experience at the schools and encouraged their mothers to understand the significance of their education.

Eye camp at Hatim Ali Alvi Campus:
In November 2010, representatives from the Al-Ibrahim Eye hospital were invited to conduct a primary eye-care training session for the primary school teachers at the Hatim Ali Alvi campus. The aim of this session was to enable primary school teachers from the five schools to learn how to measure the visual acuity of their students. A total of 1179 students were screened through these tests to measure their visual acuity. After the tests were completed, an eye-camp was arranged at the Hatim Ali Alvi campus for those students that had failed the test.

The eye-camp lasted two days. A total of 66 students; 24 male and 42 female, received a recommendation for spectacles. Spectacles were then arranged for the students by PICT through Al-Ibrahim Eye Hospital.

Support for teachers: PICT has supported teacher training programs at the following location:

Teachers' Training For Early Child Care & Development (ECCD)

Location	:	Kalar Kahar Village in District Chakwal
Population of Village	:	200,000 (surrounding villages: 300,000 people)
School	:	Manara Village Primary School
Status of School	:	Non-Government (Private)
Current Level of Enrollment	:	45 children (aged 3-5 years)

Additional Teacher Training Programs were supported with the collaboration of, DAMP (Dhaka Ahsania Mission) which is a Bangladesh based NGO specializing in ECD (Early Child Care & Development) for 3 days, Agha Khan Foundation (AKF) - ECD School (Abbotabad) for 2 days and IQRA University (Islamabad)for 2 days

Additional CSR Activities at the terminal

Eye Camp at Terminal: An eye camp and blood sugar testing was arranged for terminal employees. A total of 408 employees at the terminal underwent the eye-screening process. Of these, 169 needed spectacles, 46 needed medicine and 9 patients required further intervention.

All employees also had their blood sugar tested. Of the employees that were tested, 11 gave a history of diabetes but their disease was well-controlled. All the other employees had a normal blood sugar level.

Sehri & Aftar for Staff: During the holy month of Ramzan, all the employees working on shift basis were given free Aftar as well as Sehri.

Adult education sessions at terminal: An adult education series was initiated at the terminal in January 2010. The series provided adult education classes for participants at the terminal. A trained adult education professional was hired to conduct sessions that lasted for 2 hours. The first hour consisted of an interactive lecture and the second hour consisted of an interactive participatory activity. The maximum number of men in each session was 27 and a total of 5 sessions were conducted. Through the process of these sessions, the intention was to educate men regarding their current social concerns. The issues covered ranged from allowing women from the household to engage in gainful employment to solutions for workplace conflicts and proper custodial rights for children of divorced parents.

Corporate Philanthropy: PICT believes in giving charitable donations as part of its broader social responsibility. Charitable giving forms a major link between an organization and the communities its serves and leads to the formation of healthier communities. Charitable donations have been made by PICT to the following organizations:

Behbud Association, Citizens Police Liaison Committee, JPMC Department of Orthopaedic Surgery, Nigahban Welfare Association, Pakistan Disabled Persons Welfare Organization, Pakturk International School & Colleges, Patients Behbud Society for AKUH, Poor Patients Aid Society, SZABIST Student Council, The Karachi Oxford & Cambridge Society, Child Aid Association, The Indus Hospital, Kiran Patients Welfare Society, The National Institute for Cardiovascular Diseases, The Sindh Institute of Urology & Transplantation, SOS Children's Villages of Sindh, Support fund for victims of Ashura CDGK, Fakhr-e-Imdad Foundation, Edhi Foundation, Ahmed E.H. Jaffer Foundation and The Rabia Azim Trust.

Material Changes & Commitments:

The Board of Directors in its meeting held on July 11, 2011 has proposed to distribute 54.577 million ordinary shares (100% of the issued, subscribed and paid up capital) of its subsidiary company, Pakistan International Bulk Terminal (Private) Limited (PIBTL), having face value of Rs 10 each, to the members of the Company as 'specie dividend' in the ratio of 1:2, i.e. one ordinary share of PIBTL for every two ordinary shares held of the existing issued, subscribed and paid up capital of the Company. The members have approved the said distribution at the Extra Ordinary General Meeting (EOGM) held on August 3, 2011 thereby resulting in ceasing of the Company's equity holding in PIBTL. The financial statements for the year ended June 30, 2011 do not reflect this appropriation of Specie Dividend.

PICT invested Rs 425 million in its subsidiary PIBT as at June 30, 2011, and subsequent to the balance sheet date, PIBTL has further issued 12.077 million ordinary shares of Rs 10 to the Company, increasing the total investment of PICT to Rs 545.77 million.

The Board of Directors in their board meeting have recommended a final cash dividend of Rs. 4/- per ordinary share amounting to Rs. 436.12 million (2010: Rs. 2.5/- - 25% per ordinary share amounting to Rs. 272.883 million) for the year ended June 30, 2011. The Directors have also proposed a final dividend for the year ended June 30, 2011 of Re.1.00 - 10% (2010: Re.1.00 - 10%) per preference share amounting to Rs. 18 million. The Companies Ordinance, 1984 requires that events subsequent to the balance sheet date including declaration of dividend should be incorporated in the year it is declared. Therefore, the cash dividend on ordinary and preference shares proposed by the directors in the meeting held on August 29, 2011 shall be incorporated in the financial statements for the year ending June 30, 2012.

For and on behalf of Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi: August 29, 2011

Key Operating & Financial Data

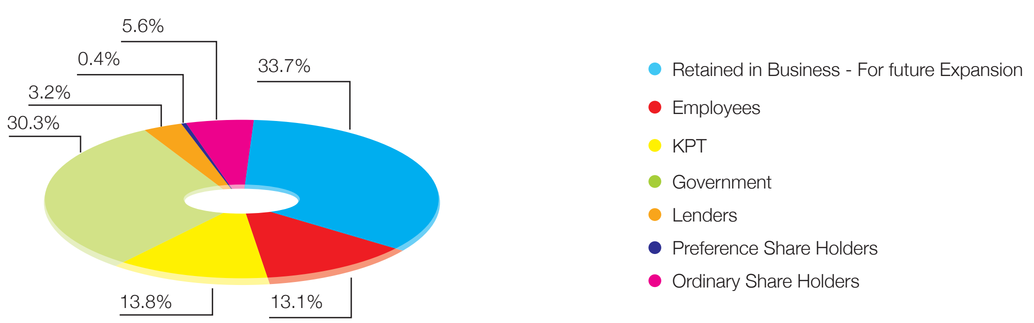
	2011	2010	2009	2008	2007
				Rupees in Millions	
TURNOVER & PROFITS					
Revenue	6,123.78	5,125.12	4,564.26	3,134.06	2,186.06
Gross Profit	2,599.12	2,183.05	2,069.42	1,325.60	808.07
Operating Profit	2,349.12	1,930.69	1,883.17	1,185.61	699.61
Profit Before Taxation	2,128.81	1,520.96	1,174.53	740.99	520.12
Profit After Taxation	1,253.86	907.81	935.69	529.26	331.19
ASSETS EMPLOYED					
Operating Assets - net	5,434.61	5,346.13	4,724.75	2,970.58	2,879.49
Intangible Assets - net	51.31	64.99	0.25	14.41	33.81
Net Current Assets	1,661.49	1,213.80	785.08	811.85	812.82
FINANCED BY					
Share Capital	1,271.53	1,271.53	1,089.61	1,089.61	938.01
Share Holder's Equity	4,680.95	3,717.98	2,964.60	2,319.80	1,808.50
Long Term Loans	1,852.90	2,298.04	2,656.03	1,745.57	1,301.40
STATISTICS					
Break up Value Per Ordinary Share (Rs.)	41.24	32.41	30.61	23.52	21.48
Market Value Per Ordinary Share (Rs.)	81.25	75.00	53.43	124.48	84.80
Earnings Per Ordinary Share (Rs.)	11.32	8.15	8.41	5.62	4.13
Total TEU's for the Year (Numbers)	669,806	602,106	513,580	472,137	345,802
Total Boxes for the Year (Numbers)	497,389	453,108	388,511	357,942	260,225
CAPITAL MARKET ANALYSIS RATIOS					
Price Earning Ratio	7.18	9.20	6.35	22.15	20.53
LIQUIDITY ANALYSIS RATIOS					
Current Ratio	2.31	2.05	1.72	1.96	2.82
PROFITABILITY ANALYSIS RATIOS					
Return on Assets (before tax)	24.54%	18.97%	17.43%	14.61%	12.92%
Return on Capital Employed (before tax)	50.69%	45.52%	44.45%	35.90%	31.49%
Return on Capital Employed (after tax)	29.86%	27.17%	35.41%	25.64%	20.05%
Gross Profit Margin	42.44%	42.60%	45.34%	42.30%	36.96%
Net Profit Margin-Before Tax	34.76%	29.68%	25.73%	23.64%	23.79%
Net Profit Margin-After Tax	20.48%	17.71%	20.50%	16.89%	15.15%
CAPITAL STRUCTURE ANALYSIS RATIOS					
Debt Ratio	28.26%	37.37%	45.15%	44.03%	44.11%
Debt Equity Ratio	35:65	46:54	54:46	52:48	52:48
Interest Coverage	14.45	9.18	6.62	4.70	3.93

Statement of Value Added

	2011 (Rs. in 000')
Value Added	
Revenue	6,878,333
Net Cost of services rendered	2,190,829
	4,687,504
Other Income	221,083
	4,908,587
Distribution	
Employees	
- Salaries & Wages	643,574
Karachi Port Trust	
- Royalty & HMS Charges	675,595
Government	
- Taxes	1,487,001
Lenders	
- Mark up on Loans and Leased Assets	158,319
Preference Share Holders	
- Cash Dividend	18,000
Ordinary Share Holders	
- Cash Dividend	272,883
Retained in Business	1,653,215
	4,908,587

Distribution - %

Employees	13.1%
KPT	13.8%
Government	30.3%
Lenders	3.2%
Preference Share Holders	0.4%
Ordinary Share Holders	5.6%
Retained in Business - For future Expansion	33.7%
	100%



Statement of Compliance with the Code of Corporate Governance for the year ended June 30, 2011

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors. At present the Board consists of seven Directors out of which two are Non-Executive Directors, who are the nominee directors.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

3. All the Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI. No Director in the board is a member of any of the Stock Exchanges in Pakistan.

4. There has been no casual vacancy in the Board during the year 2010-2011.

5. No new appointment of CFO or Head of Internal Audit has been made during the year.

6. The Company has prepared a “Statement of Ethics and Business Practices”, which has been signed by all of the directors and employees of the Company.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

8. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other Executive Directors, have been taken by the Board.

9. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The director's report for this year has been prepared in accordance with the requirements of Code and fully describes the salient matters required to be disclosed.

11. The Directors' report for the year ended June 30, 2011 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

13. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The related party transaction have been placed before the audit committee and approved by the Board of directors to comply with the requirements of listing regulations 35 of the Karachi Stock Exchange (Guarantee) Limited.

16. The Board has formed an Audit Committee comprising of three members including the Chairman of the Committee. Two of the members are Non-Executive Directors.

17. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

18. The Board has set up an effective internal audit function.

19. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. We confirm that all other material principles contained in the Code have been complied with.

Capt. Zafar Iqbal Awan
Chief Executive Officer

KARACHI: AUGUST 29, 2011

Statement of Compliance with the Best practices on Transfer Pricing for the year ended June 30, 2011

The Company has fully complied with the Best practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchange.

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi: August 29, 2011

Review Report to the members on Statement of Compliance with the best practices of the code of Corporate Governance

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 30 June 2011 prepared by the Board of Directors of Pakistan International Container Limited (the Company) to comply with the Listing Regulations No. 35 Chapter XI of Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control systems to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub-Regulation (xiii a) of Listing Regulation No. 35 notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code for the year ended 30 June 2011.

Karachi: August 29, 2011

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

Auditors' Report to the Members

We have audited the annexed balance sheet of PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED (the Company) as at 30 June 2011 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that :

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
b) in our opinion:
   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.3 to the accompanying financial statements with which we concur;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2011 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

We draw attention to the contents of note 15.2.3 to the financial statements. As fully explained in the said note, preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and the matter of its classification will be dealt with in accordance with the clarification from the Securities and Exchange Commission of Pakistan. Our report is not qualified in respect of this matter.

Karachi: August 29, 2011

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

Balance Sheet

As at June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,548,063	5,800,338
Intangible assets	5	51,307	64,989
Long-term investment	6	425,000	-
Long-term deposits	7	83,705	83,705
		6,108,075	5,949,032
CURRENT ASSETS			
Stores and spares	8	340,791	301,086
Trade debts	9	227,340	237,352
Advances - unsecured, considered good	10	69,727	35,564
Deposits and prepayments	11	16,724	56,093
Other receivables	12	21,638	30,181
Short term investments	13	548,004	592,372
Taxation - net		-	87,282
Cash and bank balances	14	1,702,396	1,026,176
		2,926,620	2,366,106
TOTAL ASSETS		9,034,695	8,315,138
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	15.1	2,000,000	2,000,000
Issued, subscribed and paid-up capital	15.2	1,271,532	1,271,532
Unappropriated profit		3,409,418	2,446,444
		4,680,950	3,717,976
NON-CURRENT LIABILITIES			
Long-term financing - secured	16	1,852,896	2,298,040
Liabilities against assets subject to finance lease	17	113,485	173,394
Deferred tax liability	18	1,087,306	944,793
Staff compensated absences	19	34,928	28,628
		3,088,615	3,444,855
CURRENT LIABILITIES			
Trade and other payables	20	608,635	516,717
Accrued interest		51,287	55,899
Taxation - net		70,014	-
Current maturity of long-term financing	16	475,285	519,782
Current maturity of liabilities against assets subject to finance lease	17	59,909	59,909
		1,265,130	1,152,307
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		9,034,695	8,315,138

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Profit and Loss Account

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
Turnover-net	22	6,123,776	5,125,117
Terminal operating costs	23	3,524,660	2,942,067
Gross profit		2,599,116	2,183,050
Administrative expenses	24	471,075	349,168
Other operating income	25	221,083	96,807
		2,349,124	1,930,689
Finance costs	26	158,319	185,857
Other charges	27	61,992	223,872
Profit before taxation		2,128,813	1,520,960
Taxation	28	874,956	613,147
Profit after taxation		1,253,857	907,813
			(Restated)
Earnings per ordinary share - Basic	29.1	Rs. 11.32	Rs. 8.15
			(Restated)
Earnings per ordinary share - Diluted	29.2	Rs. 9.86	Rs. 7.14

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Statement Of Comprehensive Income

For the year ended June 30, 2011

	2011 Rs '000	2010 Rs '000
Profit for the year	1,253,857	907,813
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the year	1,253,857	907,813

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Cash Flow Statement

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
CASH FLOWS FROM OPERATIONS	33	2,776,421	2,374,306
Taxes paid		(600,598)	(404,236)
Leave encashment paid		(1,557)	(548)
Finance costs paid		(105,610)	(157,099)
Net cash generated from operating activities		2,068,656	1,812,423
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(94,110)	(159,095)
Proceeds from sale of property, plant and equipment		6,671	3,576
Payment in relation to capital work-in-progress		(198,630)	(421,229)
Purchase of Investments - net		(326,201)	(25,534)
Interest received		114,602	59,844
Net cash used in investing activities		(497,668)	(542,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing - net		(523,498)	(485,186)
Dividends paid on preference shares		(18,000)	(18,000)
Dividend paid on ordinary shares		(272,883)	(139,252)
Security deposits against leased assets		-	(172)
Lease rentals paid		(80,387)	(92,387)
Net cash used in financing activities		(894,768)	(734,997)
Net increase in cash and cash equivalents		676,220	534,988
Cash and cash equivalents at the beginning of the year		1,026,176	491,188
Cash and cash equivalents at the end of the year	14	1,702,396	1,026,176

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Statement Of Changes In Equity

For the year ended June 30, 2011

	Issued, subscribed and paid-up capital			
	Ordinary shares	Redeemable preference shares	Unappropriated profit	Total
	Rs '000			
Balance as at June 30, 2009	909,610	180,000	1,874,994	2,964,604
Profit for the year	-	-	907,813	907,813
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	907,813	907,813
Bonus shares issued during the period in the ratio of 1 ordinary share for every 5 shares held	181,922	-	(181,922)	-
Dividend on preference shares @10% for the year ended June 30, 2009	-	-	(18,000)	(18,000)
Interim dividend on ordinary shares @ 15% for the year ended June 30, 2010	-	-	(136,441)	(136,441)
Balance as at June 30, 2010	1,091,532	180,000	2,446,444	3,717,976
Profit for the year	-	-	1,253,857	1,253,857
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	1,253,857	1,253,857
Dividend on preference shares @ 10% for the year ended June 30, 2010	-	-	(18,000)	(18,000)
Dividend on ordinary shares @ 25% for the year ended June 30, 2010	-	-	(272,883)	(272,883)
Balance as at June 30, 2011	1,091,532	180,000	3,409,418	4,680,950

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Notes To The Financial Statements
For the year ended June 30, 2011

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 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The terminal office of the Company is located at berths 6 to 9, East Wharf, Kemari Road, Karachi Port.

1.2. The Company has a Build Operate Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002.

1.3. These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of direct equity interest and is not consolidated.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan in pursuance of the Circular No. 21 dated June 22, 2009 has given relaxation for the implementation of IFRIC 12 - “Service Concession Arrangements” due to the practical difficulties facing the companies till the conclusion of the agreements entered on or before June 30, 2010 with the Government or other authority/entity. However, the SECP made it mandatory to disclose the impact on the results of application of IFRIC-12 (Refer note 36).

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value as referred to in notes 3.8 and 3.21 below.

2.3 New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as disclosed below:

The Company has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 – Group Cash-settled Share-based Payment Arrangements

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 – Operating Segments
IAS 1 – Presentation of Financial Statements
IAS 7 – Statement of Cash flows Presentation of Financial Statements
IAS 17 – Leases
IAS 36 – Impairment of Assets
IAS 39 – Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements

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

2.4 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 – Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	01 July 2012
IFRS 7 – Financial Instruments : Disclosures – Amendments enhancing disclosures about transfers of financial assets	01 July 2011
IAS 12 – Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	01 January 2012

IAS 19 – Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	01 January 2013
IAS 24 – Related Party Disclosures (Revised)	01 January 2011
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)	01 January 2011

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect the Company's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

2.5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation/amortization, useful life and residual value used in the calculation of depreciation/amortization.

Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment.

Stores and spares

The Company reviews the net realizable value of stores and spares to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debts

The Company reviews it's doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for impairment

The Company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Company, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Fixed assets and depreciation

3.1.1 Property, plant and equipment

Owned

Operating property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 4.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available to use and on disposals up to the month the respective asset was in use. Assets residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account in the period in which they arise.

Leased

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged to the profit and loss using the same basis as for owned assets.

3.1.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.2. Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Costs incurred on the acquisition of computer software are capitalized and are amortized on straight line basis over their estimated useful life. Amortization is charged in the month in which the asset is put to use at the rates stated in note 5 to these financial statements.

Development expenditure incurred on the project is capitalized when its future recoverability can reasonably be regarded as assured. These are amortized over a period of five years on straight line basis commencing from the date of completion of the project, on a monthly pro-rata basis.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying value of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that the carrying value may not be recoverable.

3.3. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.4. Stores and spares

These are valued at lower of moving average cost and net realizable value. Provision is made for slow moving items where necessary to bring these down to approximate net realizable value and is recognised in income. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.5. Trade debts

Trade debts originated by the Company are recognised and carried at original invoice amounts less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

3.6. Loans, advances and other receivables

After initial measurement these are carried at amortized cost less any allowance for impairment.

Gains and losses are recognised in the profit or loss when the loans, advances and other receivables are derecognised or impaired.

3.7. Investment in subsidiary

Investment in shares of the Company's subsidiary is stated at cost. Provision is made, for permanent impairment in the value of investment, if any.

3.8. Investments

The investments of the Company, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. They are initially measured at fair value plus directly attributable transaction costs. After initial measurement, these are stated at fair values (except for unquoted investments where active market does not exist) with unrealized gains or losses recognized directly in other comprehensive income until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in other comprehensive income is recognized in the profit and loss account.

Fair value of investments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

3.9. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.10. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or on one percent of turnover under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.11. Interest-bearing loans and borrowings

All loans and borrowings are initially recognized at fair value less directly attributable transaction costs, and have not been designated ‘as at fair value through profit or loss’. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

3.12. Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services render whether or not billed to the Company.

3.13. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.14. Transactions with related parties

All transactions with related parties are carried out by the company using the methods prescribed under the Ordinance.

3.15. Revenue

- Revenues from port operations are recognized when services are rendered;
- Profit on deposits / saving accounts are recognized on time proportion basis; and
- Dividend income is recognized when the Company's right to receive the same is established.

3.16. Staff retirement benefits

The Company operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33% of the basic salary.

Contributions from the Company are charged to profit and loss account for the year.

3.17. Staff compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

3.18. Financial Instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognized in case of assets, when the contractual rights under the instrument are realized, expire or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

3.19. Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

3.20. Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee (functional currency) using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account currently.

3.21. Derivative financial instruments

The Company uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealized gains) are included in other asset and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the profit and loss account.

3.22. Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.23. Impairment

3.23.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

3.23.2 Non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

3.24. Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Company's functional and presentation currency.

	Note	2011 Rs '000	2010 Rs '000
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	5,434,610	5,346,132
Capital work-in-progress	4.2	113,453	454,206
		5,548,063	5,800,338

4.1 The following is a statement of operating fixed assets:

2011

	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2010	Additions	Disposals	As at June 30, 2011	As at July 01, 2010	For the year	Disposals	As at June 30, 2011	Written down value as at June 30, 2011	Dep rate % per annum
	Rs '000									
Owned										
Leasehold improvements	289,598	82,260	-	371,858	56,598	59,670	-	116,268	255,590	20
Port improvements	1,176,608	356,635	-	1,533,243	164,660	85,574	-	250,234	1,283,009	5-7.14
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes – STS	2,007,164	-	-	2,007,164	385,011	123,193	-	508,204	1,498,960	5-6.98
Gantry tracks	12,254	-	-	12,254	3,797	613	-	4,410	7,844	5
Rubber Tyred Gantry Cranes – RTG	1,545,030	47,170	-	1,592,200	258,968	102,493	-	361,461	1,230,739	6-6.98
Port equipment	703,591	13,378	-	716,969	210,748	52,137	-	262,885	454,084	7-20
Port Power Generation	301,806	27,570	-	329,376	92,287	24,976	-	117,263	212,113	5- 10
Vehicles	93,577	35,692	19,503	109,766	39,357	19,347	16,735	41,969	67,797	20
Computers	52,206	15,466	-	67,672	40,162	8,969	-	49,131	18,541	33.33
Furniture and fixtures	33,605	23,248	-	56,853	10,304	3,784	-	14,088	42,765	10
Office equipment	40,420	4,317	-	44,737	20,798	3,581	-	24,379	20,358	10-20
	6,357,678	605,736	19,503	6,943,911	1,384,509	484,337	16,735	1,852,111	5,091,800	
Leased										
Ship to Shore Cranes – STS	380,973	-	-	380,973	82,728	23,087	-	105,815	275,158	5-6.06
Rubber Tyred Gantry Cranes – RTG	67,908	-	-	67,908	13,517	4,074	-	17,591	50,317	6
Port equipment	42,747	-	-	42,747	22,420	2,992	-	25,412	17,335	7-20
	491,628	-	-	491,628	118,665	30,153	-	148,818	342,810	
Total - 2011	**6,849,306**	**605,736**	**19,503**	**7,435,539**	**1,503,174**	**514,490**	**16,735**	**2,000,929**	**5,434,610**	

2010

	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2009	Additions	Disposals	As at June 30, 2010	As at July 01, 2009	For the year	Disposals	As at June 30, 2010	Written down value as at June 30, 2010	Dep rate % per annum
	Rs '000									
Owned										
Leasehold improvements	18,799	270,799	-	289,598	15,910	40,688	-	56,598	233,000	20
Port improvements	581,722	594,886	-	1,176,608	103,322	61,338	-	164,660	1,011,948	5-7.14
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes – STS	2,007,164	-	-	2,007,164	258,259	126,752	-	385,011	1,622,153	5-6.98
Gantry tracks	12,254	-	-	12,254	3,184	613	-	3,797	8,457	5
Rubber Tyred Gantry Cranes – RTG	1,545,030	-	-	1,545,030	153,623	105,345	-	258,968	1,286,062	6-6.98
Port equipment	611,651	91,940	-	703,591	163,558	47,190	-	210,748	492,843	7-20
Port Power Generation	228,610	73,196	-	301,806	75,071	17,216	-	92,287	209,519	5- 10
Vehicles	72,605	30,902	9,930	93,577	31,369	15,081	7,093	39,357	54,220	20
Computers	42,070	10,136	-	52,206	31,375	8,787	-	40,162	12,044	33.33
Furniture and fixtures	23,109	10,496	-	33,605	7,207	3,097	-	10,304	23,301	10
Office equipment	33,302	7,118	-	40,420	11,808	8,990	-	20,798	19,622	10-20
	5,278,135	1,089,473	9,930	6,357,678	956,505	435,097	7,093	1,384,509	4,973,169	
Leased										
Ship to Shore Cranes – STS	380,973	-	-	380,973	59,641	23,087	-	82,728	298,245	5-6.06
Rubber Tyred Gantry Cranes – RTG	67,908	-	-	67,908	10,525	2,992	-	13,517	54,391	6
Port equipment	42,747	-	-	42,747	18,346	4,074	-	22,420	20,327	7-20
	491,628	-	-	491,628	88,512	30,153	-	118,665	372,963	
Total - 2010	**5,769,763**	**1,089,473**	**9,930**	**6,849,306**	**1,045,017**	**465,250**	**7,093**	**1,503,174**	**5,346,132**	

4.1.1. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Written down value	Sales Price	Gain	Mode of disposal	Particulars of Buyer
	Rs '000						
Vehicles							
Honda City	846	677	169	169	-	Company policy	Mr. Muhammed Atiq (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Muhammed Kamal (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Pervaiz Ahmed Khan (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Syed Ziauddin (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Imran Moosa (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Waqar Ali Khan (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Safdar Abbas (Employee)
Honda City	846	677	169	169	-	Company policy	Mr. Zahid Ahmed (Employee)
Honda City	1,457	462	995	1,240	245	Negotiation	Mr. Shamim Akhter (Third Party)
Suzuki Bolan	150	150	-	60	60	Negotiation	Mr. Fazal Said (Third Party)
Suzuki Alto	504	412	92	92	-	Company policy	Mr. Najeeb Khan Durrani (Employee)
Suzuki Alto	504	412	92	92	-	Company policy	Mr. Shehbaz Ali Naveed (Employee)
Suzuki Alto	499	408	91	91	-	Company policy	Mr. Rehan Mehmood Janjua (Employee)
Suzuki Alto	504	504	-	300	300	Negotiation	Mr. Hasnain Mirza (Employee)
Daihatsu Cuore	434	369	65	65	-	Company policy	Mr. Zeshan Sabro (Employee)
Mercedes Benz	5,368	5,328	40	2,150	2,110	Negotiation	Mr. Sheeraz Ansari (Third Party)
Honda Accord	2,648	2,611	37	1,000	963	Negotiation	Mr. Yasir Mehmood (Third Party)
Changan	285	285	-	102	102	Negotiation	Mr. Tahir Naeem (Employee)
Changan	382	382	-	127	127	Negotiation	Mr. Baleeguddin Alvi (Employee)
	19,503	16,739	2,764	6,671	3,907		

	Note	2011 Rs '000	2010 Rs '000
4.1.2 Depreciation charge for the year has been allocated as under:			
Terminal operating costs	23	452,751	409,087
Administrative expenses	24	61,739	56,163
		514,490	465,250

4.2 Capital work-in-progress

	2011 Rs '000	2010 Rs '000
Civil works	33,987	314,502
Advances to suppliers and contractors	72,597	132,835
Mobilization advance - for purchase of cranes and related equipments	6,869	6,869
	113,453	454,206

4.2.1. Movement

	Civil works	Advances to suppliers and contractors	Advance for purchase of cranes and related equipments	Advance for purchase / development of computer software	Total
	Rs '000				
Balance as at June 30, 2009	809,730	158,958	2,666	60,410	1,031,764
Capital expenditure incurred / advances made during the year	264,391	107,386	41,453	8,000	421,230
Transfer to operating fixed assets / intangible assets	(759,619)	(133,509)	(37,250)	(68,410)	(998,788)
Balance as at June 30, 2010	314,502	132,835	6,869	-	454,206
Capital expenditure incurred / advances made during the year	155,224	43,406	-	-	198,630
Transfer to related party	(27,755)	-	-	-	(27,755)
Transfer from advances to suppliers and contractors to civil works	52,581	(52,581)	-	-	-
Transfer to operating fixed assets / intangible assets	(460,565)	(51,063)	-	-	(511,628)
Balance as at June 30, 2011	33,987	72,597	6,869	-	113,453

5. INTANGIBLE ASSETS

	Note	COST			ACCUMULATED AMORTIZATION				
		As at July 01, 2010	Additions	As at June 30, 2011	As at July 01, 2010	Charge for the year	As at June 30, 2011	Book value as at June 30, 2011	Amortization rate %
		Rs '000							
Computer software		105,767	-	105,767	40,778	13,682	54,460	51,307	20-33.33
Project development cost	5.1.1	37,889	-	37,889	37,889	-	37,889	-	20
2011		143,656	-	143,656	78,667	13,682	92,349	51,307	
2010		75,246	68,410	143,656	74,995	3,672	78,667	64,989	

5.1.1. These include legal and professional charges, litigation settlement, salaries, benefits and traveling expenses incurred in connection with the main project during the pre operating period.

	Note	2011 Rs '000	2010 Rs '000
5.1.2. Amortization charge for the year has been allocated to terminal operating costs:	23	13,682	3,672

6. LONG TERM INVESTMENT – at cost

Unquoted subsidiary

Number of ordinary shares of Rs.10/- each 2011	2010		Activity	Holding 2011 %	Holding 2010 %	2011 Rs '000	2010 Rs '000
42,500,007	7	Pakistan International Bulk Terminal (Private) Limited	Bulk Terminal	100	100	425,000	7

6.1 As discussed in note 35.2 to these financial statements, the Company has subsequently distributed the shares of its wholly owned subsidiary as dividend in specie. The members have approved the said distribution at the Extra Ordinary General Meeting (EOGM) held on 03 August 2011.

7. LONG TERM DEPOSITS

Represents mainly security deposits against leased assets.

	Note	2011 Rs '000	2010 Rs '000
8. STORES AND SPARES			
Stores		95,421	84,304
Spares		245,370	216,782
		340,791	301,086
9. TRADE DEBTS			
Considered good	9.1 & 9.2	227,340	237,352
Considered doubtful		1,475	3,641
		228,815	240,993
Less: Provision for doubtful debts	9.3	1,475	3,641
		227,340	237,352

9.1 The aging of trade debts at June 30 is as follows:

	2011 Rs '000	2010 Rs '000
Neither past due nor impaired	213,581	204,521
Past due but not impaired		
- within 90 days	8,115	22,726
- 91 to 180 days	5,644	4,116
- over 180 days	-	5,989
	227,340	237,352

9.2 Includes Rs. 0.3 million (2010: Rs. 0.3 million) due from Marine Services (Private) Limited and Rs. Nil (2010: Rs. 0.313 million) due from Premier Mercantile Services (Private) Limited (related parties).

9.3 Movement of provision for doubtful debts

	2011 Rs '000	2010 Rs '000
Opening balance	3,641	4,810
Provision for the year	-	924
Written off during the year	(2,166)	(2,093)
	1,475	3,641

	Note	2011 Rs '000	2010 Rs '000
10. ADVANCES - unsecured, considered good			
- to employees		6,952	5,149
- to suppliers		62,775	30,415
		69,727	35,564
11. DEPOSITS AND PREPAYMENTS			
Security deposits		9,336	9,214
Prepayments			
- Insurance		673	41,939
- Others		6,715	4,940
		16,724	56,093
12. OTHER RECEIVABLES			
Accrued profit on term deposits		1,348	1,043
Accrued profit on certificate of investments	12.1	16,688	15,648
Other receivables – considered good	12.2	3,602	13,490
		21,638	30,181

	2011 Rs '000	2010 Rs '000
12.1 Accrued profit on certificate of investments	18,854	17,814
Less: Provision for impairment	(2,166)	(2,166)
	16,688	15,648

12.2 Includes Rs. Nil (2010: Rs. 10.133) million due from Pakistan International Bulk Terminal (Private) Limited, a wholly owned subsidiary, in respect of incorporation expenses paid by the Company.

	Note	2011 Rs '000	2010 Rs '000
13. SHORT TERM INVESTMENTS			
Designated at fair value through profit or loss	13.1	509,754	539,122
Held to maturity – Related party	13.2	38,250	53,250
		548,004	592,372

13.1 Designated at fair value through profit or loss

Number of units / shares 2011	Number of units / shares 2010		2011 Cost	2011 Fair value	2010 Cost	2010 Fair Value
			Rs '000			
		Listed - Mutual Funds (Open Ended)				
1,160,980	-	ABL Cash Fund	10,000	11,091	-	-
3,556,039	4,236,041	JS Cash Fund	332,990	374,456	429,958	434,025
-	458,051	Crosby Phoenix Fund	-	-	46,135	51,256
107,415	-	PICIC Income Fund	10,000	11,093	-	-
112,781	101,683	Atlas Money Market Fund	52,244	58,308	50,000	52,224
6,393	5,633	JS - Unit Trust of Pakistan	582	662	511	582
24,350	24,350	UTP Large Cap Fund - Class B	757	2,129	757	1,035
519,048	-	UBL Liquidity Plus Fund - Class C	50,000	52,015	-	-
			456,573	509,754	527,361	539,122
		Unrealized gain on revaluation of investments	53,181	-	11,761	-
			509,754	509,754	539,122	539,122

	Note	2011 Rs '000	2010 Rs '000
13.2 Held to Maturity Investments - Related party			
Saudi Pak Leasing Company - COI	13.3	56,000	71,000
Less: Provision for impairment		(17,750)	(17,750)
		38,250	53,250

13.3 Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company) – a related party, having face value of Rs. 56 million (2010: Rs. 71 million) carrying interest at the rate of 7% (2010: 13.5%) per annum.

The Leasing Company made default in repayment against COIs in August 2009 due to liquidity crunch induced by the stoppage of credit lines from the commercial banks/DFIs and impairment in repayment capacity of the lessees as reported in its half yearly financial statements for the period ended December 31, 2010. The Leasing Company proposed a restructuring schedule under which the COIs are repayable in 46 monthly installments. The Company has received Rs. 15 million (2010: 19 million) against the above investment. The management is actively pursuing the Leasing Company and is confident that the Company will recover its investment in due course. However, due to uncertainties involved, on the basis of prudence, Company continues to carry impairment provision of Rs 17.750 million in these financial statements.

	Note	2011 Rs '000	2010 Rs '000
14. CASH AND BANK BALANCES			
With banks:			
- in current accounts	14.1	47,135	275,914
- in saving accounts	14.2	1,488,383	601,740
- in deposit accounts	14.3	150,000	135,000
		1,685,518	1,012,654
Cash in hand		16,878	13,522
		1,702,396	1,026,176

14.1 Includes Rs. Nil (June 30, 2010: Rs. 255 million) deposited by the Company in Debt Reserve Account maintained for debt services under "Debt Reserve Account Agreement" entered into with IFC and OFID. The balance of the said account is now transferred to a savings account in the current year and carries profit at the rate of 11.95% per annum.

14.2 These carry profit at the rates ranging from 5 to 11.95 percent (2010: 5 to 11.5 percent) per annum.

14.3 These carry profit at the rates ranging from 10.65 to 12.90 percent (2010: 10.65 to 12.2 percent) per annum.

15. SHARE CAPITAL

15.1 Authorised capital

2011 (Number of shares)	2010 (Number of shares)		2011 Rs '000	2010 Rs '000
182,000,000	182,000,000	Ordinary shares of Rs.10/- each	1,820,000	1,820,000
18,000,000	18,000,000	Preference shares of Rs. 10/- each	180,000	180,000
200,000,000	200,000,000		2,000,000	2,000,000

15.2 Issued, subscribed and paid-up capital

2011 (Number of shares)	2010 (Number of shares)		Note	2011 Rs '000	2010 Rs '000
		Ordinary shares of Rs.10/- each			
63,761,200	63,761,200	- fully paid in cash		637,612	637,612
33,352,352	33,352,352	- issued as bonus shares		333,524	333,524
12,039,600	12,039,600	- issued for consideration other than cash	15.2.1	120,396	120,396
109,153,152	109,153,152			1,091,532	1,091,532
		Preference shares of Rs. 10/- each			
18,000,000	18,000,000	- fully paid in cash	15.2.2 & 15.2.3	180,000	180,000
127,153,152	127,153,152			1,271,532	1,271,532

15.2.1. Represents shares issued in consideration for mobile harbour cranes, port equipment and a vehicle.

15.2.2. These are cumulative redeemable preference shares, issued in the ratio of 1 preference share for 3.54 ordinary shares held and carry a dividend of 10 percent on the issue price, redeemable 7 years after the issue date. The shareholders, inter alia, have the right to convert these into ordinary shares in the ratio of 1 ordinary share for 1 preference share held, if the Company fails to redeem these shares.

15.2.3 The above stated preference shares have been treated as part of equity on the following bases:

- The preference shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.
- The authorised capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on December 24, 2004.
- Return of allotment of shares was filed under Section 93(1) of the Ordinance.
- The Company is required to set-up a reserve for redemption of preference shares under Section 85 of the Ordinance in respect of the shares redeemed which effectively makes preference shares a part of equity.
- Dividend on the preference shares is appropriation of profit both under the Ordinance and the tax laws.
- The requirements of the Ordinance take precedence over the requirements of IFRSs.
- As stated in 15.2.2 above, shareholders have the right to convert these preference shares into ordinary shares or else retain their preference shares, provided that the Company shall pay the preferred dividend for each financial year following the expiry of the term date at the rate of 12% (instead of 10%) per annum on the face value.
- These preference shares are listed on the Karachi Stock Exchange.

However, considering the requirements of the IFRSs for classification of debt and equity instruments, which suggests that the above preference shares be classified as debt, the Company has sought a clarification from the SECP in respect of the presentation of preference shares in the financial statements prepared in accordance with the requirements of the Companies Ordinance, 1984. Pending the decision of the SECP in this matter, the preference shares have been reflected as equity of the Company.

15.3 Premier Mercantile Services (Private) Limited – a related party holds 38,544,040 ordinary shares (2010: 38,544,040 ordinary shares) of nominal value of Rs.10/- each representing 35.3 percent (2010: 35.3 percent) of the ordinary paid-up capital of the Company.

Jahangir Siddiqui & Company Limited – a related party holds 23,000,000 ordinary shares (2010: 24,000,000 ordinary shares) of nominal value of Rs.10/- each representing 21.07 percent (2010: 21.9 percent) of the ordinary paid-up capital of the Company.

15.4 The Company has entered into long term loan agreements with IFC and OFID. These agreements restrict the Company from declaring or paying any dividend on ordinary shares or making any distribution on its share capital (other than dividends or distributions payable in preference shares of the Company) unless agreed by IFC and OFID subject to certain conditions of the agreements.

	2011 Rs '000	2010 Rs '000
16. LONG-TERM FINANCING – secured		
International Finance Corporation (IFC)		
First Loan		
- Loan A	185,247	257,989
- Loan C	129,075	128,400
	314,322	386,389
Second Loan	309,780	376,640
Third Loan	86,051	256,800
Fourth Loan	860,500	856,000
	1,570,653	1,875,829
OPEC Fund for International Development (OFID)		
First Loan	185,247	257,989
Second Loan	309,780	376,640
Third Loan	32,269	96,300
Fourth Loan	258,150	256,800
	785,446	987,729
	2,356,099	2,863,558
Less:		
- Unamortized transaction costs	27,918	45,736
- Current maturity of long-term financing	475,285	519,782
	503,203	565,518
	1,852,896	2,298,040

16.1 The principal terms and conditions of the above loans are summarized as follows:

IFC

	First Loan		Second Loan	Third Loan	Fourth Loan
	Loan A	Loan C			
- Principal amount in US Dollars	7,750,000	1,500,000	6,000,000	8,000,000	10,000,000
- Interest rate per annum	LIBOR plus 3.875%	5% (Note 16.1.1)	LIBOR plus 3.375%	LIBOR Plus 3.25%	LIBOR plus 3.125%
- Repayment terms:					
• Number of installments	18 semi-annual	2 equal installments	18 semi-annual	16 semi-annual	14 semi-annual
• First installment	April 15, 2005	April 15, 2014	January 15, 2007	October 15, 2007	July 15, 2011
• Last installment	October 15, 2013	October 15, 2014	July 15, 2015	April 15, 2015	January 15, 2018

OFID

	First Loan	Second Loan	Third Loan	Fourth Loan
- Principal amount in US Dollars	7,750,000	6,000,000	3,000,000	3,000,000
- Interest rate per annum	LIBOR plus 3.875%	LIBOR plus 3.375%	LIBOR Plus 3.25%	LIBOR plus 3.125%
- Repayment terms:				
• Number of installments	18 semi-annual	18 semi-annual	16 semi-annual	14 semi-annual
• First installment	April 15, 2005	January 15, 2007	October 15, 2007	July 15, 2011
• Last installment	October 15, 2013	July 15, 2015	April 15, 2015	January 15, 2018

16.1.1 In addition to the above, IFC is entitled to additional interest to be computed at the rate of US Dollar 1.85 per TEU (Twenty Feet Equivalent Container Units) in excess of 150,000 TEUs per annum subject to cap of upto US Dollars 225,000 per annum upto year 2011 and progressively increasing to US Dollar 300,000 per annum upto year 2014.

16.1.2 The above loans are secured as follows:

IFC Loans (First Loan A , Second Loan, Third Loan and Fourth Loan) and OFID Loans
These loans are secured by way of a first equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and first hypothecation over all other movable assets.

IFC Loan C
This loan is secured by way of a second equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and second hypothecation over all other movable assets.

16.1.3 As discussed in note 35.1 to these financial statements, the Company has subsequently paid off the whole outstanding balance of loan as at 30 June 2011 by 22 July 2011.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represent finance leases entered into with leasing companies for Ship to Shore Crane (STS), Rubber Tyre Gantry Crane (RTG) and port equipments. Total lease rentals due under various lease agreements aggregate Rs. 187.731 (2010: Rs. 265.912) million and are payable in quarterly and six monthly installments latest by 2012. Overdue rental payments are subject to an additional charge upto 0.1 percent per day. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 14.60 to 16.04 (2010: 14.60 to 15.01) percent per annum have been used as discounting factor. These lease obligations are based on six months KIBOR. Purchase options can be exercised by the lessee in accordance with the respective lease agreements.

	2011		2010	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
	------------ Rs '000 ------------			
Within one year	71,830	59,909	79,512	59,909
After one year but not more than five years	115,901	113,485	186,400	173,394
More than five years	-	-	-	-
Total minimum lease payments	187,731	173,394	265,912	233,303
Less: Amount representing finance charges	14,337	-	32,609	-
Present value of minimum lease payments	173,394	173,394	233,303	233,303
Less: Current portion	59,909	59,909	59,909	59,909
	113,485	113,485	173,394	173,394

17.1 The Company has entered into a cross currency interest rate swap agreement with a local commercial bank for a notional amount of Rs. 343.50 million, maturing up to July 2011. Under swap arrangement the principal payable amount of Rs. 343.750 million is swapped with US dollar component at Rs. 60.49 per US dollar making loan amount to US dollar 5.682 million. Besides foreign currency component, the Company would receive three months KIBOR rates and pay three months LIBOR and spread of 3.15% as per the respective arrangement, which will be settled quarterly. The swap is being used to hedge the exposure to change in the fair value of Company's lease obligations which are based on KIBOR. The outstanding balance of this arrangement is Rs. 109.375 million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 44.018 million unfavorable to the Company as of the balance sheet date. Subsequent to the year end, the Company has settled the aforesaid swap arrangement and paid-off the above outstanding liability.

	Note	2011 Rs '000	2010 Rs '000
18. DEFERRED TAX LIABILITY			
Taxable temporary differences			
Accelerated tax depreciation / amortization allowance		1,181,082	986,219
Deductible temporary differences			
Provision for compensated absences		(12,225)	(10,020)
Provision for doubtful debts		(516)	(1,274)
Fair value loss on derivative		(15,406)	(23,162)
Others		(65,629)	(6,970)
		1,087,306	944,793
19. STAFF COMPENSATED ABSENCES			
Opening balance		28,628	24,152
Accrual for the year		7,857	5,024
Less: Encashments		(1,557)	(548)
Closing balance		34,928	28,628
20. TRADE AND OTHER PAYABLES			
Trade Creditors	20.1	175,449	152,375
Due to Karachi Port Trust			
Royalty		46,114	42,647
Wharfage		44,368	50,461
Handling and marshalling charges	20.2 & 21.1.2	34,554	34,604
		125,036	127,712
Accrued expenses			
Legal and professional charges		5,750	5,283
Salaries and wages		91,196	23,130
Others		1,353	1,525
		98,299	29,938
Other liabilities			
Advances from customers		58,020	35,271
Retention money		9,959	26,505
Sales tax payable		48,840	39,022
Fair value loss on derivatives	17.1	44,018	66,177
Workers' Welfare Fund		43,445	30,616
Dividend payable		2,049	1,282
Others		3,520	7,819
		209,851	206,692
		608,635	516,717

20.1 Includes Rs. 89.951 million (2010: Rs. 58.003 million) payable to Premier Mercantile Services (Private) Limited – a related party.

20.2 Includes Rs. 34.6 million (2010: Rs. 34.6 million) withheld by the company from handling and marshalling charges billed by KPT as fully explained in note 21.1.2.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 During the year ended 30 June 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 being additional wharfage charges and Rs. 203 million as penalty, with interest. According to the opinion of the legal counsel of the Company, there is no merit in this claim and hence there is a remote possibility that the case would be decided against the Company. Further, the legal counsel has also stated that, in any case, the penalty imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

21.1.2 During the year ended 30 June 2007, the Company filed an interpleader civil suit against the Deputy District Officer, Excise and Taxation and the Trustees of the Port of Karachi (KPT) in the Honorable High Court of Sindh against the demand raised by the Deputy District Officer, Excise and Taxation 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 rent payable to KPT. The Honorable High Court of Sindh granted a stay order to Company ensuring that no coercive action is taken against the Company in due course until the case has been finalized. During the year ended June 30 2008, the Company has withheld the amount of Rs. 34.6 million from the handling and marshalling charges billed by KPT for the period from July 01, 2007 till December 31, 2007, in accordance with the Honorable High Court's short order dated June 29, 2007. According to the opinion of the legal counsel of the Company, there is full merit in this case and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

		Note	2011 Rs '000	2010 Rs '000
21.2	Commitments			
21.2.1	Commitments for capital expenditure			
	Civil works		15,000	15,000
	Intangible assets		-	5,400
			15,000	20,400
21.2.2	Letter of guarantees		86,050	85,600
21.2.3	Letters of credit		16,624	3,876

22. TURNOVER - net

Turnover		6,878,333	5,739,637
Less: Federal Excise Duty		(571,230)	(466,940)
Sales tax		(183,327)	(147,580)
		6,123,776	5,125,117

23. TERMINAL OPERATING COSTS

	Note	2011	2010
Salaries, wages and benefits	23.1	363,110	259,981
Contracted labour		34,002	24,460
Staff training		916	956
Royalty		560,356	500,381
Handling and Marshalling charges		115,239	111,507
Crane usage charges		29,163	39,205
Port maintenance		10,451	1,370
Stevedoring		847,143	776,131
Custom seals		4,700	3,082
Storage charges		33,185	19,251
Stores, spares and other maintenance charges		292,529	222,266
Fuel consumed		576,030	410,089
Travelling and conveyance		2,935	2,174
Office maintenance		43,095	31,683
Vehicles running expenses		10,426	9,924
Insurance		87,021	86,245
Printing and stationery		3,827	3,245
Utilities		5,235	6,919
Depreciation	4.1.2	452,751	409,087
Amortization	5.1.2	13,682	3,672
Others		38,864	20,439
		3,524,660	2,942,067

23.1 This includes Rs.8.77 (2010: Rs. 6.424) million in respect of staff retirement benefits and Rs. 4.49 (2010: Rs. 2.55) million in respect of compensated absences.

	Note	2011 Rs '000	2010 Rs '000

24. ADMINISTRATIVE EXPENSES

	Note	2011 Rs '000	2010 Rs '000
Salaries, wages and benefits	24.1	246,462	162,217
Travelling and conveyance		6,747	6,825
Advertising expense		3,517	4,201
Auditors' remuneration	24.2	3,211	2,866
Legal and professional charges		13,795	13,679
Office maintenance		14,386	9,871
Vehicles running expenses		13,228	9,717
Security expenses		8,132	4,601
Insurance expense		2,936	2,183
Communication		5,542	4,988
Printing and stationery		13,508	11,957
Utilities		2,492	1,962
Depreciation	4.1.2	61,739	56,163
Amortisation	16	19,557	19,214
Fees and subscription		4,819	4,755
Entertainment		16,678	13,718
Donations	24.3	23,941	10,055
Provision for doubtful debts		-	924
Others		10,385	9,272
		471,075	349,168

24.1 This includes Rs.6.45 (2010: Rs. 5.218) million in respect of staff retirement benefits and Rs. 3.40 (2010: Rs. 1.92) million in respect of compensated absences.

24.2 Auditors' remuneration

	2011 Rs '000	2010 Rs '000
Statutory audit fee	1,400	1,100
Fee for review of compliance with Code of Corporate Governance and half yearly accounts	528	468
Tax and corporate advisory services	1,167	1,198
Out of pocket expenses	116	100
	3,211	2,866

24.3 Includes Rs.3.6 (2010: Rs. 2.50) million paid to Rabia Azeem Trust in which Capt. Haleem A. Siddiqui, Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui are Trustees and Rs. 11.392 (2010: Rs. Nil) million paid to Organization for Social Development Initiative in which Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui are Trustees. No other directors or their spouses have any interest in any donee's fund to which donation was made.

25. OTHER OPERATING INCOME

	2011 Rs '000	2010 Rs '000
Income from financial assets		
Profit on deposit accounts	118,092	70,402
Gain on re-measurement of investments designated at fair value through profit or loss	53,181	11,761
Fair value gain on derivatives	22,158	-
Gain realised on disposal of investments	1,505	12,981
	194,936	95,144
Income from non financial assets		
Dividend income	51	-
Gain on disposal of fixed assets	3,907	739
Liabilities no longer payable written back	22,179	-
Others	10	924
	26,147	1,663
	221,083	96,807

	Note	2011 Rs '000	2010 Rs '000
26. FINANCE COSTS			
Interest on long-term financing		120,873	147,201
Financial charges on leased assets		35,471	38,200
Bank charges		1,975	456
		158,319	185,857
27. OTHER CHARGES			
Exchange loss on long term financing		18,547	161,395
Fair value loss on derivatives		-	11,945
Workers' Welfare Fund		43,445	30,616
Provision for impairment		-	19,916
		61,992	223,872
28. TAXATION			
Current		720,712	377,000
Deferred		142,512	197,465
Prior		11,732	38,682
	28.1	874,956	613,147

28.1 Relationship between tax expense and accounting profit

	2011	2010
Profit Before tax	2,128,813	1,520,960
Tax at the applicable tax rate of 35%	745,085	532,336
Tax effect of expenses that are inadmissible in determining taxable income	208,128	206,326
Tax effect due to higher taxation rate	30,209	-
Tax effect of expenses that are admissible but not included in determining accounting profit	(262,710)	(361,662)
Net effect of income tax provision relating to prior years	11,732	38,682
Tax effect of taxable temporary differences	236,289	292,876
Tax effect of deductible temporary differences	(93,777)	(95,411)
	874,956	613,147

29. EARNINGS PER SHARE

29.1 Basic earnings per share

		2011	2010
Profit after tax		1,253,857	907,813
Preferred dividend on cumulative preference shares		(18,000)	(18,000)
Profit after taxation attributable to ordinary shareholders		1,235,857	889,813
Weighted average number of ordinary shares in issue during the year	Numbers in '000	109,153	109,153
Basic earnings per share	Rupees	11.32	8.15

			2011 Rs '000	2010 Rs '000
29.2	Diluted earnings per share			
	Profit after taxation attributable to ordinary shareholders		1,235,857	889,813
	Preferred dividend on cumulative preference shares		18,000	18,000
			1,253,857	907,813
	Weighted average number of ordinary shares in issue during the year	Numbers in '000	109,153	109,153
	Adjustment of preference shares	Numbers in '000	18,000	18,000
			127,153	127,153
	Diluted earnings per share	Rupees	9.86	7.14

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended 30 June 2011. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

30.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2011 Rs '000	2010 Rs '000
Long-term deposits	83,705	83,705
Trade debts - unsecured	227,340	237,352
Advances - unsecured	69,727	35,564
Deposits	9,336	9,214
Other receivables - unsecured	21,638	30,181
Investments	548,004	592,372
Bank balances	1,685,518	1,012,654
	2,645,268	2,001,042

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values 2011 Rs '000	Carrying Values 2010 Rs '000
30.1.1 Trade debts		
Customers with no defaults in the past one year	170,505	154,174
Customers with some defaults in past one year which have been fully recovered	56,835	50,347
	227,340	204,521

30.1.2 Investments	2011 Rs '000	2010 Rs '000
In Mutual Funds		
Ratings by PACRA		
5 Star	2,791	1,035
AA+(f)	58,308	52,806
	61,099	53,841
Ratings by JCR		
A(f)	-	51,256
A+(f)	11,093	-
AA+(f)	437,562	434,025
Certificate of Investment Rating by JCR		
D	38,250	53,250
	486,905	538,531
	548,004	592,372
30.1.3 Cash with Banks		
A1	747,825	596,398
A1+	920,115	416,146
A2	32,918	110
F1+	930	-
WD	220	-
	1,702,008	1,012,654

30.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended 30 June 2011	Rs '000					
Long-term financing – secured	-	148,743	326,542	1,561,196	319,616	2,356,097
Liabilities against assets subject to finance lease	-	-	59,909	113,485	-	173,394
Trade and other payables	307,456	143,414	64,907	-	-	515,777
Accrued interest on long-term financing	-	29,654	21,633	-	-	51,287
	307,456	321,811	543,829	1,674,681	319,616	3,096,479

Year ended 30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs '000					
Long-term financing – secured	-	-	519,782	245,349	2,098,427	2,863,558
Liabilities against assets subject to finance lease	-	-	59,909	173,394	-	233,303
Trade and other payables	175,505	135,237	100,776	-	-	411,518
Accrued interest on long-term financing	-	48,839	7,060	-	-	55,899
	175,505	184,076	687,527	418,743	2,098,427	3,564,278

30.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2011 US$ '000	2010 US$ '000
Long - term financing	27,381	29,053
Liability under swap arrangement	2,324	3,357
Accrued interest on long term financing	596	649
Trade and other payables	438	524
	30,739	33,583

	2011	2010
The following significant exchange rates have been applied at the reporting dates:		
Exchange Rates	86.05	85.6

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollar rate (%)	Effect of translation of foreign currency liabilities on profit or (loss)	Effect on equity
		Rs '000	
30 June 2011	+10	(235,475)	(153,059)
	-10	235,475	153,059
30 June 2010	+10	(287,470)	(186,856)
	-10	287,470	186,856

30.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

To manage the interest rate risk on lease obligations, the Company has entered into cross currency interest rate swap agreement as disclosed in note 17.1 to these financial statements. At 30 June 2011, the Company's entire borrowings are at floating rate of interest.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
		Rs '000
2011		
USD LIBOR	+15	(27,809)
USD LIBOR	-15	27,809
2010		
USD LIBOR	+15	(27,809)
USD LIBOR	-15	27,809

30.5 Equity price risk

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Company's equity price risk as of 30 June 2011 and 2010. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	Rs '000		----- Rs '000	-----
30 June 2011	2,129	5% increase	106	68.9
30 June 2010	1,035	5% increase	51.75	33.64

30.6 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at 30 June 2011 and 2010 were as follows:

	2011 Rs '000	2010 Rs '000
Long term financing	2,328,181	2,817,822
Trade and other payables	608,635	516,717
Accrued interest / mark-up on borrowings	51,287	55,899
Liabilities against asset subject to finance lease	173,394	233,303
Total debt	3,161,497	3,623,741
Less: Cash and bank balances	(1,702,396)	(1,026,176)
Short term investments	(548,004)	(592,372)
Net debt	911,097	2,005,193
Share capital	1,271,532	1,271,532
Unappropriated profit	3,409,418	2,446,444
Equity	4,680,950	3,717,976
Capital	5,592,047	5,723,169
Gearing ratio	16.29%	35.04%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

30.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	Rs '000			
30 June 2011				
Investments designated at fair value through profit or loss	509,754	509,754	-	-
	509,754	509,754	-	-
30 June 2010				
Investments designated at fair value through profit or loss	539,122	539,122	-	-
	539,122	539,122	-	-

Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	Rs '000			
30 June 2011				
Fair value loss on derivative	44,018	-	44,018	-
	44,018	-	44,018	-
30 June 2010				
Fair value loss on derivative	66,177	-	66,177	-
	66,177	-	66,177	-

During the year ended 30 June 2011, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

31. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

31.1 The aggregate amount, charged in the financial statements for the year is as follows:

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rs '000					
Remuneration (including bonus)	17,517	61,824	48,315	15,232	53,760	33,372
Housing rent	2,628	9,273	9,672	2,284	8,064	6,585
Retirement benefits	730	2,575	2,253	634	2,239	1,648
Medical Allowance	876	3,091	3,224	762	2,688	2,195
Utilities	876	3,091	3,224	762	2,688	2,195
Conveyance	280	1,533	1,705	280	930	1,280
	22,907	81,387	68,393	19,954	70,369	47,275
Number	1	4	40	1	4	30

31.2 The Chief Executive, some of directors and executives of the Company are also provided with the use of the Company maintained car, club memberships and medical benefits in accordance with their terms of service.

31.3 The aggregate amount paid to the Directors as a fee for attending the Board of Director's meetings amount to Rs. 0.214 million (2010: Rs. 0.014 million).

32. RELATED PARTIES TRANSACTIONS

The related parties include subsidiary, major shareholders, entities having directors in common with the Company, directors and other key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment and transactions with such related parties reflected elsewhere in these financial statements are as under:

	2011 Rs '000	2010 Rs '000
Subsidiary Company		
Pakistan International Bulk Terminal (Private) Limited		
Pre-commencement expenditure	-	10,133
Issue of share capital	425,000	-
Major Shareholders		
Premier Mercantile Services (Private) Limited		
Stevedoring charges	605,572	590,549
Storage charges	33,185	33,676
Equipment charges	27,600	27,600
Entities having directors in common with the Company		
Premier Software (Private) Limited		
Software maintenance charges	3,450	3,760
Marine Services (Private) Limited		
Revenue from container handling	4,497	7,110
Port Link International (Private) Limited		
Revenue from container handling	3,170	1,089
AMI Pakistan (Private) Limited		
Revenue from container handling	1,224	-
Travel Club (Private) Limited		
Traveling expenses	7,361	5,943
Saudi Pak Leasing Company Limited		
Rollover of Certificate of Investments	71,000	90,000
Repayment of principal of Certificate of Investments	15,000	19,000
Profit on Certificate of investments	3,269	9,151
Rabia Azeem Trust		
Donation	3,094	2,500
Organization for Social Development Initiative		
Donation	11,392	-
Staff retirement contribution plan		
Contribution to staff provident fund	14,191	11,641

32.1 Balances outstanding with related parties have been disclosed in the respective notes to these financial statements.

32.2 The above transactions with related parties are entered into on arm's length basis.

33. CASH FLOWS FROM OPERATING ACTIVITIES

	2011 Rs '000	2010 Rs '000
Profit before taxation	2,128,813	1,520,960
Adjustments for non-cash items:		
Depreciation	514,490	465,250
Amortisation	33,239	22,886
Accrual for staff compensated absences	7,857	5,024
Finance costs	158,319	185,850
Unrealised exchange loss	3,210	143,847
Fair value (gain) / loss on derivatives	(22,158)	11,945
Unrealised gain on investment	(53,181)	(11,761)
Interest income	(118,092)	(70,402)
Gain on disposal of fixed assets	(3,907)	(739)
Impairment	-	19,916
Provision for doubtful debts	-	924
	519,777	772,740
Operating profit before working capital changes	2,648,590	2,293,700
(Increase)/decrease in current assets		
Stores and spares	(39,705)	(47,171)
Trade debts	10,012	150,694
Advances, deposits, prepayments and other receivables	13,749	(30,776)
	(15,944)	72,747
	2,632,646	2,366,447
Increase/(decrease) in current liabilities		
Trade payables and other liabilities	143,775	7,859
Cash generated from operations	2,776,421	2,374,306

34. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on August 29, 2011.

35. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

35.1 Subsequent to the year end, the Company has obtained a long term local currency loan facility upto Rs. 2,500 million from a commercial bank and has fully paid off the outstanding foreign currency loans amounting to Rs. 2,328 million as at June 30, 2011 which were payable in different installments by January 15, 2018. The foreign currency loans outstanding as at the year-end are shown as long term liability in these financial statements.

35.2 DIVIDENDS AND APPROPRIATIONS

35.2.1 The Board of Directors in its meeting held on 11 July 2011 has proposed to distribute 54.577 million ordinary shares (100% of the issued, subscribed and paid up capital) of its subsidiary company, Pakistan International Bulk Terminal (Private) Limited (PIBTL), having face value of Rs 10 each, to the members of the Company as ‘specie dividend’ in the ratio of 1:2, i.e. one ordinary share of PIBTL for every two ordinary shares held of the existing issued, subscribed and paid up capital of the Company. The members have approved the said distribution at the Extra Ordinary General Meeting (EOGM) held on 03 August 2011 thereby resulting in ceasing of the Company’s equity holding in PIBTL. These financial statements do not reflect this appropriation.

PIBTL was incorporated on 22 March 2010 as a private limited company fully owned by PICTL, with principal activities as terminal operator of coal, clinker and cement and other bulk cargo. PIBTL has not commenced its operations. The carrying value of the investment in subsidiary to be distributed at 30 June 2011 is Rs 425 million, and subsequent to the balance sheet date, PIBTL has further issued 12.077 million ordinary shares of Rs 10 to the Company, increasing the carrying amount to Rs 545.77 million. The fair value of the investment in subsidiary does not significantly differ from its carrying value.

According to section 25 of the Listing Regulations, a company distributing shares of its unlisted subsidiary company in the form of specie dividend, shall get such subsidiary company listed within a period of 120 days from the date of approval of such distribution. The Company, in pursuance of the above regulation, intends to apply to Karachi Stock Exchange (KSE) for the listing of PIBTL subsequent to the approval of distribution at EOGM held on 03 August 2011. However, in the event of non compliance with the above regulation, the KSE may suspend the trading of shares of the Company or it may be delisted. Furthermore, the Company will be obliged to encash the said shares, at the options of the recipients, at a price not less than the current breakup value or face value of the shares of PIBTL, whichever is higher, within 30 days from such non – compliance.

35.2.2 The Board of Directors in their board meeting held on 29 August 2011 have recommended a final cash dividend of Rs. 4.00/- - 40% per ordinary share amounting to Rs. 436.613 million (2010: Rs. 2.5/- - 25% per ordinary share amounting to Rs. 272.883 million) for the year ended 30 June 2011. The Directors have also proposed a final dividend for the year ended 30 June 2011 of Re.1.00 – 10% (2010: Re.1.00 – 10%) per preference share. The financial statements for the year ended 30 June 2011 do not include the effect of the final dividend which will be accounted for in the financial statements for the year ending 30 June 2012.

36. EXEMPTION FROM APPLICABILITY OF IFRIC – 12 “SERVICE CONCESSION ARRANGEMENTS”

As explained in note 2.1, the required mandatory disclosure is as follows:

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 and IAS-38, the effect on the financial statements would be as follows:

	2011 Rs '000	2010 Rs '000
Reclassification from depreciation expense to amortization expense	352,299	301,096
Reclassification from property, plant and equipment to intangible assets (Port Concession Rights) – written down value	3,656,828	3,501,719

37. GENERAL

37.1 There were no material reclassifications that could affect the financial statements materially.

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Consolidated Financial Statements

Auditors' Report to the Members

We have audited the annexed consolidated financial statements comprising of consolidated balance sheet of PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED and its subsidiary company as at 30 June 2011 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of Pakistan International Container Terminal Limited and Pakistan International Bulk Terminal (Private) Limited. These financial statements are the responsibility of the Holding Company's Management. Our responsibility is to express an opinion on theses financial statements, based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing as applicable in Pakistan and accordingly includes such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion the consolidated financial statements present fairly the financial position of Pakistan International Container Terminal Limited and its subsidiary company as at 30 June 2011 and the results of their operations, comprehensive income, cash flows and changes in equity for the year then ended.

We draw attention to the contents of note 14.2.3 to the financial statements. As fully explained in the said note, preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and the matter of its classification will be dealt with in accordance with the clarification from the Securities and Exchange Commission of Pakistan. Our report is not qualified in respect of this matter.

Karachi: August 29, 2011

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

Consolidated Balance Sheet

As at June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	5,951,511	5,800,338
Intangible assets	5	51,307	64,989
Long-term deposits	6	83,705	83,705
		6,086,523	5,949,032
CURRENT ASSETS			
Stores and spares	7	340,791	301,086
Trade debts	8	227,340	237,352
Advances - unsecured, considered good	9	69,727	35,564
Deposits and prepayments	10	17,724	56,093
Other receivables	11	21,638	20,048
Short term investments	12	548,004	592,372
Taxation - net		-	87,282
Cash and bank balances	13	1,718,893	1,026,176
		2,944,117	2,355,973
TOTAL ASSETS		9,030,640	8,305,005
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	14.1	2,000,000	2,000,000
Issued, subscribed and paid-up capital	14.2	1,271,532	1,271,532
Unappropriated profit		3,407,401	2,436,261
		4,678,933	3,707,793
NON-CURRENT LIABILITIES			
Long-term financing - secured	15	1,852,896	2,298,040
Liabilities against assets subject to finance lease	16	113,485	173,394
Deferred tax liability	17	1,083,680	944,793
Staff compensated absences	18	34,928	28,628
		3,084,989	3,444,855
CURRENT LIABILITIES			
Trade and other payables	19	610,209	516,767
Accrued interest		51,287	55,899
Taxation - net		70,028	-
Current maturity of long-term financing	15	475,285	519,782
Current maturity of liabilities against assets subject to finance lease	16	59,909	59,909
		1,266,718	1,152,357
CONTINGENCIES AND COMMITMENTS	20		
TOTAL EQUITY AND LIABILITIES		9,030,640	8,305,005

The annexed notes from 1 to 36 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Consolidated Profit and Loss Account

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
Turnover-net	21	6,123,776	5,125,117
Terminal operating costs	22	3,524,660	2,942,067
Gross profit		2,599,116	2,183,050
Administrative expenses	23	471,251	359,351
Other operating income	24	228,750	96,807
		2,356,615	1,920,506
Finance costs	25	158,319	185,857
Other charges	26	62,142	223,872
Profit before taxation		2,136,154	1,510,777
Taxation	27	874,131	613,147
Profit after taxation		1,262,023	897,630
			(Restated)
Earnings per ordinary share - Basic	28.1	Rs. 11.40	Rs. 8.06
			(Restated)
Earnings per ordinary share - Diluted	28.2	Rs. 9.93	Rs. 7.06

The annexed notes from 1 to 36 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Consolidated Statement Of Comprehensive Income

For the year ended June 30, 2011

	2011 Rs '000	2010 Rs '000
Profit for the year after tax	1,262,023	897,630
Other comprehensive income – net of taxation	-	-
Total comprehensive income for the year – net of tax	1,262,023	897,630

The annexed notes from 1 to 36 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Consolidated Cash Flow Statement

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
CASH FLOWS FROM OPERATIONS	32	2,766,486	2,374,306
Taxes paid		(603,386)	(404,236)
Leave encashment paid		(1,557)	(548)
Finance costs paid		(105,610)	(157,099)
Net cash generated from operating activities		2,055,933	1,812,423
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(94,110)	(159,095)
Proceeds from sale of property, plant and equipment		6,671	3,576
Payment in relation to capital work-in-progress		(602,078)	(421,229)
Purchase of Investments - net		(326,201)	(25,534)
Interest received		122,269	59,844
Net cash used in investing activities		(893,449)	(542,438)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing - net		(523,498)	(485,186)
Proceeds from issue of shares		425,000	-
Dividends paid on preference shares		(18,000)	(18,000)
Dividend paid on ordinary shares		(272,883)	(139,252)
Security deposits against leased assets		-	(172)
Lease rentals paid		(80,386)	(92,387)
Net cash used in financing activities		(469,767)	(734,997)
Net increase in cash and cash equivalents		692,717	534,988
Cash and cash equivalents at the beginning of the year		1,026,176	491,188
Cash and cash equivalents at the end of the year	13	1,718,893	1,026,176

The annexed notes from 1 to 36 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Consolidated Statement Of Changes In Equity

For the year ended June 30, 2011

	Issued, subscribed and paid-up capital			
	Ordinary shares	Redeemable preference shares	Unappropriated profit	Total
	Rs '000			
Balance as at June 30, 2009	909,610	180,000	1,874,994	2,964,604
Profit for the year	-	-	897,630	897,630
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	897,630	897,630
Bonus shares issued during the period in the ratio of 1 ordinary share for every 5 shares held	181,922	-	(181,922)	-
Dividend on preference shares @10% for the year ended June 30, 2009	-	-	(18,000)	(18,000)
Interim dividend on ordinary shares @ 15% for the year ended June 30, 2010	-	-	(136,441)	(136,441)
Balance as at June 30, 2010	1,091,532	180,000	2,436,261	3,707,793
Profit for the year	-	-	1,262,023	1,262,023
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	-	-	1,262,023	1,262,023
Dividend on preference shares @ 10% for the year ended June 30, 2010	-	-	(18,000)	(18,000)
Dividend on ordinary shares @ 25% for the year ended June 30, 2010	-	-	(272,883)	(272,883)
Balance as at June 30, 2011	1,091,532	180,000	3,407,401	4,678,933

The annexed notes from 1 to 36 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Notes To The Consolidated Financial Statements

For the year ended June 30, 2011

1. CORPORATE INFORMATION AND OPERATIONS

The "Group" consists of:

Holding Company

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 listed on the Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The terminal office of the Company is located at berths 6 to 9, East Wharf, Kemari Road, Karachi Port.

1.2. The Company has a Build Operate Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002.

Subsidiary Company

1.3. Pakistan International Bulk Terminal (Private) Limited (the Company) is a wholly owned subsidiary of Pakistan International Container Terminal Limited and was incorporated under the Companies Ordinance, 1984 (the Ordinance) on March 22, 2010 as a private limited company. The registered office of the Company is situated at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The Company is in start-up phase and has not commenced its operations. The principal activities of the Company will be business of container terminal operators, terminal operator of coal, clinker and cement and other bulk cargo etc.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan in pursuance of the Circular No. 21 dated June 22, 2009 has given relaxation for the implementation of IFRIC 12 – "Service Concession Arrangements" due to the practical difficulties facing the companies till the conclusion of the agreements / letter of intent (LOI) entered on or before June 30, 2010 with the Government or other authority/entity.

2.2 Accounting convention

These consolidated financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value as referred to in notes 3.7 and 3.20 below.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the holding company and its subsidiary (the group). The financial statements of the subsidiary are prepared for the same reporting period as of the holding company, using consistent accounting policies.

The assets and liabilities of subsidiary company have been consolidated on a line by line basis and the carrying value of investments held by the holding company is eliminated against the subsidiary's shareholders' equity in the consolidated financial statements.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

2.4 New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except as disclosed below:

The Group has adopted the following new and amended IFRS and IFRIC interpretations which became effective during the year:

IFRS 2 – Group Cash-settled Share-based Payment Arrangements

IAS 32 – Financial Instruments: Presentation – Classification of Rights Issues (Amendment)

IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments

Improvements to various standards issued by IASB

Issued in 2009

IFRS 5 – Non-Current Assets Held for Sale and Discontinued Operations
IFRS 8 – Operating Segments
IAS 1 – Presentation of Financial Statements
IAS 7 – Statement of Cash flows Presentation of Financial Statements
IAS 17 – Leases
IAS 36 – Impairment of Assets
IAS 39 – Financial Instruments : Recognition and Measurement

Issued in May 2010

IFRS 3 – Business Combinations
IAS 27 – Consolidated and Separate Financial Statements

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

2.5 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

Standards or interpretation	Effective date (accounting periods beginning on or after)
IAS 1 – Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	01 July 2012
IFRS 7 – Financial Instruments : Disclosures – Amendments enhancing disclosures about transfers of financial assets	01 July 2011
IAS 12 – Income Tax (Amendment) – Deferred Taxes : Recovery of Underlying Assets	01 January 2012
IAS 19 – Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	01 January 2013
IAS 24 – Related Party Disclosures (Revised)	01 January 2011
IFRIC 14 – Prepayments of a Minimum Funding Requirement (Amendment)	01 January 2011

The Group expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect the Group's financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2011. The Group expects that such improvements to the standards will not have any material impact on the Group's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments	01 January 2015
IFRS 10 – Consolidated Financial Statements	01 January 2013
IFRS 11 – Joint Arrangements	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2013
IFRS 13 – Fair Value Measurement	01 January 2013

2.6. Significant accounting judgments, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment and intangible assets

The Group reviews appropriateness of the rate of depreciation/amortization, useful life and residual value used in the calculation of depreciation/amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Group uses the technical resources available with the Group. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment.

Stores and spares

The Group reviews the net realizable value of stores and spares to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debts

The Group reviews it's doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Group, the Group takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for impairment

The Group reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

Contingencies

The assessment of the contingencies inherently involves the exercise of significant judgment as the outcome of the future events cannot be predicted with certainty. The Group, based on the availability of the latest information, estimates the value of contingent assets and liabilities which may differ on the occurrence / non-occurrence of the uncertain future event(s).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Fixed assets and depreciation

3.1.1 Property, plant and equipment

Owned

Operating property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 4.1 to these financial statements. Depreciation on additions is charged from the month in which the asset is available to use and on disposals up to the month the respective asset was in use. Assets residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Group.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account in the period in which they arise.

Leased

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged to the profit and loss using the same basis as for owned assets.

3.1.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.2. Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Costs incurred on the acquisition of computer software are capitalized and are amortized on straight line basis over their estimated useful life. Amortization is charged in the month in which the asset is put to use at the rates stated in note 5 to these financial statements.

Development expenditure incurred on the project is capitalized when its future recoverability can reasonably be regarded as assured. These are amortized over a period of five years on straight line basis commencing from the date of completion of the project, on a monthly pro-rata basis.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying value of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that the carrying value may not be recoverable.

3.3. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.4. Stores and spares

These are valued at lower of moving average cost and net realizable value. Provision is made for slow moving items where necessary to bring these down to approximate net realizable value and is recognised in income. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

3.5. Trade debts

Trade debts originated by the Group are recognised and carried at original invoice amounts less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

3.6. Loans, advances and other receivables

After initial measurement these are carried at amortized cost less any allowance for impairment.

Gains and losses are recognised in the profit or loss when the loans, advances and other receivables are derecognised or impaired.

3.7. Investments

The investments of the Group, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost using the effective interest method. Gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as through the amortization process.

Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. They are initially measured at fair value plus directly attributable transaction costs. After initial measurement, these are stated at fair values (except for unquoted investments where active market does not exist) with unrealized gains or losses recognized directly in other comprehensive income until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in other comprehensive income is recognized in the profit and loss account.

Fair value of investments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

3.8. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.9. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or on one percent of turnover under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.10. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

3.11. Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services render whether or not billed to the Group.

3.12. Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.13. Transactions with related parties

All transactions with related parties are carried out by the Group using the methods prescribed under the Ordinance.

3.14. Revenue

- Revenues from port operations are recognised when services are rendered;
- Profit on deposits / saving accounts are recognised on time proportion basis; and
- Dividend income is recognised when the Group's right to receive the same is established.

3.15. Staff retirement benefits

The Group operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made by the Group and the employees to the fund at the rate of 8.33% of the basic salary.

Contributions from the Group are charged to profit and loss account for the year.

3.16. Staff compensated absences

The Group provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

3.17. Financial Instruments

Financial assets and financial liabilities are recognized at the time when the Group becomes a party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realized, expire or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

3.18. Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Group has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

3.19. Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee (functional currency) using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account currently.

3.20. Derivative financial instruments

The Group uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealized gains) are included in other asset and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the profit and loss account.

3.21. Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.22. Impairment

3.23 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

3.23.1 Non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an asset’s carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset’s fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

3.23.2 Functional and presentation currency

These financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency

	Note	2011 Rs '000	2010 Rs '000
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	5,434,610	5,346,132
Capital work-in-progress	4.2	516,901	454,206
		5,951,511	5,800,338

Notes To The Consolidated Financial Statements

For the year ended June 30, 2011

4.1 The following is a statement of operating fixed assets:

2011

	COST				ACCUMULATED DEPRECIATION				Written down value as at June 30, 2011	Dep rate % per annum
	As at July 01, 2010	Additions	Disposals	As at June 30, 2011	As at July 01, 2010	For the year	Disposals	As at June 30, 2011		
	Rs '000									
Owned										
Leasehold improvements	289,598	82,260	-	371,858	56,598	59,670	-	116,268	255,590	20
Port improvements	1,176,608	356,635	-	1,533,243	164,660	85,574	-	250,234	1,283,009	5-7.14
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes – STS	2,007,164	-	-	2,007,164	385,011	123,193	-	508,204	1,498,960	5-6.98
Gantry tracks	12,254	-	-	12,254	3,797	613	-	4,410	7,844	5
Rubber Tyred Gantry Cranes – RTG	1,545,030	47,170	-	1,592,200	258,968	102,493	-	361,461	1,230,739	6-6.98
Port equipment	703,591	13,378	-	716,969	210,748	52,137	-	262,885	454,084	7-20
Port Power Generation	301,806	27,570	-	329,376	92,287	24,976	-	117,263	212,113	5- 10
Vehicles	93,577	35,692	19,503	109,766	39,357	19,347	16,735	41,969	67,797	20
Computers	52,206	15,466	-	67,672	40,162	8,969	-	49,131	18,541	33.33
Furniture and fixtures	33,605	23,248	-	56,853	10,304	3,784	-	14,088	42,765	10
Office equipment	40,420	4,317	-	44,737	20,798	3,581	-	24,379	20,358	10-20
	6,357,678	605,736	19,503	6,943,911	1,384,509	484,337	16,735	1,852,111	5,091,800	
Leased										
Ship to Shore Cranes – STS	380,973	-	-	380,973	82,728	23,087	-	105,815	275,158	5-6.06
Rubber Tyred Gantry Cranes – RTG	67,908	-	-	67,908	13,517	4,074	-	17,591	50,317	6
Port equipment	42,747	-	-	42,747	22,420	2,992	-	25,412	17,335	7-20
	491,628	-	-	491,628	118,665	30,153	-	148,818	342,810	
Total - 2011	**6,849,306**	**605,736**	**19,503**	**7,435,539**	**1,503,174**	**514,490**	**16,735**	**2,000,929**	**5,434,610**	

2010

	COST				ACCUMULATED DEPRECIATION				Written down value as at June 30, 2010	Dep rate % per annum
	As at July 01, 2009	Additions	Disposals	As at June 30, 2010	As at July 01, 2009	For the year	Disposals	As at June 30, 2010		
	Rs '000									
Owned										
Leasehold improvements	18,799	270,799	-	289,598	15,910	40,688	-	56,598	233,000	20
Port improvements	581,722	594,886	-	1,176,608	103,322	61,338	-	164,660	1,011,948	5-7.14
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes – STS	2,007,164	-	-	2,007,164	258,259	126,752	-	385,011	1,622,153	5-6.98
Gantry tracks	12,254	-	-	12,254	3,184	613	-	3,797	8,457	5
Rubber Tyred Gantry Cranes – RTG	1,545,030	-	-	1,545,030	153,623	105,345	-	258,968	1,286,062	6-6.98
Port equipment	611,651	91,940	-	703,591	163,558	47,190	-	210,748	492,843	7-20
Port Power Generation	228,610	73,196	-	301,806	75,071	17,216	-	92,287	209,519	5- 10
Vehicles	72,605	30,902	9,930	93,577	31,369	15,081	7,093	39,357	54,220	20
Computers	42,070	10,136	-	52,206	31,375	8,787	-	40,162	12,044	33.33
Furniture and fixtures	23,109	10,496	-	33,605	7,207	3,097	-	10,304	23,301	10
Office equipment	33,302	7,118	-	40,420	11,808	8,990	-	20,798	19,622	10-20
	5,278,135	1,089,473	9,930	6,357,678	956,505	435,097	7,093	1,384,509	4,973,169	
Leased										
Ship to Shore Cranes – STS	380,973	-	-	380,973	59,641	23,087	-	82,728	298,245	5-6.06
Rubber Tyred Gantry Cranes – RTG	67,908	-	-	67,908	10,525	2,992	-	13,517	54,391	6
Port equipment	42,747	-	-	42,747	18,346	4,074	-	22,420	20,327	7-20
	491,628	-	-	491,628	88,512	30,153	-	118,665	372,963	
Total - 2010	**5,769,763**	**1,089,473**	**9,930**	**6,849,306**	**1,045,017**	**465,250**	**7,093**	**1,503,174**	**5,346,132**	

4.1.1. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Written down value	Sales Price	Gain	Mode of disposal	Particulars of Buyer
	Rs '000						
Vehicles							
Honda City	846	677	169	169	-	Group policy	Mr. Muhammed Atiq (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Muhammed Kamal (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Pervaiz Ahmed Khan (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Syed Ziauddin (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Imran Moosa (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Waqar Ali Khan (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Safdar Abbas (Employee)
Honda City	846	677	169	169	-	Group policy	Mr. Zahid Ahmed (Employee)
Honda City	1,457	462	995	1,240	245	Negotiation	Mr. Shamim Akhter (Third Party)
Suzuki Bolan	150	150	-	60	60	Negotiation	Mr. Fazal Said (Third Party)
Suzuki Alto	504	412	92	92	-	Group policy	Mr. Najeeb Khan Durrani (Employee)
Suzuki Alto	504	412	92	92	-	Group policy	Mr. Shehbaz Ali Naveed (Employee)
Suzuki Alto	499	408	91	91	-	Group policy	Mr. Rehan Mehmood Janjua (Employee)
Suzuki Alto	504	504	-	300	300	Negotiation	Mr. Hasnain Mirza (Employee)
Daihatsu Cuore	434	369	65	65	-	Group policy	Mr. Zeshan Sabro (Employee)
Mercedes Benz	5,368	5,328	40	2,150	2,110	Negotiation	Mr. Sheeraz Ansari (Third Party)
Honda Accord	2,648	2,611	37	1,000	963	Negotiation	Mr. Yasir Mehmood (Third Party)
Changan	285	285	-	102	102	Negotiation	Mr. Tahir Naeem (Employee)
Changan	382	382	-	127	127	Negotiation	Mr. Baleeguddin Alvi (Employee)
	19,503	16,739	2,764	6,671	3,907		

	Note	2011 Rs '000	2010 Rs '000
4.1.2 Depreciation charge for the year has been allocated as under:			
Terminal operating costs	22	452,751	409,087
Administrative expenses	23	61,739	56,163
		514,490	465,250

4.2 Capital work-in-progress

		2011 Rs '000	2010 Rs '000
Civil works		355,447	314,502
Advances to suppliers and contractors		72,597	132,835
Consultancy and survey fees		78,860	-
Mobilization advance			
- for purchase of cranes and related equipments		9,847	6,869
- for purchase / development of computer software		150	-
		516,901	454,206

4.2.1. Movement

	Civil works	Advances to suppliers and contractors	Consultancy and survey fees	Advance for purchase of cranes and related equipments	Advance for purchase / development of computer software	Total
	Rs '000					
Balance as at June 30, 2009	809,730	158,958	-	2,666	60,410	1,031,764
Capital expenditure incurred / advances made during the year	264,391	107,386	-	41,453	8,000	421,230
Transfer to operating fixed assets / intangible assets	(759,619)	(133,509)	-	(37,250)	(68,410)	(998,788)
Balance as at June 30, 2010	314,502	132,835	-	6,869	-	454,206
Capital expenditure incurred / advances made during the year	448,929	43,406	78,860	2,978	150	574,323
Transfer from advances to suppliers and contractors to civil works	52,581	(52,581)	-	-	-	-
Transfer to operating fixed assets / intangible assets	(460,565)	(51,063)	-	-	-	(511,628)
Balance as at June 30, 2011	355,447	72,597	78,860	9,847	150	516,901

5. INTANGIBLE ASSETS

	Note	COST			ACCUMULATED AMORTIZATION				
		As at July 01, 2010	Additions	As at June 30, 2011	As at July 01, 2010	Charge for the year	As at June 30, 2011	Book value as at June 30, 2011	Amortization rate %
		Rs '000							
Computer software		105,767	-	105,767	40,778	13,682	54,460	51,307	20-33.33
Project development cost	5.1.1	37,889	-	37,889	37,889	-	37,889	-	20
2011		143,656	-	143,656	78,667	13,682	92,349	51,307	
2010		75,246	68,410	143,656	74,995	3,672	78,667	64,989	

5.1.1. These include legal and professional charges, litigation settlement, salaries, benefits and traveling expenses incurred in connection with the main project during the pre operating period.

	Note	2011 Rs '000	2010 Rs '000
5.1.2 Amortization charge for the year has been allocated to terminal operating costs:	22	13,682	3,672

6. LONG TERM DEPOSITS

Represents mainly security deposits against leased assets.

7. STORES AND SPARES

	2011	2010
Stores	95,421	84,304
Spares	245,370	216,782
	340,791	301,086

Notes To The Consolidated Financial Statements

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
8. TRADE DEBTS - Unsecured			
Considered good	8.1 & 8.2	227,340	237,352
Considered doubtful		1,475	3,641
		228,815	240,993
Less: Provision for doubtful debts	8.3	1,475	3,641
		227,340	237,352

8.1 The aging of trade debts at June 30 is as follows:

	2011	2010
Neither past due nor impaired	213,581	204,521
Past due but not impaired		
- within 90 days	8,115	22,726
- 91 to 180 days	5,644	4,116
- over 180 days	-	5,989
	227,340	237,352

8.2 Includes Rs. 0.3 million (2010: Rs. 0.3 million) due from Marine Services (Private) Limited and Rs. Nil (2010: Rs. 0.313 million) due from Premier Mercantile Services (Private) Limited (related parties).

8.3 Movement of provision for doubtful debts

	2011	2010
Opening balance	3,641	4,810
Provision for the year	-	924
Written off during the year	(2,166)	(2,093)
	1,475	3,641

9. ADVANCES - unsecured, considered good

	2011	2010
- to employees	6,952	5,149
- to suppliers	62,775	30,415
	69,727	35,564

10. DEPOSITS AND PREPAYMENTS

	2011	2010
Security deposits	10,336	1,043
Prepayments		
- Insurance	673	15,648
- Others	6,715	3,357
	17,724	20,048

11. OTHER RECEIVABLES

	Note	2011	2010
Accrued profit on term deposits		1,348	1,043
Accrued profit on certificate of investments	11.1	16,688	15,648
Other receivables – considered good		3,602	3,357
		21,638	20,048

	2011	2010
11.1 Accrued profit on certificate of investments	18,854	17,814
Less: Provision for impairment	(2,166)	(2,166)
	16,688	15,648

	Note	2011 Rs '000	2010 Rs '000
12. SHORT TERM INVESTMENTS			
Designated at fair value through profit or loss	12.1	509,754	539,122
Held to maturity – Related party	12.2	38,250	53,250
		548,004	592,372

12.1 Designated at fair value through profit or loss

Number of units / shares 2011	Number of units / shares 2011		2011 Cost	2011 Fair value	2010 Cost	2010 Fair Value
			Rs '000			
		Listed - Mutual Funds (Open Ended)				
1,160,980	-	ABL Cash Fund	10,000	11,091	-	-
3,556,039	4,236,041	JS Cash Fund	332,990	374,456	429,958	434,025
-	458,051	Crosby Phoenix Fund	-	-	46,135	51,256
107,415	-	PICIC Income Fund	10,000	11,093	-	-
112,781	101,683	Atlas Money Market Fund	52,244	58,308	50,000	52,224
6,393	5,633	JS - Unit Trust of Pakistan	582	662	511	582
24,350	24,350	UTP Large Cap Fund - Class B	757	2,129	757	1,035
519,048	-	UBL Liquidity Plus Fund - Class C	50,000	52,015	-	-
			456,573	509,754	527,361	539,122
		Unrealized gain on revaluation of investments	53,181	-	11,761	-
			509,754	509,754	539,122	539,122

	Note	2011 Rs '000	2010 Rs '000
12.2 Held to Maturity Investments - Related party			
Saudi Pak Leasing Company - COI	12.3	56,000	71,000
Less: Provision for impairment		(17,750)	(17,750)
		38,250	53,250

12.3 Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company) - a related party, having face value of Rs. 56 million (2010: Rs. 71 million) carrying interest at the rate of 7% (2010: 13.5%) per annum.

The Leasing Company made default in repayment against COIs in August 2009 due to liquidity crunch induced by the stoppage of credit lines from the commercial banks/DFIs and impairment in repayment capacity of the lessees as reported in its half yearly financial statements for the period ended December 31, 2010. The Leasing Company proposed a restructuring schedule under which the COIs are repayable in 46 monthly installments. The Holding Company has received Rs. 15 million (2010: 19 million) against the above investment. The management is actively pursuing the Leasing Company and is confident that the Holding Company will recover its investment in due course. However, due to uncertainties involved, on the basis of prudence, Holding Company continues to carry impairment provision of Rs 17.750 million in these financial statements.

	Note	2011 Rs '000	2010 Rs '000
13. CASH AND BANK BALANCES			
With banks:			
- in current accounts	13.1	47,140	275,914
- in saving accounts	13.2	1,504,868	601,740
- in deposit accounts	13.3	150,000	135,000
		1,702,008	1,012,654
Cash in hand		16,885	13,522
		1,718,893	1,026,176

13.1 Includes Rs. Nil (2010: Rs. 255 million) deposited by the Holding Company in Debt Reserve Account maintained for debt services under “Debt Reserve Account Agreement” entered into with IFC and OFID. The balance of the said account is now transferred to a savings account in the current year and carries profit at the rate of 11.95% per annum.

13.2 These carry profit at the rates ranging from 5 to 11.95 percent (2010: 5 to 11.5 percent) per annum.

13.3 These carry profit at the rates ranging from 10.65 to 12.90 percent (2010: 10.65 to 12.2 percent) per annum.

14. SHARE CAPITAL

14.1 Authorised capital

2011 (Number of shares)	2010 (Number of shares)		2011 Rs '000	2010 Rs '000
182,000,000	182,000,000	Ordinary shares of Rs.10/- each	1,820,000	1,820,000
18,000,000	18,000,000	Preference shares of Rs. 10/- each	180,000	180,000
200,000,000	200,000,000		2,000,000	2,000,000

14.2 Issued, subscribed and paid-up capital

2011 (Number of shares)	2010 (Number of shares)		Note	2011 Rs '000	2010 Rs '000
		Ordinary shares of Rs.10/- each			
63,761,200	63,761,200	- fully paid in cash		637,612	637,612
33,352,352	33,352,352	- issued as bonus shares		333,524	333,524
12,039,600	12,039,600	- issued for consideration other than cash	14.2.1	120,396	120,396
109,153,152	109,153,152			1,091,532	1,091,532
		Preference shares of Rs. 10/- each			
18,000,000	18,000,000	- fully paid in cash	14.2.2 & 14.2.3	180,000	180,000
127,153,152	127,153,152			1,271,532	1,271,532

14.2.1 Represents shares issued in consideration for mobile harbour cranes, port equipment and a vehicle.

14.2.2 These are cumulative redeemable preference shares, issued in the ratio of 1 preference share for 3.54 ordinary shares held and carry a dividend of 10 percent on the issue price, redeemable 7 years after the issue date. The shareholders, inter alia, have the right to convert these into ordinary shares in the ratio of 1 ordinary share for 1 preference share held, if the Holding Company fails to redeem these shares.

14.2.3 The above stated preference shares have been treated as part of equity on the following bases:

- The preference shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The authorised capital of the Holding Company and the issue of the preference shares were duly approved by the shareholders of the Holding Company at the Extraordinary General Meeting held on December 24, 2004.

- Return of allotment of shares was filed under Section 93(1) of the Ordinance.

- The Holding Company is required to set-up a reserve for redemption of preference shares under Section 85 of the Ordinance in respect of the shares redeemed which effectively makes preference shares a part of equity.

- Dividend on the preference shares is appropriation of profit both under the Ordinance and the tax laws.

- The requirements of the Ordinance take precedence over the requirements of IFRSs.

- As stated in 14.2.2 above, shareholders have the right to convert these preference shares into ordinary shares or else retain their preference shares, provided that the Holding Company shall pay the preferred dividend for each financial year following the expiry of the term date at the rate of 12% (instead of 10%) per annum on the face value.

- These preference shares are listed on the Karachi Stock Exchange.

However, considering the requirements of the IFRSs for classification of debt and equity instruments, which suggests that the above preference shares be classified as debt, the Holding Company has sought a clarification from the SECP in respect of the presentation of preference shares in the financial statements prepared in accordance with the requirements of the Companies Ordinance, 1984. Pending the decision of the SECP in this matter, the preference shares have been reflected as equity of the Group.

14.3 Premier Mercantile Services (Private) Limited - a related party holds 38,544,040 ordinary shares (2010: 38,544,040 ordinary shares) of nominal value of Rs.10/- each representing 35.3 percent (2010: 35.3 percent) of the ordinary paid-up capital of the Group.

Jahangir Siddiqui & Company Limited - a related party holds 23,000,000 ordinary shares (2010: 24,000,000 ordinary shares) of nominal value of Rs.10/- each representing 21.07 percent (2010: 21.9 percent) of the ordinary paid-up capital of the Group.

14.4 The Holding Company has entered into long term loan agreements with IFC and OFID. These agreements restrict the Holding Company from declaring or paying any dividend on ordinary shares or making any distribution on its share capital (other than dividends or distributions payable in preference shares of the Holding Company) unless agreed by IFC and OFID subject to certain conditions of the agreements.

15. LONG-TERM FINANCING – secured

	2011 Rs '000	2010 Rs '000
International Finance Corporation (IFC)		
First Loan		
- Loan A	185,247	257,989
- Loan C	129,075	128,400
	314,322	386,389
Second Loan	309,780	376,640
Third Loan	86,051	256,800
Fourth Loan	860,500	856,000
	1,570,653	1,875,829
OPEC Fund for International Development (OFID)		
First Loan	185,247	257,989
Second Loan	309,780	376,640
Third Loan	32,269	96,300
Fourth Loan	258,150	256,800
	785,446	987,729
	2,356,099	2,863,558
Less:		
- Unamortized transaction costs	27,918	45,736
- Current maturity of long-term financing	475,285	519,782
	503,203	565,518
	1,852,896	2,298,040

15.1 The principal terms and conditions of the above loans are summarized as follows:

IFC

	First Loan		Second Loan	Third Loan	Fourth Loan
	Loan A	Loan C			
- Principal amount in US Dollars	7,750,000	1,500,000	6,000,000	8,000,000	10,000,000
- Interest rate per annum	LIBOR plus 3.875%	5% (Note 15.1.1)	LIBOR plus 3.375%	LIBOR Plus 3.25%	LIBOR plus 3.125%
- Repayment terms:					
• Number of installments	18 semi-annual	2 equal installments	18 semi-annual	16 semi-annual	14 semi-annual
• First installment	April 15, 2005	April 15, 2014	January 15, 2007	October 15, 2007	July 15, 2011
• Last installment	October 15, 2013	October 15, 2014	July 15, 2015	April 15, 2015	January 15, 2018

OFID

	First Loan	Second Loan	Third Loan	Fourth Loan
- Principal amount in US Dollars	7,750,000	6,000,000	3,000,000	3,000,000
- Interest rate per annum	LIBOR plus 3.875%	LIBOR plus 3.375%	LIBOR Plus 3.25%	LIBOR plus 3.125%
- Repayment terms:				
• Number of installments	18 semi-annual	18 semi-annual	16 semi-annual	14 semi-annual
• First installment	April 15, 2005	January 15, 2007	October 15, 2007	July 15, 2011
• Last installment	October 15, 2013	July 15, 2015	April 15, 2015	January 15, 2018

15.1.1 In addition to the above, IFC is entitled to additional interest to be computed at the rate of US Dollar 1.85 per TEU (Twenty Feet Equivalent Container Units) in excess of 150,000 TEUs per annum subject to cap of upto US Dollars 225,000 per annum upto year 2011 and progressively increasing to US Dollar 300,000 per annum upto year 2014.

15.1.2 The above loans are secured as follows:

IFC Loans (First Loan A , Second Loan, Third Loan and Fourth Loan) and OFID Loans
These loans are secured by way of a first equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and first hypothecation over all other movable assets.

IFC Loan C
This loan is secured by way of a second equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and second hypothecation over all other movable assets.

15.1.3 As discussed in note 34.1 to these financial statements, the Group has subsequently paid off the whole outstanding balance of loan as at 30 June 2011 by 22 July 2011.

16. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represent finance leases entered into with leasing companies for Ship to Shore Crane (STS), Rubber Tyre Gantry Crane (RTG) and port equipments. Total lease rentals due under various lease agreements aggregate Rs. 187.731 (2010: Rs. 265.912) million and are payable in quarterly and six monthly installments latest by 2012. Overdue rental payments are subject to an additional charge upto 0.1 percent per day. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 14.60 to 16.04 (2010: 14.60 to 15.01) percent per annum have been used as discounting factor. These lease obligations are based on six months KIBOR. Purchase options can be exercised by the lessee in accordance with the respective lease agreements.

	2011		2010	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
	------------ Rs '000 ------------			
Within one year	71,830	59,909	79,512	59,909
After one year but not more than five years	115,901	113,485	186,400	173,394
More than five years	-	-	-	-
Total minimum lease payments	187,731	173,394	265,912	233,303
Less: Amount representing finance charges	14,337	-	32,609	-
Present value of minimum lease payments	173,394	173,394	233,303	233,303
Less: Current portion	59,909	59,909	59,909	59,909
	113,485	113,485	173,394	173,394

16.1 The Group has entered into a cross currency interest rate swap agreement with a local commercial bank for a notional amount of Rs. 343.50 million, maturing up to July 2011. Under swap arrangement the principal payable amount of Rs. 343.750 million is swapped with US dollar component at Rs. 60.49 per US dollar making loan amount to US dollar 5.682 million. Besides foreign currency component, the Group would receive three months KIBOR rates and pay three months LIBOR and spread of 3.15% as per the respective arrangement, which will be settled quarterly. The swap is being used to hedge the exposure to change in the fair value of Group's lease obligations which are based on KIBOR. The outstanding balance of this arrangement is Rs. 109.375 million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 44.018 million unfavorable to the Group as of the balance sheet date. Subsequent to the year end, the Group has settled the aforesaid swap arrangement and paid-off the above outstanding liability.

Notes To The Consolidated Financial Statements

For the year ended June 30, 2011

	Note	2011 Rs '000	2010 Rs '000
17. DEFERRED TAX LIABILITY			
Taxable temporary differences			
Accelerated tax depreciation / amortization allowance		1,181,082	986,219
Deductible temporary differences			
Provision for compensated absences		(12,225)	(10,020)
Pre-incorporation expenses		(3,626)	-
Provision for doubtful debts		(516)	(1,274)
Fair value loss on derivative		(15,406)	(23,162)
Others		(65,629)	(6,970)
		1,083,680	944,793
18. STAFF COMPENSATED ABSENCES			
Opening balance		28,628	24,152
Accrual for the year		7,857	5,024
Less: Encashments		(1,557)	(548)
Closing balance		34,928	28,628
19. TRADE AND OTHER PAYABLES			
Trade Creditors	19.1	175,449	152,375
Due to Karachi Port Trust			
Royalty		46,114	42,647
Wharfage		44,368	50,461
Handling and marshalling charges	19.2 & 20.1.2	34,554	34,604
		125,036	127,712
Accrued expenses			
Legal and professional charges		5,900	5,283
Salaries and wages		91,196	23,130
Others		1,353	1,525
		98,449	29,938
Other liabilities			
Advances from customers		58,020	35,271
Retention money		9,959	26,505
Sales tax payable		48,840	39,022
Fair value loss on derivatives		44,018	66,177
Workers' Welfare Fund		43,595	30,616
Dividend payable		2,049	1,282
Others		4,794	7,819
		211,275	206,692
		610,209	516,717

19.1 Includes Rs. 89.951 million (2010: Rs. 58.003 million) payable to Premier Mercantile Services (Private) Limited – a related party.

19.2 Includes Rs. 34.6 (2010: Rs. 34.6) million withheld by the Holding Company from handling and marshalling charges billed by KPT as fully explained in note 20.1.2.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 During the year ended 30 June 2007, the Trustees of the Port of Karachi filed a civil suit against the Holding Company in the Honorable High Court of Sindh alleging mis-declaration of the category of goods upon import of Quayside Container Crane and Rubber Tyred Gantry Cranes in the year 2004 and thereby claiming a sum of Rs. 101.5 million being additional wharfage charges and Rs 203 million as penalty, with interest. According to the opinion of the legal counsel of the Holding Company, there is no merit in this claim and hence there is a remote possibility that the case would be decided against the Holding Company. Further, the legal counsel has also stated that, in any case, the penalty imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

20.1.2 During the year ended 30 June 2007, the Holding Company filed a interpleader civil suit against the Deputy District Officer, Excise and Taxation and the Trustees of the Port of Karachi (KPT) in the Honorable High Court of Sindh against the demand raised by the Deputy District Officer, Excise and Taxation 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 rent payable to KPT. The Honorable High Court of Sindh granted a stay order to Holding Company ensuring that no coercive action is taken against the Holding Company in due course until the case has been finalized. During the year ended June 30 2008, the Holding Company has withheld the amount of Rs. 34.6 million from the handling and marshalling charges billed by KPT for the period from July 01, 2007 till December 31, 2007, in accordance with the Honorable High Court's short order dated June 29, 2007. According to the opinion of the legal counsel of the Holding Company, there is full merit in this case and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

		Note	2011 Rs '000	2010 Rs '000
20.2	Commitments			
20.2.1	Commitments for capital expenditure			
	Civil works		15,000	15,000
	Intangible assets		-	5,400
			15,000	20,400
20.2.2	Letter of guarantees		300,300	85,600
20.2.3	Letters of credit		16,624	3,876

21. TURNOVER - net

	Note	2011 Rs '000	2010 Rs '000
Turnover		6,878,333	5,739,637
Less: Federal Excise Duty		(571,230)	(466,940)
Sales tax		(183,327)	(147,580)
		6,123,776	5,125,117

22. TERMINAL OPERATING COSTS

	Note	2011 Rs '000	2010 Rs '000
Salaries, wages and benefits	22.1	363,110	259,981
Contracted labour		34,002	24,460
Staff training		916	956
Royalty		560,356	500,381
Handling and Marshalling charges		115,239	111,507
Crane usage charges		29,163	39,205
Port maintenance		10,451	1,370
Stevedoring		847,143	776,131
Custom seals		4,700	3,082
Storage charges		33,185	19,251
Stores, spares and other maintenance charges		292,529	222,266
Fuel consumed		576,030	410,089
Travelling and conveyance		2,935	2,174
Office maintenance		43,095	31,683
Vehicles running expenses		10,426	9,924
Insurance		87,021	86,245
Printing and stationery		3,827	3,245
Utilities		5,235	6,919
Depreciation	4.1.2	452,751	409,087
Amortization	5.1.2	13,682	3,672
Others		38,864	20,439
		3,524,660	2,942,067

22.1 This includes Rs.8.77 (2010: Rs. 6.424) million in respect of staff retirement benefits and Rs. 4.49 (2010: Rs. 2.55) million in respect of compensated absences.

23. ADMINISTRATIVE EXPENSES

	Note	2011 Rs '000	2010 Rs '000
Salaries, wages and benefits	23.1	246,462	162,217
Travelling and conveyance		6,747	6,825
Advertising expense		3,517	4,201
Auditors' remuneration	23.2	3,387	2,916
Legal and professional charges		13,795	23,812
Office maintenance		14,386	9,871
Vehicles running expenses		13,228	9,717
Security expenses		8,132	4,601
Insurance expense		2,936	2,183
Communication		5,542	4,988
Printing and stationery		13,508	11,957
Utilities		2,492	1,962
Depreciation	4.1.3	61,739	56,163
Amortisation	15	19,557	19,214
Fees and subscription		4,819	4,755
Entertainment		16,678	13,718
Donations	23.3	23,941	10,055
Provision for doubtful debts		-	924
Others		10,385	9,272
		471,251	359,351

23.1 This includes Rs.6.45 (2010: Rs. 5.218) million in respect of staff retirement benefits and Rs. 3.40 (2010: Rs. 1.92) million in respect of compensated absences.

23.2 Auditors' remuneration

	2011 Rs '000	2010 Rs '000
Statutory audit fee	1,550	1,150
Fee for review of compliance with Code of Corporate Governance and half yearly accounts	553	468
Tax and corporate advisory services	1,167	1,198
Out of pocket expenses	117	100
	3,387	2,916

23.3 Includes Rs.3.6 (2010: Rs. 2.50) million paid to Rabia Azeem Trust in which Capt. Haleem A. Siddiqui, Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui are Trustees and Rs. 11.392 (2010: Rs. Nil) million paid to Organization for Social Development Initiative in which Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui are Trustees. No other directors or their spouses have any interest in any donee's fund to which donation was made.

24. OTHER OPERATING INCOME

	2011 Rs '000	2010 Rs '000
Income from financial assets		
Profit on deposit accounts	125,759	70,402
Gain on re measurement of investments at fair value through profit or loss	53,181	11,761
Fair value gain on derivatives	22,158	-
Gain realised on disposal of investments	1,505	12,981
	202,603	95,144
Income from non financial assets		
Dividend income	51	-
Profit on sale of fixed assets	3,907	739
Liabilities no longer payable written back	22,179	-
Others	10	924
	26,147	1,663
	228,750	96,807

	Note	2011 Rs '000	2010 Rs '000
25. FINANCE COSTS			
Interest on long-term financing		120,873	147,201
Financial charges on leased assets		35,471	38,200
Bank charges		1,975	456
		158,319	185,857
26. OTHER CHARGES			
Exchange loss on long term financing		18,547	161,395
Fair value loss on derivatives		-	11,945
Workers' Welfare Fund		43,595	30,616
Provision for impairment		-	19,916
		62,142	223,872
27. TAXATION			
Current		723,513	373,436
Deferred		138,886	201,029
Prior		11,732	38,682
	27.1	874,131	613,147

27.1 Relationship between tax expense and accounting profit

	2011	2010
Profit Before tax	2,136,154	1,510,777
Tax at the applicable tax rate of 35%	747,654	528,772
Tax effect of expenses that are inadmissible in determining taxable income	208,208	206,326
Tax effect due to higher taxation rate	30,361	-
Tax effect of expenses that are admissible but not included in determining accounting profit	(262,710)	(361,662)
Net effect of income tax provision relating to prior years	11,732	38,682
Tax effect of taxable temporary differences	236,289	296,440
Tax effect of deductible temporary differences	(97,403)	(95,411)
	874,131	613,147

28. EARNINGS PER SHARE

28.1 Basic earnings per share

		2011	2010
Profit after tax		1,262,023	897,630
Preferred dividend on cumulative preference shares		(18,000)	(18,000)
Profit after taxation attributable to ordinary shareholders		1,244,023	879,630
Weighted average number of ordinary shares in issue during the year	Numbers in '000	109,153	109,153
Basic earnings per share	Rupees	11.40	8.06

		2011 Rs '000	2010 Rs '000
28.2 Diluted earnings per share			
Profit after taxation attributable to ordinary shareholders		1,244,023	879,630
Preferred dividend on cumulative preference shares		18,000	18,000
		1,262,023	897,630
Weighted average number of ordinary shares in issue during the year	Numbers in '000	109,153	109,153
Adjustment of preference shares	Numbers in '000	18,000	18,000
		127,153	127,153
Diluted earnings per share	Rupees	9.93	7.06

29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended 30 June 2011. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

29.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

The Group is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Group seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2011 Rs '000	2010 Rs '000
Long-term deposits	83,705	83,705
Trade debts - unsecured	227,340	237,352
Advances - unsecured	69,727	35,564
Deposits	10,336	9,214
Other receivables - unsecured	21,638	30,181
Investments	548,004	592,372
Bank balances	1,702,008	1,012,654
	2,662,758	2,001,042

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values 2011 Rs '000	Carrying Values 2010 Rs '000
29.1.1 Trade debts		
Customers with no defaults in the past one year	170,505	154,174
Customers with some defaults in past one year which have been fully recovered	56,835	50,347
	227,340	204,521

	2011 Rs '000	2010 Rs '000
29.1.2 Investments		
In Mutual Funds		
Ratings by PACRA		
5 Star	2,791	1,035
AA+(f)	58,308	52,806
	61,099	53,841
Ratings by JCR		
A(f)	-	51,256
A+(f)	11,093	-
AA+(f)	437,562	434,025
Certificate of Investment		
Rating by JCR		
D	38,250	53,250
	486,905	538,531
	548,004	592,372
29.1.3 Cash with Banks		
A1	747,825	596,398
A1+	920,115	416,146
A2	32,918	110
F1+	930	-
WD	220	-
	1,702,008	1,012,654

29.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Group applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Group's financial liabilities at the following reporting dates:

Year ended 30 June 2011	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs '000					
Long-term financing – secured	-	148,743	326,542	1,561,196	319,616	2,356,097
Liabilities against assets subject to finance lease	-	-	59,909	113,485	-	173,394
Trade and other payables	308,935	143,414	65,003	-	-	517,352
Accrued interest on long-term financing	-	29,654	21,633	-	-	51,287
	308,935	321,811	543,829	1,674,681	319,616	3,098,130

Year ended 30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	Rs '000					
Long-term financing – secured	-	-	519,782	245,349	2,098,427	2,863,558
Liabilities against assets subject to finance lease	-	-	59,909	173,394	-	233,303
Trade and other payables	185,688	135,237	100,776	-	-	421,701
Accrued interest on long-term financing	-	48,839	7,060	-	-	55,899
	185,688	184,076	687,527	418,743	2,098,427	3,574,461

29.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Group's exposure to foreign currency risk is as follows:

	2011 US$ '000	2010 US$ '000
Long - term financing	27,381	29,053
Liability under swap arrangement	2,324	3,357
Accrued interest on long term financing	596	649
Trade and other payables	438	524
	30,739	33,583

	2011	2010
The following significant exchange rates have been applied at the reporting dates:		
Exchange Rates	86.05	85.6

The foreign currency exposure is partly covered as the majority of the Group's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Group has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Group's profit before tax and the Group's equity.

	Change in US dollar rate (%)	Effect of translation of foreign currency liabilities on profit or (loss)	Effect on equity
		Rs '000	
30 June 2011	+10	(235,475)	(153,059)
	-10	235,475	153,059
30 June 2010	+10	(287,470)	(186,856)
	-10	287,470	186,856

29.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

To manage the interest rate risk on lease obligations, the Group has entered into cross currency interest rate swap agreement as disclosed in note 16.1 to these financial statements. At 30 June 2011, the Group's entire borrowings are at floating rate of interest.

Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax
		Rs '000
2011		
USD LIBOR	+15	(27,809)
USD LIBOR	-15	27,809
2010		
USD LIBOR	+15	(27,809)
USD LIBOR	-15	27,809

29.5 Equity price risk

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Group's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Group's equity price risk as of 30 June 2011 and 2010. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Group in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	Rs '000		- - - - - Rs '000	- - - - -
30 June 2011	2,129	5% increase	106	68.9
30 June 2010	1,035	5% increase	51.75	33.64

29.6 Capital risk management

The primary objective of the Group's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

The Group manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at 30 June 2011 and 2010 were as follows:

	2011 Rs '000	2010 Rs '000
Long term financing	2,328,181	2,817,822
Trade and other payables	610,209	516,767
Accrued interest / mark-up on borrowings	51,287	55,899
Liabilities against asset subject to finance lease	173,394	233,303
Total debt	3,163,071	3,623,791
Less: Cash and bank balances	(1,718,893)	(1,026,176)
Short term investments	(548,004)	(592,372)
Net debt	896,174	2,005,243
Share capital	1,271,532	1,271,532
Unappropriated profit	3,407,401	2,436,261
Equity	4,678,933	3,707,793
Capital	5,575,107	5,713,036
Gearing ratio	16.07%	35.10%

The Group finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

29.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	Rs '000			
30 June 2011				
Investments designated at fair value through profit or loss	509,754	509,754	-	-
	509,754	509,754	-	-
30 June 2010				
Investments designated at fair value through profit or loss	539,122	539,122	-	-
	539,122	539,122	-	-

Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	Rs '000			
30 June 2011				
Fair value loss on derivative	44,018	-	44,018	-
	44,018	-	44,018	-
30 June 2010				
Fair value loss on derivative	66,177	-	66,177	-
	66,177	-	66,177	-

During the year ended 30 June 2011, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

30.1 The aggregate amount, charged in the financial statements for the year is as follows:

	2011			2010		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rs '000					
Remuneration (including bonus)	17,517	61,824	49,115	15,232	53,760	33,372
Housing rent	2,628	9,273	9,912	2,284	8,064	6,585
Retirement benefits	730	2,575	2,320	634	2,239	1,648
Medical Allowance	876	3,091	3,304	762	2,688	2,195
Utilities	876	3,091	3,304	762	2,688	2,195
Conveyance	280	1,533	1,732	280	930	1,280
	22,907	81,387	69,687	19,954	70,369	47,275
Number	1	4	41	1	4	30

30.2 The Chief Executive, some of directors and executives of the Group are also provided with the use of the Group maintained car, club memberships and medical benefits in accordance with their terms of service.

30.3 The aggregate amount paid to the Directors as a fee for attending the Board of Director's meetings amount to Rs. 0.214 million (2010: Rs. 0.014 million).

31. RELATED PARTIES TRANSACTIONS

The related parties include subsidiary, major shareholders, entities having directors in common with the Group, directors and other key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment and transactions with such related parties reflected elsewhere in these financial statements are as under:

Notes To The Consolidated Financial Statements

For the year ended June 30, 2011

	2011 Rs '000	2010 Rs '000
Major Shareholders		
Premier Mercantile Services (Private) Limited		
Stevedoring charges	605,572	590,549
Storage charges	33,185	33,676
Equipment charges	27,600	27,600
Entities having directors in common with the Group		
Premier Software (Private) Limited		
Software maintenance charges	3,450	3,760
Marine Services (Private) Limited		
Revenue from container handling	4,497	7,110
Port Link International (Private) Limited		
Revenue from container handling	3,170	1,089
AMI Pakistan (Private) Limited		
Revenue from container handling	1,224	-
Travel Club (Private) Limited		
Traveling expenses	7,361	5,943
Saudi Pak Leasing Company Limited		
Rollover of Certificate of Investments	71,000	90,000
Repayment of principal of Certificate of Investments	15,000	19,000
Profit on Certificate of investments	3,269	9,151
Rabia Azeem Trust		
Donation	3,094	2,500
Organization for Social Development Initiative	11,392	-
Donation		
Staff retirement contribution plan		
Contribution to staff provident fund	14,191	11,641

31.1 Balances outstanding with related parties have been disclosed in the respective notes to these financial statements.

31.2 The above transactions with related parties are entered into on arm's length basis.

	2011 Rs '000	2010 Rs '000
32. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,136,154	1,510,777
Adjustments for non-cash items:		
Depreciation	514,490	465,250
Amortisation	33,239	22,886
Accrual for staff compensated absences	7,857	5,024
Finance costs	158,319	185,850
Unrealised exchange loss	3,210	143,847
Fair value (gain) / loss on derivatives	(22,158)	11,945
Unrealised gain on investment	(53,181)	(11,761)
Interest income	(125,759)	(70,402)
Gain on disposal of fixed assets	(3,907)	(739)
Impairment	-	19,916
Provision for doubtful debts	-	924
	512,110	772,740
Operating profit before working capital changes	2,648,264	2,283,517
(Increase)/decrease in current assets		
Stores and spares	(39,705)	(47,171)
Trade debts	10,012	150,694
Advances, deposits, prepayments and other receivables	12,749	(30,776)
	(16,944)	72,747
	2,631,320	2,356,264
Increase/(decrease) in current liabilities		
Trade payables and other liabilities	135,166	18,042
Cash generated from operations	2,766,486	2,374,306

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Holding Company on August 29, 2011.

34. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

34.1 Subsequent to the year end, the Holding Company has obtained a long term local currency loan facility upto Rs. 2,500 million from a commercial bank and has fully paid off the outstanding foreign currency loans amounting to Rs. 2,328 million as at June 30, 2011 which were payable in different installments by January 15, 2018. The foreign currency loans outstanding as at the year-end are shown as long term liability in these financial statements.

34.2 DIVIDENDS AND APPROPRIATIONS

34.2.1 The Board of Directors in its meeting held on 11 July 2011 has proposed to distribute 54.577 million ordinary shares (100% of the issued, subscribed and paid up capital) of its subsidiary company, Pakistan International Bulk Terminal (Private) Limited (PIBTL), having face value of Rs 10 each, to the members of the Holding Company as 'specie dividend' in the ratio of 1:2, i.e. one ordinary share of PIBTL for every two ordinary shares held of the existing issued, subscribed and paid up capital of the Holding Company. The members have approved the said distribution at the Extra Ordinary General Meeting (EOGM) held on 03 August 2011 thereby resulting in ceasing of the Holding Company's equity holding in PIBTL. These financial statements do not reflect this appropriation.

PIBTL was incorporated on 22 March 2010 as a private limited company fully owned by PICTL, with principal activities as terminal operator of coal, clinker and cement and other bulk cargo. PIBTL has not commenced its operations. The carrying value of the investment in subsidiary to be distributed at 30 June 2011 is Rs 425 million, and subsequent to the balance sheet date, PIBTL has further issued 12.077 million ordinary shares of Rs 10 to the Holding Company, increasing the carrying amount to Rs 545.77 million. The fair value of the investment in subsidiary does not significantly differ from its carrying value.

According to section 25 of the Listing Regulations, a company distributing shares of its unlisted subsidiary company in the form of specie dividend, shall get such subsidiary company listed within a period of 120 days from the date of approval of such distribution. The Company, in pursuance of the above regulation, intends to apply to Karachi Stock Exchange (KSE) for the listing of PIBTL subsequent to the approval of distribution at EOGM held on 03 August 2011. However, in the event of non compliance with the above regulation, the KSE may suspend the trading of shares of the Company or it may be delisted. Furthermore, the Company will be obliged to encash the said shares, at the options of the recipients, at a price not less than the current breakup value or face value of the shares of PIBTL, whichever is higher, within 30 days from such non - compliance. from such non – compliance.

34.2.2 The Board of Directors in their board meeting held on 30 August 2011 have recommended a final cash dividend of Rs. 4.00/- - 40% per ordinary share amounting to Rs. 436.613 million (2010: Rs. 2.5/- - 25% per ordinary share amounting to Rs. 272.883 million) for the year ended 30 June 2011. The Directors have also proposed a final dividend for the year ended 30 June 2011 of Re.1.00 - 10% (2010: Re.1.00 - 10%) per preference share. The financial statements for the year ended 30 June 2011 do not include the effect of the final dividend which will be accounted for in the financial statements for the year ending 30 June 2012.

35. EXEMPTION FROM APPLICABILITY OF IFRIC – 12 “SERVICE CONCESSION ARRANGEMENTS”

As explained in note 2.1, the required mandatory disclosure is as follows:

Under IFRIC-12, the consideration required to be made by operator (the Group) for the right to use the asset is to be accounted for as an intangible asset under IAS - 38 “Intangible Assets”. If the Group were to follow IFRIC-12 and IAS-38, the effect on the financial statements would be as follows:

	2011 Rs '000	2010 Rs '000
Reclassification from depreciation expense to amortization expense	352,299	289,009
Reclassification from property, plant and equipment to intangible assets (Port Concession Rights) – written down value	4,060,276	3,485,796

36. GENERAL

36.1 There were no material reclassifications that could affect the financial statements materially.

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

Pattern Of Shareholding (Ordinary Shares)

As at June 30, 2011

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	TO	TOTAL SHARES HELD
736	1	100	14,099
500	101	500	113,838
895	501	1000	686,089
270	1001	5000	601,166
45	5001	10000	324,837
14	10001	15000	171,162
8	15001	20000	134,172
8	20001	25000	179,354
5	25001	30000	141,381
4	35001	40000	149,465
2	40001	45000	88,200
2	45001	50000	99,680
1	60001	65000	62,000
2	65001	70000	138,432
1	70001	75000	73,563
1	80001	85000	80,189
1	85001	90000	85,540
1	110001	115000	110,328
1	125001	130000	130,000
1	140001	145000	141,984
1	170001	175000	171,082
1	215001	220000	219,900
1	245001	250000	250,000
3	265001	270000	800,915
1	355001	360000	360,000
1	390001	395000	391,999
1	425001	430000	428,329
1	495001	500000	499,999
1	505001	510000	508,640
1	600001	605000	603,607
1	665001	670000	667,711
1	820001	825000	822,849
1	1075001	1080000	1,076,186
1	1100001	1105000	1,101,698
2	1105001	1110000	2,213,136
1	1135001	1140000	1,138,212
1	1470001	1475000	1,471,298
1	2925001	2930000	2,925,657
1	3985001	3990000	3,989,349
1	7285001	7290000	7,286,822
1	17155001	17160000	17,155,639
1	22995001	23000000	23,000,000
1	38540001	38545000	38,544,645
2524			109,153,152

Pattern Of Shareholding (Ordinary Shares)

As at June 30, 2011

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
INDIVIDUALS	2439	15,146,446	13.88
INSURANCE COMPANIES	5	404,182	0.37
FINANCIAL INSTITUTIONS	2	266,212	0.24
MODARABA AND MUTUAL FUNDS	11	5,782,498	5.30
FOREIGN INVESTORS	7	22,552,946	20.66
OTHERS:	60	65,000,868	59.55
TOTAL	2,524	109,153,152	100.00

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties			56.38
Premier Mercantile Services (Pvt.) Ltd.	1	38,544,645	
Jahangir Siddiqui & Co.	1	23,000,000	
NIT and ICP Investment Companies	-	-	
Directors, CEO and their spouse and minor children			9.35
Capt. Haleem A.Siddiqui	1	7,286,822	
Capt. Zafar Iqbal Awan	1	720	
Mrs. Saba Haleem	1	667,711	
Mr. Aasim A.Siddiqui	1	1,138,212	
Mr. Sharique A. Siddiqui	1	1,105,636	
Mr. M. Masood Ahmed Usmani	1	11,075	
Executives			
Salim A. Siddiqui	1	391,999	0.36
Arsalan Iftikhar Khan	1	2,000	
Public Sector Companies and Corporations	-	-	
Banks, DFI's, NBFI's, Insurance Companies, Modarabas and Mutual Funds	18	6,452,892	5.91
Joint Stock Companies, Investment Companies Foreign Investors and Others	58	26,009,169	23.83
Individuals	2438	4,542,271	4.16
TOTAL	2524	109,153,152	100.00

Shareholders holding 10% or more voting interest

Premier Mercantile Services (Pvt.) Ltd.	1	38,544,645
Jahangir Siddiqui & Co.	1	23,000,000
Aeolina Investments Ltd.	1	17,155,639

Pattern Of Shareholding (Ordinary Shares)

As at June 30, 2011

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended June 30, 2011

Name	Date of Purchase/Sale	Number of Shares	Rate
Haleem A. Siddiqui	08.12.2010	100000	74
Saba Haleem	08.12.2010	100000	74
Aasim A.Siddiqui	16.09.2010	27892	71
	11.10.2010	50000	60.86
	08.12.2010	100000	74
	14.12.2010	6000	73.6
	05.03.2011	35000	66
	08.03.2011	900	67
	10.03.2011	2383	67.5
	18.03.2011	1234	67.5
	28.03.2011	2365	67
	29.03.2011	2187	67
	30.03.2011	36500	67
	21.04.2011	50306	71
Sharique A. Siddiqui	22.08.2011	1628	76.67
	16.09.2010	27890	71
	11.10.2010	50000	60.86
	08.12.2010	100000	74
	01.03.2011	35000	66
	30.03.2011	3650	67
	21.04.2011	50000	71

Pattern Of Shareholding (Preference Share)

As at June 30, 2011

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	TO	TOTAL SHARES HELD
8	1	100	275
467	101	500	84,667
38	501	1000	25,741
38	1001	5000	80,375
5	5001	10000	36,158
3	10001	15000	34,491
2	25001	30000	55,424
1	30001	35000	32,957
1	55001	60000	57,734
1	70001	75000	75,000
1	245001	250000	250,000
1	2105001	2110000	2,107,108
1	2110001	2115000	2,110,750
1	2495001	2500000	2,500,000
1	3595001	3600000	3,600,000
1	6945001	6950000	6,949,320
570			18,000,000

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD
INDIVIDUALS	549	414,651
MODARBAS & MUTUAL FUNDS	2	4,217,858
FINANCIAL INSTITUTIONS	2	2,557,734
OTHERS:	17	10,809,757
	570	18,000,000

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties			
Premier Mercantile Services (Pvt.) Ltd.	1	3,600,000	20.00
NIT and ICP Investment Companies	-	-	
Banks, DFI's, NBFI's, Insurance Companies	2	2,557,734	14.21
Modarabas and Mutual Funds	2	4,217,858	23.43
Joint Stock Companies & Others	11	7,209,757	40.06
Individuals	554	414,651	2.30
	570	18,000,000	100.00

Shareholders holding 10% or more voting interest

Premier Mercantile Services (Pvt.) Ltd.	1	3,600,000
CDC-Trustee Faysal Balanced Growth Fund	1	2,110,750
CDC-Trustee Faysal Income & Growth Fund	1	2,107,108
JS Global Capital Ltd.	1	6,949,320
Pak Kuwait Investment Co. (Pvt.) Ltd.	1	2,500,000

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended June 30, 2011 — NIL

Form Of Proxy

The Company Secretary
Pakistan International Container Terminal Limited
2nd Floor, Business Plaza,
Mumtaz Hassan Road
Karachi
Signature on
Rs. 5/-
Revenue
Stamp

I/We, ______________________________ of ______________________________
being member of Pakistan International Container Terminal Limited and holder of ____________
Ordinary Shares as per Share Register Folio No . __________ and/or CDC Participant I. D . N o . ___
hereby appoint Mr./Mrs./Miss ____________________ of (full address) ____________________
as my/us proxy to attend, speak and vote for me/us and on my/our behalf at the 10th Annual General Meeting of the Company to be held on Monday, October 03, 2011 and at any adjournment thereof.

Signed this ______________ day of ____________ 2011

Witnesses:

1. Name ______________________________
   Address ______________________________
   CNIC No. ______________________________
   Signature ______________________________

2. Name ______________________________
   Address ______________________________
   CNIC No. ______________________________
   Signature ______________________________

Please affix
Rs. 5/-
revenue
stamp

Notes:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. The proxy in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not later than 48 hours before the time of holding the Meeting.
3. The proxy shall authenticate his/her identity by showing his/her original CNIC or original passport and bring folio number at the time of attending the meeting.
4. Signature should agree with the specimen signature registered with the Company.
5. CDC shareholders and their Proxies must attach either an attested photocopy of their National Identity Card or Passport with this Proxy Form.
6. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of CNCI or Passport of the proxy shall be submitted along with the proxy form.