REPORT AND ACCOUNTS

OF

PAKISTAN NATIONAL SHIPPING CORPORATION (HOLDING COMPANY)

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

FORD RHODES SIDAT HYDER & CO.
CHARTERED ACCOUNTANTS
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of Pakistan National Shipping Corporation as at June 30, 2009 and the related profit and loss account, statement of changes in equity and cash flow statement 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 Corporation'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 Corporation 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 the change stated in note 2.3.1 with which we concur;

(ii) the expenditure incurred during the year was for the purpose of the Corporation's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Corporation;

(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 changes in equity and cash flow statement 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 Corporation's affairs as at June 30, 2009 and of the profit, its changes in equity and cash flows for the year then ended; and

(d) in our opinion zakat deductible at source under the Zakat and Ushr Ordinance, 1980 was deducted by the Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. FERGUSON & CO.
Chartered Accountants
Audit Engagement Partner: Khurshid H. Sabzwari
Karachi, September 17, 2009

FORD RHODES SIDAT HYDER & CO.
Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman
Karachi, September 17, 2009

PAKISTAN NATIONAL SHIPPING CORPORATION
BALANCE SHEET
AS AT JUNE 30, 2009

	Note	2009	2008
		(Rupees in '000)	
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,149,157	1,009,174
Intangible asset	5	-	1,649
Investment properties	6	969,296	969,987
Long - term investments in:			
- Related parties (subsidiaries and an associate)	7	1,558,416	1,558,416
- Listed companies and an other entity	8	22,715	40,229
		1,581,131	1,598,645
Long - term loans and advances	9		
- Related party (a subsidiary)		5,008,387	2,547,661
- Others		1,012	1,434
		5,009,399	2,549,095
Deferred tax - net	10	20,655	15,316
		8,729,638	6,143,866
CURRENT ASSETS			
Stores and spares	11	22,622	16,939
Trade debts	12	369,276	236,312
Agents' and owners' balances	13	20,420	32,145
Loans and advances	14	76,852	39,495
Deposits and short term prepayments	15	20,901	9,262
Interest / mark-up accrued		147,207	65,137
Other receivables	16	77,941	558,707
Incomplete voyages	17	5,969	4,674
Insurance claims	18	2,859	302
Short term investments	19	5,108,614	3,113,147
Cash and bank balances	20	2,217,680	3,394,350
		8,070,341	7,470,470
LESS: CURRENT LIABILITIES AND PROVISIONS			
Trade and other payables	21	9,433,142	6,634,215
Provision against damage claims	22	99,810	126,966
Current portion of long - term financing	26	-	245,607
Taxation - net		276,666	228,026
		9,809,618	7,234,814
NET CURRENT (LIABILITIES) / ASSETS		(1,739,277)	235,656
		6,990,361	6,379,522
REPRESENTED BY:			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up share capital	23	1,320,634	1,320,634
Reserves	24	4,768,806	4,106,781
		6,089,440	5,427,415
SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX	25	681,027	743,324
NON-CURRENT LIABILITIES			
Long - term financing	26	-	-
Deferred liabilities	27	219,894	208,783
		6,990,361	6,379,522
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes 1 to 48 form an integral part of these financial statements.

Vice Admiral (Retd.) Sikandar V. Naqvi
Chairman & Chief Executive

Rasheed Y. Chinoy
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in '000)	
REVENUES			
Chartering revenues	29	3,081,497	2,705,281
Services fee	30	332,585	318,847
Rental income		77,701	76,129
		3,491,783	3,100,257
EXPENDITURE			
Fleet expenses - direct	31	1,916,028	1,896,625
- indirect	32	16,127	15,653
		1,932,155	1,912,278
GROSS PROFIT		1,559,628	1,187,979
Administrative and general expenses	33	490,801	430,914
Other operating expenses	34	146,228	116,006
Finance costs	35	48,446	68,986
		685,475	615,906
Other operating income	36	824,149	765,462
PROFIT BEFORE TAXATION		1,698,302	1,337,535
Taxation	37	641,539	922,644
PROFIT AFTER TAXATION		1,056,763	414,891
		(Rupees)	
EARNINGS PER SHARE	38	8.00	3.14

Note: The appropriations from profits are set out in the statement of changes in equity.

The annexed notes 1 to 48 form an integral part of these financial statements.

Vice Admiral (Retd.) Sikandar V. Naqvi
Chairman & Chief Executive

Rasheed Y. Chinoy
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2009

	Issued, subscribed and paid-up share capital (Note 23)	Capital Reserve	Unappro- -priated profit	Total
	(Rupees '000)			
Balance as at July 1, 2007	1,320,634	126,843	3,747,858	5,195,335
Final cash dividend for the year ended June 30, 2007 (Rs 1.5 per ordinary share)	-	-	(198,095)	(198,095)
Surplus on revaluation of fixed assets realised through incremental depreciation charged on related assets during the year, recognised directly in equity - net of tax	-	-	15,284	15,284
Profit after taxation for the year ended June 30, 2008	-	-	414,891	414,891
Total income credited to equity	-	-	430,175	430,175
Balance as at June 30, 2008	1,320,634	126,843	3,979,938	5,427,415
Balance as at July 1, 2008	1,320,634	126,843	3,979,938	5,427,415
Final cash dividend for the year ended June 30, 2008 (Rs 3.1 per ordinary share)	-	-	(409,396)	(409,396)
Surplus on revaluation of fixed assets realised through incremental depreciation charged on related assets during the year, recognised directly in equity - net of tax	-	-	14,658	14,658
Profit after taxation for the year ended June 30, 2009	-	-	1,056,763	1,056,763
Total income credited to equity	-	-	1,071,421	1,071,421
Balance as at June 30, 2009	1,320,634	126,843	4,641,963	6,089,440

The annexed notes 1 to 48 form an integral part of these financial statements.

Vice Admiral (Retd.) Sikandar V. Naqvi
Chairman & Chief Executive

Rasheed Y. Chinoy
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2009

	Note	2009	2008
		(Rupees in '000)	
Cash flows from operating activities			
Cash generated from operations	39	2,274,583	5,443,112
Employees' gratuity paid		(1,108)	(31,945)
Employees' compensated absences paid		(41,859)	(36,833)
Post retirement medical benefits paid		(19,632)	(8,445)
Contributions to plan assets of employees' gratuity fund		-	(235,159)
Long-term loans and advances		422	593
Finance costs paid		(8,789)	(30,229)
Taxes paid		(592,792)	(667,615)
Net cash generated from operating activities		1,610,825	4,433,479
Cash flows from investing activities			
Fixed capital expenditure		(236,050)	(169,865)
Investment in 'investment properties'		(2,138)	(3,350)
Proceeds from disposal of property, plant and equipment		9,680	2,712
Long-term loans and advances - related party		(2,460,726)	(2,547,661)
Interest / markup received		544,706	684,185
Dividends received		1,898	1,716
Net cash used in investing activities		(2,142,630)	(2,032,263)
Cash flows from financing activities			
Repayment of long term financing		(282,642)	(264,857)
Dividends paid		(403,609)	(195,888)
Net cash used in financing activities		(686,251)	(460,745)
Net (decrease) / increase in cash and cash equivalents		(1,218,056)	1,940,471
Cash and cash equivalents at the beginning of the year		4,644,350	2,703,879
Cash and cash equivalents at the end of the year	40	3,426,294	4,644,350

The annexed notes 1 to 48 form an integral part of these financial statements.

Vice Admiral (Retd.) Sikandar V. Naqvi
Chairman & Chief Executive

Rasheed Y. Chinoy
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2009

1. THE CORPORATION AND ITS OPERATIONS

1.1 Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Karachi and Lahore Stock Exchanges. The Corporation's registered office is situated in PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

The Corporation had applied for delisting from the Lahore Stock Exchange (LSE) which was approved by the Securities and Exchange Commission of Pakistan (SECP). The LSE had filed an appeal in the Lahore High Court against the order of the SECP and the Lahore High Court has decided the case in favour of LSE. Consequently, the Corporation has filed an appeal in the Supreme Court against the order of the Lahore High Court and at present the matter of delisting from LSE is pending subject to a final decision by the Supreme Court.

1.2 These financial statements are separate financial statements of the Corporation in which investments in subsidiaries and associates are accounted for on the basis of direct equity interest and are not consolidated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements have been consistently applied to all years presented, unless otherwise stated, as set out below.

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (the Ordinance), the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as adopted in Pakistan and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). However, the requirements of the Ordinance and the directives issued by the SECP have been followed where their requirements are not consistent with the requirements of the IFRSs.

2.1.1 **Standards, amendments to published approved accounting standards and interpretations effective for the year ended June 30, 2009:**

The following standards, interpretations and amendments to existing standards have been published that are mandatory and relevant for the Corporation's accounting period beginning on July 1, 2008.

IFRS 7, 'Financial instruments: Disclosures', notified by SECP through its S.R.O 411(I)/2008 dated April 28, 2008 effective for the annual periods beginning on or after July 1, 2008 introduces new disclosures relating to financial instruments and does not have any impact on the classification and valuation of the Corporation's financial instruments.

IFRIC Interpretation 14, 'IAS 19 - The limit on a defined benefit asset, minimum funding requirements and their interaction'. IFRIC 14 provides guidance on assessing the limit in IAS 19 on the amount of surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirements. The amendment does not have any effect on the Corporation's financial statements.

Standards, amendments to published approved accounting standards and interpretations becoming effective in the year ended June 30, 2009 but not relevant:

There are certain new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2008 but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in these financial statements.

Standards, amendments to published approved accounting standards and interpretations as adopted in Pakistan, that are not yet effective:

The following standards, amendments and International Financial Reporting Interpretations Committee (IFRIC) interpretations to existing standards have been published and are mandatory for accounting periods beginning on or after January 1, 2009:

IAS 1 (Revised), 'Presentation of financial statements' (effective from January 1, 2009), was issued in September 2007. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Further, where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The adoption of the above standard will only impact the presentation of the financial statements.

IAS 19 (Amendment), 'Employee benefits' (effective from January 1, 2009).

- The amendment clarifies that a plan amendment that results in a change in the extent to which benefit promises are affected by future salary increases is a curtailment, while an amendment that changes benefits attributable to past service gives rise to a negative past service cost if it results in a reduction in the present value of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the Corporation's financial statements.

- The definition of return on plan assets has been amended to state that plan administration costs are deducted in the calculation of return on plan assets only to the extent that such costs have been excluded from measurement of the defined benefit obligation. Adoption of the amendment is not expected to have any effect on the Corporation's financial statements.

- The distinction between short term and long term employee benefits will be based on whether benefits are due to be settled within or after 12 months of employee service being rendered. The adoption of this amendment will only impact the presentation of the financial statements.

- IAS 37, 'Provisions, contingent liabilities and contingent assets', requires contingent liabilities to be disclosed, not recognised. IAS 19 has been amended to be consistent with IAS 37. Adoption of the amendment is not expected to have any effect on the Corporation's financial statements.

IAS 36 (Amendment), 'Impairment of assets' (effective from January 1, 2009). As per the new requirements, disclosures equivalent to those for value-in-use calculation should be made where fair value less costs to sell is calculated on the basis of discounted cash flows. Adoption of the amendment is not expected to have significant effect on the Corporation's financial statements.

IAS 23 (Amendment) 'Borrowing costs' (effective from January 1, 2009). It requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes substantial period of time to get ready for use or sale) as part of the cost of that asset. On adoption of the above amendment, the option of immediately expensing those borrowing costs will be withdrawn. This amendment is not expected to have a significant effect on the Corporation's financial statements except for the change in accounting policy of borrowing costs stated in note 2.19 to the financial statements.

IAS 38 (Amendment) 'Intangible assets' (effective from January 1, 2009). It states that a prepayment may only be recognised in the event that prepayment has been made in advance of obtaining right of access to goods or receipt of services. This amendment is not expected to have a significant effect on the Corporation's financial statements.

IAS 40 (Amendment) 'Investment property' (effective from January 1, 2009). Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on the Corporation's operations, as there are no investment properties under construction.

There are other amendments to the approved accounting standards and interpretations that are mandatory for accounting periods beginning on or after January 1, 2009 but are considered not to be relevant or do not have any significant effect to the Corporation's operations and are therefore not mentioned in these financial statements.

2.2 Basis of preparation

These financial statements have been prepared under the historical cost convention except as follows:

- Certain property, plant and equipment as referred to in note 2.3.1 have been included at revalued amounts; and
- Certain investment properties and financial instruments as referred to in notes 2.5 and 2.6.1 respectively have been carried at fair value to comply with the requirements of IAS-40 'Investment Property' and IAS-39 'Financial Instruments: Recognition and Measurement' respectively.
- Accounting for staff benefits as referred to in notes 2.14 and 2.15 respectively.

2.3 Fixed assets

2.3.1 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses except for leasehold land and buildings thereon, beach huts and workshop machinery and equipment. Leasehold land and buildings thereon, beach huts and workshop machinery and equipment are stated at revalued amounts less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluation of related assets is carried out with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the balance sheet date.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to income and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Cost in relation to vessels includes cost of acquisition and other related expenses incidental to the purchase of vessel accumulated to the date the vessels are commissioned into service.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

Depreciation on additions is charged from the month in which the asset is available for use and is continued to be depreciated until it is derecognised, that is, upto the month of disposal even if during that period the asset is in idle condition. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Residual values, useful lives and methods of depreciation are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

Useful lives are determined by the management based on expected usage of the asset, expected physical wear and tear, technical and commercial obsolescence, legal and similar limits on the use of the assets and other similar factors.

A revaluation deficit is recognised in profit or loss, except that a deficit directly offsetting a previous surplus in any asset, in which case the deficit is taken to surplus on revaluation account. Surplus on revaluation cannot be distributed to shareholders until it is transferred to retained earnings. An annual transfer from the surplus on revaluation of fixed assets account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

Major renewals, replacements and improvements that meet the recognition criteria in IAS 16 are capitalised and the assets so replaced, if any, are retired. Normal repairs and maintenance are charged to income as and when incurred. Gains and losses on disposals of the assets are included in income currently.

Change in an accounting policy

Effective July 1, 2008, the Corporation has changed its accounting policy in respect of accounting for surplus on revaluation of fixed assets whereby the deficit arising on revaluation of a fixed asset can be offset with revaluation surplus of any other asset. Previously, the Corporation had a policy to offset the deficit on revaluation of a fixed asset with revaluation surplus of the same asset. The above change has been made in accordance with the option available under section 235 of the Companies Ordinance, 1984. Had the aforementioned policy not been changed, the post tax profit of the Corporation would have been lower by Rs 7.045 million. This change in the policy does not affect prior years' balances.

2.3.2 Capital work-in-progress

Capital work-in-progress is stated at cost incurred to date less accumulated impairment in value, if any. It consists of expenditure incurred and advances made in respect of fixed assets in the course of their installation and acquisition.

2.3.3 Intangible assets

An intangible asset is an identifiable non monetary asset without physical substance. Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Cost in relation to intangible assets presently held by the Corporation includes cost of computer software and other expenses incidental to the purchase of computer software.

Costs associated with maintaining computer software are recognised as an expense as and when incurred.

Intangible assets are amortised from the month when these assets are available for use using the straight line method whereby the cost of intangible asset is amortised over the period which takes into account the economic benefits that will be available to the Corporation.

2.4 Impairment of assets

The Corporation assesses at each balance sheet date whether there is any indication that the assets may be impaired.

If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income except for impairment loss on revalued assets, which is recognised directly against any revaluation surplus of any other asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.5 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Corporation are classified as investment properties.

Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of these properties is carried out with sufficient regularity.

Gains and losses arising from a change in the fair value of investment properties are included in the income currently.

2.6 Financial instruments

2.6.1 Financial assets

The Corporation classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, available-for-sale and held to maturity. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at the time of initial recognition.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit and loss. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term (Note 42).

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Various financial assets classified under this category are disclosed in Note 42.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories (Note 42).

d) Held to maturity

Financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost (Note 42).

All financial assets are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade-date i.e., the date on which the Corporation commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transaction costs are expensed in the profit and loss account.

The fair values of quoted investments are based on current prices. If the market for a financial asset is not active (and for unlisted securities), the Corporation measures the investments at cost less impairment in value, if any.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership.

2.6.2 Impairment

The Corporation assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. Impairment testing of trade debts agents' and owners' balances, deposits and other receivables is described in note 12, 13, 15 and 16 respectively.

2.6.3 Financial liabilities

All financial liabilities are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the profit and loss account.

2.6.4 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Corporation has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.7 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the balance sheet date.

Certain spares having low value and high consumption levels are charged to income at the time of purchase.

The Corporation reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in usage pattern and physical form.

2.8 Trade debts and other receivables

Trade debts and other receivables are carried at invoice value, which approximates fair value less provision for impairment. A provision for impairment of trade debts and other receivables is established when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Debts, considered irrecoverable, are written off, as and when identified.

2.9 Taxation

2.9.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on presumptive basis.

2.9.2 Deferred

Deferred tax is recognised 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 recognised for all taxable temporary differences. Deferred tax assets are recognised 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 utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

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 recognised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised 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 realised 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.

2.10 Insurance claims

Cost of repairs recoverable as hull claims are taken to insurance claims receivable. Other claimable expenses relating to hull are charged to income currently and claims filed there against are taken to income when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are taken to insurance claims receivable.

2.11 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 whether billed or not.

2.12 Provisions

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

2.13 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.14 Staff retirement benefits

2.14.1 The Corporation operates a contributory provident fund for permanent employees for which contributions are charged to income for the year.

2.14.2 Defined benefit gratuity scheme

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation after October 16, 1984. Further, the Corporation also operates an unfunded retirement gratuity scheme for contractual employees. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to income currently. Actuarial valuations are carried out using the Projected Unit Credit Method.

The Corporation's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

The unrecognised actuarial gains or losses arising at each valuation date are recognised as income or expense in the following year.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

2.14.3 Post-retirement medical benefits

The Corporation provides lump sum medical allowance to its retired permanent employees in accordance with the service regulations.

The unrecognised actuarial gains or losses arising at each valuation date are recognised as income or expense in the following year.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

The Corporation has entered into an arrangement with an insurance company whereby the insurance company is required to administer the scheme for the post retirement medical benefits of the Corporation's employees. The Corporation retains the constructive and legal obligation to discharge the liability to its employees. Accordingly, the plan is treated as a defined benefit plan.

2.15 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to income currently. The unrecognised actuarial gains or losses at each valuation date are recognised immediately.

2.16 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. Cash and cash equivalents include cash in hand, cheques in hand, deposits held with banks and other short term highly liquid investments with maturities of three months or less.

2.17 Foreign currency translation

These financial statements are presented in Pakistan Rupees (functional and presentation currency). Transactions in foreign currencies are recorded in Pakistan Rupees at the exchange rates approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistan Rupees at the exchange rates approximating those prevalent at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value was determined.

2.18 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge on or before the balance sheet date. Expenses pertaining to the voyage, till the discharging is complete is accounted for in the incomplete voyage. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the balance sheet as 'Incomplete voyages'. Diesel, fuel and lubricants on board are valued at cost determined on a first-in-first out basis. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days to the balance sheet date.

- Fee for technical, commercial, administrative and financial services are recognised as revenue when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.
- Dividend income is recognised when the Corporation's right to receive the dividend is established.
- Profit from bank accounts and return on investments is recognised on a time proportion basis.

2.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

2.20 Contingent liabilities

Consistent with prior year a contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Corporation; or
- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

(a) Assumption and estimation in valuation of property, plant and equipment and investment properties (note 4 and 6).

(b) Assumptions and estimations used in determining the residual values and useful lives of property, plant and equipment (note 4).

(c) Assumption and estimation in recognition of taxation and deferred tax (note 37 and 10).

(d) Assumption and estimation in accounting for provision against damage claims (note 22).

(e) Assumptions and estimations in accounting for provision for trade debts (note 12).

(f) Assumption and estimation in accounting for defined benefit plans (note 27).

(g) Judgement made in accounting for advance made to a subsidiary (note 9).

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

	Note	2009	2008
		(Rupees in '000)	
4. PROPERTY, PLANT AND EQUIPMENT			
- Fixed assets	4.1	801,558	848,514
- Capital work-in-progress	4.7	347,599	160,660
		1,149,157	1,009,174

4.1 The following is a statement of fixed assets:

	Leasehold land (notes 4.2 & 4.3)	Buildings on leasehold land	Vessel (note 4.4)	Vehicles	Office equipment	Furniture and fittings	Motor launch and Jetty	Equipment on board	Container fittings	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	Rupees in '000												
As at June 30, 2007													
Cost or revalued amount	644,560	178,264	1,440	53,646	8,244	7,608	18	787	3,468	2,723	13,987	7,352	922,097
Less: accumulated depreciation	-	3,270	1,440	35,545	3,118	2,576	18	435	3,468	-	8,692	2,772	61,334
Net book value	644,560	174,994	-	18,101	5,126	5,032	-	352	-	2,723	5,295	4,580	860,763
Year ended June 30, 2008													
Opening net book value	644,560	174,994	-	18,101	5,126	5,032	-	352	-	2,723	5,295	4,580	860,763
Additions	-	1,593	-	15,888	2,163	1,650	-	-	-	-	1,013	3,049	25,356
Disposals													
Cost	-	-	-	(3,450)	-	-	-	-	-	-	-	-	(3,450)
Accumulated depreciation	-	-	-	3,450	-	-	-	-	-	-	-	-	3,450
	-	-	-	-	-	-	-	-	-	-	-	-	-
Write off													
Cost or revalued amount	-	-	-	-	-	-	-	-	-	-	(1,958)	-	(1,958)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	1,786	-	1,786
	-	-	-	-	-	-	-	-	-	-	(172)	-	(172)
Destroyed due to fire													
Cost or revalued amount	-	-	-	-	-	(73)	-	-	-	-	-	-	(73)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	(73)	-	-	-	-	-	-	(73)
Depreciation charge for the year	-	(22,597)	-	(9,803)	(1,111)	(850)	-	(118)	-	-	(975)	(1,906)	(37,360)
Closing net book value	644,560	153,990	-	24,186	6,178	5,759	-	234	-	2,723	5,161	5,723	848,514
As at June 30, 2008													
Cost or revalued amount	644,560	179,857	1,440	66,084	10,407	9,185	18	787	3,468	2,723	13,042	10,401	941,972
Less: accumulated depreciation	-	25,867	1,440	41,898	4,229	3,426	18	553	3,468	-	7,881	4,678	93,458
Net book value	644,560	153,990	-	24,186	6,178	5,759	-	234	-	2,723	5,161	5,723	848,514

	Leasehold land (notes 4.2 & 4.3)	Buildings on leasehold land	Vessel (note 4.4)	Vehicles	Office equipment	Furniture and fittings	Motor launch and Jetty	Equipment on board	Container fittings	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	Rupees in '000												
Year ended June 30, 2009													
Opening net book value	644,560	153,990	-	24,186	6,178	5,759	-	234	-	2,723	5,161	5,723	848,514
Additions including transfers from CWIP	-	6,895	-	12,934	2,264	2,420	-	-	-	21,534	1,650	1,414	49,111
Loss on revaluation	(37,235)	(6,766)	-	-	-	-	-	-	-	(9,084)	-	-	(53,085)
Disposals / revaluation adjustments													
Cost	-	(8,362)	-	(13,516)	(693)	(5)	-	-	-	(2,021)	-	-	(24,597)
Accumulated depreciation	-	8,362	-	12,761	157	5	-	-	-	2,021	-	-	23,306
	-	-	-	(755)	(536)	-	-	-	-	-	-	-	(1,291)
Write off													
Cost or revalued amount	-	-	-	(656)	-	-	-	-	-	-	(300)	-	(956)
Accumulated depreciation	-	-	-	656	-	-	-	-	-	-	176	-	832
	-	-	-	-	-	-	-	-	-	-	(124)	-	(124)
Depreciation charge for the year	-	(23,170)	-	(11,065)	(1,216)	(975)	-	(118)	-	(2,021)	(738)	(2,264)	(41,567)
Closing net book value	607,325	130,949	-	25,300	6,690	7,204	-	116	-	13,152	5,949	4,873	801,558
As at June 30, 2009													
Cost or revalued amount	607,325	171,624	1,440	64,846	11,978	11,600	18	787	3,468	13,152	14,392	11,815	912,445
Less: accumulated depreciation	-	40,675	1,440	39,546	5,288	4,396	18	671	3,468	-	8,443	6,942	110,887
Net book value	607,325	130,949	-	25,300	6,690	7,204	-	116	-	13,152	5,949	4,873	801,558
Annual rate of depreciation		3 to 20	4	20	15	10 to 15	10 to 15	10 to 15	15	15	5 to 10	25	

4.2 The revaluation of the 'leasehold land', 'buildings on leasehold land', 'beach huts' and 'workshop machinery and equipment' were carried out as of June 30, 2009 by Pee Dee & Associates on the basis of their professional assessment of present market values. The revaluation resulted in a deficit of Rs 53.085 million on the written down values of Rs 804.511 million which had been incorporated in the books of the Corporation as at June 30, 2009. Of the total revaluation surplus arisen, Rs 706.739 million (2008: Rs 779.397 million) remains undepreciated at June 30, 2009. However, the deficit on revaluation of buildings does not include the revaluation effect of PNSC building as it is in rehabilitation stage and renovation is being carried out.

4.3 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	2009	2008
	(Rupees in '000)	
Leasehold land and buildings on leasehold land and beach huts	45,507	22,766
Workshop machinery and equipment	5,129	4,271
	50,636	27,037

4.4 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian authorities during the 1965 war and the Corporation does not have the physical possession or control over the vessel.

4.5 The following operating fixed assets with a net book value exceeding Rs 50,000 were disposed off during the year:

Particulars	Mode of disposal	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain	Particulars of purchasers
		(Rupees in '000)					
Vehicles							
Toyota Hiace	Insurance claim	1,580	1,369	211	1,400	1,189	National Insurance Company Limited 2nd floor, NIC Building Abbasi Shaheed Road
Suzuki Cultus	------do------	595	119	476	580	104	---- do ----
Suzuki Cultus	------do------	585	517	68	365	297	---- do ----
		2,760	2,005	755	2,345	1,590	
Office equipment							
Generator SSD	------do------	650	114	536	650	114	---- do ----
		3,410	**2,119**	**1,291**	**2,995**	**1,704**	

4.6 The depreciation charge for the year has been allocated as follows:

	Note	2009	2008
		(Rupees in '000)	
Fleet expenses - indirect	32	738	975
Administrative and general expenses	33	40,829	36,385
		41,567	37,360

4.7 Capital work-in-progress

	2009	2008
Buildings on leasehold land	347,599	120,677
Beach huts	-	25,030
Vehicle	-	13,455
Workshop machinery and equipment	-	1,498
	347,599	160,660

5. INTANGIBLE ASSET

	Note	Cost As at July 1	Cost Additions	Cost As at June 30	Accumulated amortisation As at July 1	Accumulated amortisation Charge for the year	Accumulated amortisation As at June 30	Net book value as at June 30	Annual rate of amorisation
		(Rupees '000)							%
Computer software									
2009	5.1	16,503	-	16,503	14,854	1,649	16,503	-	20
2008		16,503	-	16,503	11,553	3,301	14,854	1,649	20

5.1 This represents cost of a software "Ship Management Expert System" (SES).

5.2 SES is being amortised over the useful life of five years and has been fully amortised during the year, however, it is still in active use.

6. INVESTMENT PROPERTIES

	Note	Leashold land	Buildings on leasehold land	Total
		(Rupees '000)		
Balance as at July 1, 2007		910,700	55,937	966,637
Surplus on revaluation of investment properties	6.1	-	3,350	3,350
Balance as at June 30, 2008		910,700	59,287	969,987
Balance as at July 1, 2008		910,700	59,287	969,987
Additions during the year		-	2,138	2,138
Deficit on revaluation of investment properties		-	(2,829)	(2,829)
Balance as at June 30, 2009		910,700	58,596	969,296

6.1 Last revaluation of the Corporation's investment properties was carried out by Pee Dee & Associates as of June 30, 2009 on the basis of their professional assessment of the present market value. However, no revaluation gain / loss was assessed in respect of revaluation of leasehold land in investment properties.

7. LONG - TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

(No. of Shares - ordinary) 2009	2008	Name of the company	Country of incorportation	Latest available audited financial statement for the year ended	Percentage holding	Face value per share	2009	2008
						(Rupees)	(Rupees '000)	
(i) Subsidiary companies - unlisted								
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	100,000	100,000
9,436,000	9,436,000	Chitral Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	94,360	94,360
5,686,000	5,686,000	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	56,860	56,860
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	72,860	72,860
3,354,166	3,354,166	Karachi Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	185,536	185,536
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	167,360	167,360
36,000	36,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	360	360
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	94,860	94,860
4,636,000	4,636,000	Malakand Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	46,360	46,360
6,936,000	6,936,000	Multan Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	69,360	69,360
1,200	1,200	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2009	55	100	120	120
36,000	36,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	360	360
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	69,360	69,360
6,786,000	6,786,000	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	67,860	67,860
9,636,000	9,636,000	Sibi Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	96,360	96,360
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2009	100	10	132,360	132,360
							1,558,416	1,558,416
(ii) Associate - unlisted								
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982	49	10	1,600	1,600
		Less: Accumulated impairment losses		(unaudited)			1,600	1,600
							-	-
							1,558,416	1,558,416

8. LONG - TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY

	2009	2008
	(Rupees in '000)	
Financial assets designated as 'at fair value through profit or loss'		
Listed companies		
6,930 (2008: 6,930) ordinary shares of Rs 10 each fully paid of Siemens (Pakistan) Engineering Company Limited. Market value per share Rs 1,018.00 (2008: Rs 1,405.80 per share)	7,055	9,742
72,828 (2008: 72,828) ordinary shares of Rs 10 each fully paid of Pakistan State Oil Company Limited. Market value per share Rs 213.65 (2008: Rs 417.24 per share)	15,560	30,387
	22,615	40,129
Available for sale financial asset		
Other entity - carried at cost		
10,000 (2008: 10,000) ordinary shares of Rs 10 each of Pakistan Tourism Development Corporation Limited	100	100
	22,715	40,229

	Note	2009	2008
		(Rupees in '000)	
9. LONG - TERM LOANS AND ADVANCES			
Related party (a subsidiary)	9.1	5,008,387	2,547,661
Others			
Considered good			
Due from employees	9.2	1,384	1,993
Less: recoverable within twelve months	14	372	559
		1,012	1,434

9.1 Includes amount of Rs 2,547.661 million which has been reclassified during the year from 'Other receivables' to 'Long-term loans and advances' as the management has granted the advance against future issue of share capital to its wholly owned subsidiary Quetta Shipping (Private) Limited for the purchase of vessel.

9.2 It comprises of house building and vehicle loans amounting to Rs 1.058 million (2008: Rs 1.458 million) and Rs 0.326 million (2008: Rs 0.535 million) respectively.

9.3 Vehicle loans represent loans to employees for purchase of vehicles and are secured against employees' personal guarantees and charge on vehicles. Such loans are recoverable over 36 or 48 monthly instalments on which interest is being charged at the rate of 11% per annum (2008: 11% per annum).

9.4 House building loans represent loans to employees for purchase of land, residential accommodation and construction and renovation of houses. These loans are recoverable over 180 monthly instalments. An amount of Rs 0.527 million (2008: Rs 0.761 million) is secured against mortgages of the employees' properties. Interest on such loans to officers is charged at various rates while no interest is being charged on loans given to other employees.

9.5 Long-term loans are being carried at cost because the effect of carrying these balances at amortised cost would not have been material.

	Note	2009	2008
		(Rupees in '000)	
10. DEFERRED TAX - NET			
Deductible temporary differences arising in respect of:			
- accelerated depreciation		1,105	1,381
- short-term provisions and deferred liabilities		45,262	50,008
		46,367	51,389
Taxable temporary differences arising in respect of:			
- surplus on revaluation of fixed assets	25	25,712	36,073
		20,655	15,316

10.1 The management is confident that sufficient future taxable profits will be available against which deferred tax asset will be adjusted.

	Note	2009	2008
		(Rupees in '000)	
11. STORES AND SPARES			
Stores			
- at depot		20,937	15,218
- at buildings		283	282
		21,220	15,500
Spares			
- at buildings		1,402	1,439
		22,622	16,939
12. TRADE DEBTS			
- considered good		369,276	236,312
- considered doubtful		17,738	46,005
		387,014	282,317
Less: Provision for impairment	12.1	17,738	46,005
		369,276	236,312
12.1 **Provision for impairment**			
Balance at the beginning of the year		46,005	60,178
Provision made during the year		-	4,188
Amounts reversed and adjusted		(28,267)	(18,361)
Balance at the end of the year		17,738	46,005

The ageing analysis of trade debts is as follows:

	2009	2008
Upto 1 month	197,084	104,316
1 to 6 months	101,014	141,924
More than 6 months	88,916	36,077
	387,014	282,317

As at June 30, 2009, trade receivables of Rs 17.738 million (2008: Rs 46.005 million) were impaired and provided for. The ageing of these receivables is as follows:

	2009	2008
	(Rupees in '000)	
three years to five years	-	9,230
five years and over	17,738	36,775
	17,738	46,005

	Note	2009	2008
		(Rupees in '000)	
13. AGENTS' AND OWNERS' BALANCES			
Considered good			
- secured		14,335	12,427
- unsecured		6,085	19,718
		20,420	32,145
Considered doubtful		18,971	15,994
		39,391	48,139
Less: Provision for impairment	13.1	18,971	15,994
		20,420	32,145

13.1 **Provision for impairment**

	2009	2008
	(Rupees in '000)	
Balance at the beginning of the year	15,994	14,048
Provision made during the year	2,977	1,946
Balance at the end of the year	18,971	15,994

As at June 30, 2009, Agents' and Owners' Balances of Rs 18.971 million (2008: Rs 15.994 million) were impaired and provided for. These receivable balances are outstanding for more than three years.

	Note	2009	2008
		(Rupees in '000)	
14. LOANS AND ADVANCES			
Considered good			
Loans:			
Due from employees	9	372	559
Advances to:			
- employees		17,700	23,807
- contractors and suppliers		53,353	6,836
- others		5,427	8,293
		76,852	39,495

	Note	2009	2008
		(Rupees in '000)	

15. DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2009	2008
Deposits			
Trade:			
- considered good		2,405	2,150
- considered doubtful		184	184
		2,589	2,334
Less: Provision for impairment - trade	15.1	184	184
		2,405	2,150
Others:			
- considered good		7,407	4,318
- considered doubtful		185	185
		7,592	4,503
Less: Provision for impairment - others	15.1	185	185
		7,407	4,318
Prepayments		11,089	2,794
		20,901	9,262

15.1 During the year no further provision has been made by the management in respect of trade and other deposits.

	Note	2009	2008
		(Rupees in '000)	

16. OTHER RECEIVABLES

	Note	2009	2008
Rent receivable:			
- considered good		10,376	12,235
- considered doubtful		7,306	7,089
		17,682	19,324
Less: Provision for impairment of rent receivable	16.1	7,306	7,089
		10,376	12,235
Current account balances with subsidiary			
companies - considered good	16.2	34,220	508,828
Insurance claimable for destroyed items	16.3	4,946	4,946
Others:			
- considered good	16.4	28,399	32,698
- considered doubtful		461	461
		28,860	33,159
Less: Provision for impairment of other receivables	16.5	461	461
		28,399	32,698
		77,941	558,707

	2009	2008
	(Rupees in '000)	

16.1 **Provision for impairment of rent receivables**

Balance at the beginning of the year	7,089	8,243
Provision made during the year	217	-
Amounts written off	-	(1,154)
Balance at the end of the year	7,306	7,089

The ageing analysis of other receivables is as follows:

Upto 1 month	1,014	1,871
1 to 6 months	781	2,685
More than 6 months	15,887	14,768
	17,682	19,324

As at June 30, 2009, rent receivables of Rs 7.306 million (2008: Rs 7.089 million) were impaired and provided for. These receivables are outstanding for more than three years.

16.2 The break-up of current account balances with subsidiary companies is as follows:

	2009	2008
	(Rupees in '000)	
Kaghan Shipping (Private) Limited	-	292,928
Lahore Shipping (Private) Limited	34,220	34,068
Lalazar Shipping (Private) Limited	-	73,095
Makran Shipping (Private) Limited	-	74,311
Quetta Shipping (Private) Limited	-	34,426
	34,220	508,828

The maximum aggregate amount of receivable due from related parties at the end of any month during the year was Rs 123,541.594 million (2008: Rs 1,037,093.154 million).

16.3 This represents net book values of items destroyed due to fire. The Corporation had filed insurance claim against the assets lost, and, accordingly, the carrying value of such assets has been recorded as other receivables in these financial statements. The Corporation is confident that the insurance claim would be settled at an amount in excess of the carrying value of the assets.

16.4 This includes amount receivable from sundry debtors and General Sales Tax refund claims of Rs 9.149 million (2008: Rs 11.585 million) and Rs 12.197 million (2008: Rs 12.197 million) respectively.

16.5 During the year no further provision has been made by the management in respect of other receivables.

	Note	2009	2008
		(Rupees in '000)	

17. INCOMPLETE VOYAGES

Charter hire and related expenses		5,969	5,086
Less: net freight		-	412
		5,969	4,674

18. INSURANCE CLAIMS

- Considered good		2,859	302
- Considered doubtful		2,492	2,850
		5,351	3,152
Less: Provision for impairment of insurance claims		2,492	2,850
		2,859	302

19. SHORT TERM INVESTMENTS

Held to maturity			
Term deposits with banks having maturity of:			
- six to twelve months		1,100,000	-
- three to six months		2,800,000	1,863,147
- three months or less	40	1,208,614	1,250,000
		5,108,614	3,113,147

19.1 The mark-up on term deposits ranges from 7.75% to 17.75% per annum (2008: 9.50% to 11.75% per annum).

20. CASH AND BANK BALANCES

	Note	2009	2008
		(Rupees in '000)	
Cash at bank:			
- in current accounts			
• local currency		186,626	2,612,501
• foreign currency		806,821	458,811
		993,447	3,071,312
- in savings accounts	20.1 & 20.2		
• local currency		1,209,468	303,352
• foreign currency		14,326	19,627
		1,223,794	322,979
Cash in hand		439	59
	40	2,217,680	3,394,350

20.1 This includes Rs 13.433 million (2008: Rs 11.314 million) and Rs 4.461 million (2008: Rs 3.961 million) held as security by United National Bank Limited, London and Habib Bank Limited, P.N.S.C. Branch, respectively against guarantees issued on behalf of the Corporation.

20.2 The mark-up on savings accounts ranges from 2.5% to 9% per annum (2008: 2.5% to 7% per annum).

	Note	2009	2008
		(Rupees in '000)	
21. TRADE AND OTHER PAYABLES			
Creditors		140,866	53,634
Current account balances with subsidiary companies	21.1	8,716,73	5,986,233
Agents' and owners' balances		132,335	97,614
Accrued liabilities		198,943	205,390
Deposits	21.2	32,811	26,318
Workers' Profits Participation Fund	21.3	104,036	85,329
Unclaimed dividends		16,942	11,155
Other liabilities			
- freight		31,317	121,380
- others	21.4	59,161	47,162
		90,478	168,542
		9,433,142	6,634,215

21.1 The break-up of current account balances with subsidiary companies is as follows:

	2009	2008
Bolan Shipping (Private) Limited	441,537	379,373
Chitral Shipping (Private) Limited	530,402	621,379
Hyderabad Shipping (Private) Limited	827,226	529,051
Islamabad Shipping (Private) Limited	339,643	408,778
Johar Shipping (Private) Limited	603,033	132,087
Kaghan Shipping (Private) Limited	772,048	-
Karachi Shipping (Private) Limited	162,591	173,261
Khairpur Shipping (Private) Limited	247,286	362,968
Lalazar Shipping (Private) Limited	812,762	-
Makran Shipping (Private) Limited	8,782	-
Malakand Shipping (Private) Limited	771,611	537,322
Multan Shipping (Private) Limited	531,699	589,229
Quetta Shipping (Private) Limited	449,080	-
Sargodha Shipping (Private) Limited	155,423	191,863
Shalamar Shipping (Private) Limited	1,495,726	1,497,311
Sibi Shipping (Private) Limited	375,064	126,276
Swat Shipping (Private) Limited	192,818	437,335
	8,716,731	5,986,233

21.2 These deposits are interest free and are repayable on demand or on completion of specific contracts.

	Note	2009	2008
		(Rupees in '000)	
21.3 Workers' Profits Participation Fund			
As at July 1		85,329	58,540
Allocation for the year	34 & 21.3.1	53,707	51,789
		139,036	110,329
Less: Payments made during the year		35,000	25,000
As at June 30		104,036	85,329

21.3.1 The Corporation obtained an opinion from its legal advisor who has advised that any amount erroneously allocated to Workers' Profits Participation Fund (the Fund) and payment in this respect made in prior years to the Fund can be adjusted in subsequent years by making an adjustment from the amount payable on profits for that year. Upto June 30, 2001 total shipping income of the Corporation was considered for the purpose of computation of the amount allocable to the Fund and the amount so determined was allocated and paid to the Fund. The Corporation had carried out an exercise and determined that upto June 30, 2007 an aggregate amount of Rs 45.784 million was allocated and paid in excess to the Fund in respect of income from foreign voyages. Keeping in view the aforementioned opinion of the legal advisor, the Corporation intends to adjust the amount of Rs 45.784 million from the payments to be made to the Fund in respect of the years following the year ended June 30, 2007. However, the Corporation has, on grounds of prudence, not adjusted the aforementioned amount of Rs 45.784 million while calculating the amounts payable to the Fund in respect of the years ended June 30, 2008 and 2009.

21.4 This includes refundable in respect of retention money amounting to Rs 19.070 million (2008: Rs 8.134 million).

	Note	2009	2008
		(Rupees in '000)	
22. PROVISION AGAINST DAMAGE CLAIMS			
As at July 1		126,966	132,960
Reversal during the year		(27,156)	(5,994)
As at June 30	28.1	99,810	126,966

23. ISSUED, SUBSCRIBED AND PAID - UP SHARE CAPITAL

23.1 Authorised share capital

2009	2008			
(No. of Shares)				
200,000,000	200,000,000	Ordinary shares of Rs 10 each	2,000,000	2,000,000

23.2 Issued, subscribed and paid-up share capital

2009	2008			
(No. of Shares)				
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former NSC and PSC in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to the Government of Pakistan (GoP) for cash received in the year 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

23.3 As at June 30, 2009, the Government of Pakistan held 117,706,724 (2008: 117,706,724) ordinary shares of the Corporation.

	Note	2009	2008
		(Rupees in '000)	
24. RESERVES			
Capital reserves	24.1	126,843	126,843
Revenue reserves (including unappropriated profit)		4,641,963	3,979,938
		4,768,806	4,106,781

24.1 This includes amount transferred from shareholders' equity at the time of merger of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC).

	Note	2009	2008
		(Rupees in '000)	
25. SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX			
As at July 1		779,397	800,100
Deficit arising on revaluation of fixed assets during the year		(53,085)	-
		726,312	800,100
Less: transferred to unappropriated profit:			
Surplus relating to incremental depreciation charged during the year on related assets - net of tax		14,658	15,284
Related deferred tax liability		4,915	5,419
		19,573	20,703
		706,739	779,397
Less: Related deferred tax liability on:			
- Revaluation as at July 1		36,073	51,639
- Deficit arising on revaluation of fixed assets during the year		(3,980)	-
- Incremental depreciation charged during the year on related assets transferred to profit and loss account		(4,915)	(5,419)
- Effect of ratio allocation of revenue under FTR		(1,466)	(10,147)
	10	25,712	36,073
As at June 30		681,027	743,324

	Note	2009	2008
26. LONG TERM FINANCING			
As at June 30	26.1	-	245,607
Less: current portion of long term financing		-	245,607
		-	-

26.1 Upto June 30, 2008 balance of long-term financing obtained from National Bank of Pakistan, Bahrain amounted to US$ 3.571 million. The loan was repayable in 7 yearly instalments commencing from December 2003 and carried mark-up at the rate of 2.95% above 6 months LIBOR per annum payable on half yearly basis. This loan was secured by a guarantee given by the Government of Pakistan through State Bank of Pakistan. The loan has been fully paid during the year and the guarantee in this respect has been released by the State Bank of Pakistan.

	Note	2009	2008
		(Rupees in '000)	
27. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	27.1.3	8,521	10,181
- unfunded	27.1.3	11,146	5,892
		19,667	16,073
Post retirement medical benefits	27.1.3	80,045	86,753
Employees' compensated absences	27.2.3	120,182	105,957
		219,894	208,783

27.1 **Retirement benefit schemes**

27.1.1 As stated in notes 2.14.2 and 2.14.3 of these financial statements, the Corporation operates a funded retirement gratuity scheme for permanent employees, an unfunded retirement gratuity scheme for contractual employees and an unfunded post retirement medical benefit scheme for permanent employees. Liability is maintained against these schemes based on the actuarial recommendations. Actuarial valuation of these benefits are carried out at least once in every two years and the latest valuations were carried out as at June 30, 2009 using the Projected Unit Credit Method. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	2009		2008	
	Employees' gratuity (funded and unfunded)	**Post retirement medical benefits**	**Employees' gratuity (funded and unfunded)**	**Post retirement medical benefits**
Discount rate	12%	12%	12%	12%
Increase in salary	10%	N/A	10%	N/A
Rate of return on plan assets	12%	N/A	12%	N/A
Medical escalation rate	N/A	9%	N/A	9%
Death rates	based on LIC (1975-79) Ultimate mortality tables.			

27.1.2 The disclosures made in notes 27.1.3 to 27.1.12 are based on the information included in the actuarial valuation report as of June 30, 2009.

27.1.3 Balance sheet reconciliation

	2009			2008		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	(Rupees '000)					
Present value of defined benefit obligation	288,787	12,176	95,987	235,540	6,977	87,407
Fair value of plan assets (note 27.1.8)	(219,846)	-	-	(235,159)	-	-
	68,941	12,176	95,987	381	6,977	87,407
Unrecognised net actuarial (loss) / gain	(60,420)	(1,030)	(15,942)	9,800	(1,085)	(654)
Recognised Liability	8,521	11,146	80,045	10,181	5,892	86,753

27.1.4 Movement in present value of defined benefit obligation

As at July 1	235,540	6,977	87,407	-	246,776	84,594
Transfer from unfunded to funded	-	-	-	246,776	(246,776)	-
Current service cost	7,636	4,374	2,347	8,393	1,978	2,439
Interest cost	26,615	903	9,923	23,537	590	8,165
Actuarial loss / (gain)	65,523	1,030	15,942	(12,152)	1,085	654
Benefits paid	(46,527)	(1,108)	(19,632)	(31,014)	(931)	(8,445)
As at June 30	288,787	12,176	95,987	235,540	2,722	87,407

27.1.5 Movement in fair value of plan assets

As at July 1	235,159	-	-	-	-	-
Expected return on plan assets	26,111	-	-	2,352	-	-
Contribution	-	-	-	235,159	-	-
Actuarial gain / (loss)	5,103	-	-	(2,352)	-	-
Benefits paid	(46,527)	-	-	-	-	-
As at June 30	219,846	-	-	235,159	-	-

27.1.6 Expenses

Current service cost	7,636	4,374	2,347	8,393	1,978	2,439
Past service cost	-	-	-	-	4,255	-
Interest cost	26,615	903	9,923	23,537	590	8,165
Expected return on plan assets	(26,111)	-	-	(2,352)	-	-
Recognition of actuarial (gain) / loss	(9,800)	1,085	654	41,022	-	1,981
	(1,660)	6,362	12,924	70,600	6,823	12,585
Less: charged to subsidiaries	(99)	2,602	546	39,329	-	7,012
Expenses	(1,561)	3,760	12,378	31,271	6,823	5,573

27.1.7 Actual return on plan assets

Expected return on plan assets	26,111	-	-	2,352	-	-
Actuarial gain / (loss) on plan assets	5,103	-	-	(2,352)	-	-
Actual return on plan assets	31,214	-	-	-	-	-

27.1.8 Plan assets comprise of investment and cash at bank aggregating to Rs 219.846 million (2008: Rs 235.159 million).

27.1.9 The expected return on plan assets is based on the market expectations and depends upon the asset portfolio of the company.

27.1.10 Principal actuarial assumptions used are disclosed in note 27.1.1 to these financial statements.

27.1.11 Amounts for the current period and previous four annual periods of the present value of defined benefit obligation and fair value of plan assets are as follows:

Employees' gratuity	2009	2008	2007	2006	2005
	(Rupees '000)				
Present value of defined benefit obligation	300,963	242,517	246,776	223,611	227,447
Fair value of plan assets	(219,846)	(235,159)	-	-	-
Deficit	81,117	7,358	246,776	223,611	227,447
Experience loss / (gain) on defined benefit obligation	66,553	(11,067)	41,022	4,679	(18,092)
Experience gain / (loss) on plan assets	5,103	(2,352)	-	-	-
Post retirement medical benefits					
Present value of defined benefit obligation	95,987	87,407	84,594	76,674	82,808
Experience adjustment on defined benefit obligation	15,942	654	1,981	(9,800)	(5,286)

27.1.12 Assumed medical cost escalation rate have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed medical cost escalation rate would have the following effects:

	One percentage point increase	One percentage point decrease
	(Rupees in '000)	
Effect on aggregate service cost and interest cost	274	(258)
Effect on defined benefit obligation	2,144	(2,021)

27.2 **Employees' compensated absences**

27.2.1 As stated in note 2.15, the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. Actuarial valuation is carried out at least once in every two years and the latest valuation was carried out as at June 30, 2009 using the Projected Unit Credit Method. The following significant assumptions were used for the actuarial valuation of the scheme:

	2009	2008
Discount rate	12%	12%
Increase in salary	10%	10%

27.2.2 The disclosures made in notes 27.2.3 to 27.2.7 are based on the information included in the actuarial valuation as of June 30, 2009.

27.2.3 Balance sheet reconciliation

	2009	2008
	(Rupees in '000)	
Present value of defined benefit obligation (recognised)	120,182	105,957

27.2.4 Movement in present value of defined benefit obligation

As at July 1	105,957	108,710
Current service cost	26,654	28,363
Past service cost	-	3,306
Interest cost	13,323	11,978
Actuarial loss / (gain)	16,107	(9,567)
Benefits paid	(41,859)	(36,833)
As at June 30	120,182	105,957

27.2.5 Expenses

Current service cost	26,654	28,363
Interest cost	13,323	11,978
Recognition of actuarial loss / (gain)	16,107	(9,567)
Past service cost	-	3,306
	56,084	34,080
Less: charged to subsidiaries	2,260	18,511
Expenses	53,824	15,569

27.2.6 Amounts for the current period and previous four annual periods of the present value of defined benefit obligation are as follows:

	2009	2008	2007	2006	2005
	(Rupees in '000)				
Present value of defined benefit obligation	120,182	105,957	108,710	94,144	97,018

27.2.7 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

27.2.8 Principal actuarial assumptions used are disclosed in note 27.2.1 to these financial statements.

27.3 Expected retirement benefits costs for the next year are as follows:

	Rupees in '000
Gratuity	82,936
Post retirement medical benefits	29,173
Compensated absences	45,596

27.4 During the year the Corporation contributed Rs 9.397 million (2008: 8.099 million) to the provident fund.

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 Amount in respect of claims not admitted by the Corporation as at June 30, 2009 aggregate to Rs 247.213 million (2008: Rs 311.009 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo, damages to cargo and miscellaneous claims lodged by workers and others. These include Rs 14.313 million (2008: Rs 14.257 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 71.832 million (2008: Rs 172.707 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 99.810 million (2008: Rs 126.966 million) against the aforementioned claims in these financial statements (note 22).

28.2 The Corporation has not accepted liability in respect of customs duty approximating Rs 2.500 million (2008: Rs 2.500 million) relating to the sale of the vessel M.V. Bhambore during the year ended June 30, 1978. The duty was claimed from the Corporation and the matter has been taken up with the appropriate Government agencies.

28.3 The former owners of East & West Steamship Company, Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Corporation.

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2008: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Corporation liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Corporation.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the High Court of Sindh. The amounts claimed are approximately Rs 1.300 million and Rs 66.800 million (2008: Rs 1.300 million and Rs 66.800 million) respectively.

The Corporation disclaims any liability in respect of the abovementioned amounts and any accretions to it upto final determination and settlement of the matters.

28.4 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. During the year ended June 30, 2002, the ITAT had given its decision in favour of the Corporation on the appeal filed against the above order. However, the department filed an appeal with the Honourable High Court against the order of ITAT. The Honourable High Court has decided the said appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court and suspended the decision of Honourable High Court. The Honourable Supreme Court will hear the appeal in due course.

28.5 While framing the assessment for the assessment year 2001 – 2002 the income tax assessing authorities have made certain additions to the taxable income of the Corporation. The Corporation filed appeals against the subject assessment order and the Commissioner of Income Tax (Appeals) - CIT (A) restriced the amounts of disallowances. However, when counter appeal was filed by the department with ITAT, it has maintained disallowances in respect of excess cost of perquisites of Rs 129.279 million and has given decision in favour of the Corporation on other matters. Consequently, the Corporation filed an appeal against the order of ITAT with the honourable High Court. The management of the

Corporation is confident that the matter in appeal shall be eventually decided in its favour. Accordingly, no provision for the above has been made in these financial statements.

28.6 During the year, the Taxation Officer (TO) has issued orders under section 122 (1) of the Income Tax Ordinance, 2001 (the Ordinance) in respect of the tax years 2003, 2005, 2006 and 2007. According to the orders, the TO has made certain additions and determined additional tax demand aggregating to Rs 489.211 million in respect of those years. Such additions have been made mainly because a different basis of expenses allocable to Normal Tax Regime (NTR) and Final Tax Regime (FTR) has been considered by the TO. The TO has, in its aforesaid orders, argued that in accordance with section 67 of the Ordinance and Rule 13 of Income Tax Rules, 2002, expenses which can be directly attributable to any source of income should be offset against that income and any remaining expenses of common nature should be allocated on some reasonable basis. In accordance with the demand raised by the TO, the Corporation has paid Rs 180 million under protest and filed an appeal against the subject order with the Commissioner of Income Tax (Appeals) – CIT (A) who upheld the contention of the TO on certain matters and ordered deletion of items in respect of certain other matters.

Subsequently the TO issued revised assessment orders consistent with the decision of CIT (A). According to the revised assessment orders the tax demand was reduced to Rs. 396.441 million. The Corporation has filed an appeal against the decision of CIT – (A) with the Income Tax Appellate Tribunal (ITAT) in respect of the matters upheld and at present the case is pending for hearing.

The management of the Corporation is confident that the subject matter in respect of tax years 2003, 2005, 2006 and 2007 will be contested in appeal and shall eventually be decided in favor of the Corporation. However, as a matter of prudence, the management had made aggregate provision Rs 305.610 million against the aforementioned demands in the financial statements for the year ended June 30, 2008.

28.7 Commitments in respect of capital expenditure amount to Rs 358.135 million (2008: Rs 210.206 million).

28.8 Outstanding letters of guarantee amount to Rs 17.927 million (2008: Rs 77.345 million).

	2009	2008
	(Rupees in '000)	
29. CHARTERING REVENUES		
Foreign flag vessels:		
Voyage charter revenue	1,436,073	1,582,151
Slot charter revenue	1,645,424	1,123,130
	3,081,497	2,705,281
30. SERVICES FEE		
Technical and commercial services fee	249,439	239,285
Administrative and financial services fee	83,146	79,562
	332,585	318,847

		Note	2009	2008
			(Rupees in '000)	
31.	**FLEET EXPENSES - DIRECT**			
	Charter hire and related expenses	31.1	1,904,096	1,900,601
	Claims		942	1,744
	Exchange loss / (gain)		10,990	(5,720)
			1,916,028	1,896,625
31.1	**Charter, hire and related expenses**			
	Foreign flag vessels:			
	- Voyage charter expenses		1,258,381	1,448,844
	- Slot charter expenses		645,715	451,757
			1,904,096	1,900,601
32.	**FLEET EXPENSES - INDIRECT**			
	Conference establishment expenses		1,061	1,870
	Salaries and allowances - regional office	32.1	4,736	3,885
	Agents' and other general expenses	32.2	8,984	8,368
	Depreciation	4.6	738	975
	General establishment expenses - regional office		608	555
			16,127	15,653

32.1 This includes Rs 0.227 million (2008: Rs 0.183 million) in respect of provident fund contribution.

		Note	2009	2008
			(Rupees in '000)	
32.2	**Agents' and other general expenses**			
	Legal fees and charges		322	-
	Printing and stationery		273	258
	Advertisement and publicity		2,871	2,338
	Telephone, telex and postage		5,128	5,337
	Bank charges and commission		365	254
	Other miscellaneous expenses		25	181
			8,984	8,368
33.	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries and allowances	33.1	299,348	248,436
	General establishment expenses	33.2	118,214	115,413
	Rent, rates and taxes	33.3	11,836	9,776
	Scholarship and training expenses		1,265	993
	Insurance	33.3	3,935	3,049
	Depreciation	4.6	40,829	36,385
	Amortisation	5	1,649	3,301
	Directors' fee		590	235
	Legal and professional charges		9,941	10,973
	Provision for doubtful debts against others		3,194	2,353
			490,801	430,914

33.1 This includes Rs 9.170 million (2008: Rs 7.916 million) in respect of provident fund contribution.

	Note	2009	2008
		(Rupees in '000)	
33.2 General establishment expenses			
Repairs and maintenance	33.3	11,557	17,065
Medical cost		884	1,589
Medical insurance		41,178	15,698
Contribution to employees welfare fund		10	12
Contribution to group term insurance		1,898	1,005
Security charges		3,290	3,802
Travelling and conveyance		6,164	16,085
Entertainment and canteen subsidy		3,108	3,120
Books, periodicals and subscriptions		3,347	3,226
Uniform and liveries		494	395
Printing and stationery		4,017	3,918
Telephone, telex and postage		5,394	5,824
Light, power and water		10,285	12,481
Computer expenses		6,764	6,682
Advertisement and publicity		2,787	3,414
Vehicle running and repairs		11,271	10,031
Ship inspection expenses		395	5,816
Sundry expenses		5,371	5,250
		118,214	115,413

33.3 This includes repairs and maintenance of Rs 2.612 million (2008: Rs 3.556 million), rent, rates and taxes of Rs 4.074 million (2008: Rs 3.752 million) and insurance of Rs 0.136 million (2008: Rs 0.136 million) in respect of investment property.

	Note	2009	2008
		(Rupees in '000)	
34. OTHER OPERATING EXPENSES			
Workers' Profits Participation Fund	21.3	53,707	51,789
Donations	34.1	25	25
Auditors' remuneration	34.2	3,628	4,308
Employees' gratuity			
- funded	27.1.6	(1,561)	31,271
- unfunded	27.1.6	3,760	6,823
		2,199	38,094
Post retirement medical benefits	27.1.6	12,378	5,573
Employees' compensated absences	27.2.5	53,824	15,569
Fixed assets written off	4.1	124	172
Loss of fixed assets due to fire		-	73
Loss on revaluation of long-term investments in listed companies	8	17,514	403
Loss on revaluation of investment properties		2,829	-
		146,228	116,006

34.1 Donations were not made to any donee in which the Corporation or a director or his spouse had any interest.

34.2 Auditors' remuneration

	2009			2008		
	A. F. Ferguson & Co.	Ford Rhodes Sidat Hyder & Co.	Total	A. F. Ferguson & Co.	Ford Rhodes Sidat Hyder & Co.	Total
	(Rupees '000)					
Audit fee						
- current year	550	550	1,100	490	490	980
- prior year	-	-	-	700	700	1,400
Fee for review of half yearly financial statements	230	230	460	200	200	400
Fee for review of statement of compliance with best practices of the code of corporate governance	58	58	116	50	50	100
Fee for audit of consolidated financial statements	70	70	140	60	60	120
Tax advisory services fee	1,499	-	1,499	486	-	486
Out of pocket expenses	178	135	313	487	335	822
	2,585	1,043	3,628	2,473	1,835 -	4,308

	Note	2009	2008
		(Rupees in '000)	
35. FINANCE COSTS			
Interest on long-term financing		8,789	30,119
Bank charges and commitment fee		2,622	2,817
Exchange loss on long-term financing		37,035	36,050
		48,446	68,986
36. OTHER OPERATING INCOME			
Income from financial assets / liabilities			
Interest / mark-up on loans and advances to employees		188	250
Income from savings and term deposits		626,588	664,660
Gain on insurance claim - destroyed items		-	3,480
Dividend income		1,898	1,716
Insurance claims	36.1	32,534	436
Exchange gain	36.2	84,488	52,798
Liabilities no longer payable written back		2,099	3,605
Income from non-financial assets			
Scrap sales		6,031	1,345
Profit on disposal of fixed assets		8,389	2,712
Provisions no longer required written back		46,583	24,015
Sundries		15,351	10,445
		824,149	765,462

36.1 This represents recoveries from hull, cargo and other claims according to:

	2009	2008
- the insurance policies	384	412
- others	32,150	24
	32,534	436

36.2 This represents exchange gain on foreign currency bank deposits maintained outside Pakistan.

	2009	2008
	(Rupees in '000)	
7. TAXATION		
Tax charge for:		
- current year	639,257	368,336
- prior years	-	465,361
	639,257	833,697
Deferred	107	88,197
	639,364	921,894
Taxes paid abroad relating to current year	2,175	750
	641,539	922,644
37.1 Relationship between tax expense and accounting profit		
Accounting profit before tax	1,698,302	1,337,535
Tax rate	35%	35%
Tax on accounting profit	594,406	468,137
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	7,129	159
Effect of charging deferred tax on different ratio than current tax	1,576	(12,905)
Tax effect of lower tax rates on certain incomes:		
- Tax saving due to lower tax rates	(28,704)	(22,652)
- Tax liability under final tax regime	7,925	3,979
	(20,779)	(18,673)
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	58,194	19,815
	46,120	(11,604)
	640,526	456,533
Tax effects of adjustments in respect of taxes paid abroad	1,013	750
Tax effects of adjustments in respect of prior years	-	465,361
Tax expense for the year	641,539	922,644

38. EARNINGS PER SHARE

	2009	2008
Profit after taxation attributable to ordinary shareholders	1,056,763	414,891
	(Number of shares)	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	(Rupees)	
Earnings per share - basic	8.00	3.14

There is no dilution effect on basic earnings per share of the Corporation.

	Note	2009	2008
		(Rupees in '000)	
39. CASH GENERATED FROM OPERATIONS			
Profit before taxation		1,698,302	1,337,535
Adjustments for non-cash charges and other items:			
Depreciation	4.6	41,567	37,360
Amortisation	5.1	1,649	3,301
Profit on disposal of fixed assets		(8,389)	(2,712)
Fixed assets written off		124	172
Loss of fixed assets due to fire		-	73
Provision for employees' gratuity	27.1.6	2,199	38,094
Provision for employees' compensated absences	27.2.5	53,824	15,569
Provision for post retirement medical benefits	27.1.6	12,378	5,573
Dividend income		(1,898)	(1,716)
Provision no longer required written back		(28,625)	(17,901)
Liabilities no longer payable written back		(2,099)	(3,605)
Interest / mark-up income		(626,776)	(664,910)
Interest / mark-up expense		8,789	30,119
Loss on revaluation of long-term investments in listed companies		17,514	403
Loss on revaluation of investment properties		2,829	-
Exchange loss on long-term financing		37,035	36,050
Working capital changes	39.1	1,066,160	4,629,707
		2,274,583	5,443,112

39.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	(5,683)	(2,650)
Trade debts	(104,697)	57,007
Agents' and owners' balances	11,725	9,337
Loans and advances	(37,357)	23,702
Deposits and short term prepayments	(11,639)	1,307
Other receivables	480,766	535,341
Incomplete voyages	(1,295)	(2,097)
Insurance claims	(2,199)	2,646
Short term investments	(2,036,853)	2,336,853
	(1,707,232)	2,961,446
(Decrease) / increase in current liabilities:		
Trade and other payables	2,800,548	1,674,255
Provision against damage claims	(27,156)	(5,994)
	1,066,160	4,629,707

40. CASH AND CASH EQUIVALENTS

	Note	2009	2008
Short-term investments	19	1,208,614	1,250,000
Cash and bank balances	20	2,217,680	3,394,350
		3,426,294	4,644,350

41. REMUNERATION OF CHAIRMAN, EXECUTIVE DIRECTORS / DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman, Executive Directors / Directors and Executives of the Corporation were as follows:

	Chairman & Chief Executive		Executive Directors/Directors		Other Executives	
	2009	2008	2009	2008	2009	2008
	(Rupees '000)					
Managerial remuneration and allowances	3,978	533	8,959	7,559	53,999	69,947
Retirement benefits	-	-	163	132	457	287
House rent	-	-	1,234	1,028	15,392	20,041
Conveyance	-	-	-	-	1,469	1,476
Entertainment	-	29	238	391	216	27
Medical	-	11	367	190	1,246	1,362
Utilities	199	23	894	745	9,345	15,422
Personal staff subsidy	-	28	9	17	63	61
Club membership fee and expenses	-	19	-	40	-	-
Personal accident insurance	-	4	-	14	-	-
Bonus	-	-	1,420	707	9,293	1,663
Other allowances	-	228	656	582	28,244	46,311
	4,177	875	13,940	11,405	119,724	156,597
Number of persons	1	2	4	4	65	77

41.1 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Corporation are entitled to retirement benefits as outlined in note 2.14 to these financial statements. The Chairman and Chief Executive, Executive Directors and certain Executives are provided with Corporation's owned and maintained cars.

41.2 The aggregate amount charged in the financial statements for fee to non-executive directors was Rs 0.590 million (2008: Rs 0.235 million).

42. FINANCIAL INSTRUMENTS BY CATEGORY

	2009	2008
	(Rupees in '000)	
FINANCIAL ASSETS		
Financial assets at fair value through profit or loss		
Long-term investments - listed companies	22,615	40,129
Loans and receivables		
Long-term loans - employees	1,384	1,993
Long-term loans and advances to a related party	5,008,387	2,547,661
Trade debts	369,276	236,312
Agents' and owners' balances	20,420	32,145
Deposits	9,812	6,468
Interest / mark-up accrued	147,207	65,137
Other receivables	77,941	558,707
Insurance claims	2,859	302
Cash and bank balances	2,217,680	3,394,350
	7,854,966	6,843,075
Held to maturity		
Short-term investments	5,108,614	3,113,147
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	12,986,295	9,996,451
FINANCIAL LIABILITIES		
Financial liabilities at amoritised cost		
Trade and other payables	9,329,106	6,548,886
Long - term financing	-	245,607
	(9,329,106)	(6,794,493)
NET FINANCIAL ASSETS	3,657,189	3,201,958

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Corporation's activities are exposed to a variety of financial risks namely credit risk, market risk (including currency risk, cash flow and fair value interest rate risk and price risk) and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

43.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

As at June 30, 2009, out of the total financial assets of Rs 12,986.295 million (2008: 9,996.451 million) the financial assets which are subject to credit risk amounted to Rs 12,963.141 million (2008: 9,956.163 million). The management of the Corporation believes that it is not exposed to major concentration of credit risk.

For banks and financial institutions, only independently rated parties with a minimum credit rating of A are accepted.

The receivable balances of the Corporation significantly comprise of amounts due from Public sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non–performance by these counter parties on their obligations to the Corporation. The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

The sector wise analysis of receivables, comprising trade debts, agents' and owners' balances, deposits and other receivables is given below:

	2009	**2008**
	(Rupees in '000)	
Public sector	382,901	275,738
Private sector	105,173	118,799
	488,074	394,537

Out of Rs 488.074 million (2008: 394.537 million), the Corporation has provided Rs 44.845 million (2008: 69.918 million) as the amounts being doubtful to be recovered from them.

43.1.2 Market Risk

Foreign exchange risk:

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Corporation faces foreign currency risk on receivable and payable transactions at foreign ports and on long-term foreign currency loan. Foreign currency risks are not covered as a considered management decision, however, the Corporation generates revenue in foreign currency and utilises it in paying its foreign currency based transactions, therefore, it is not exposed to major foreign exchange risk.

At June 30, 2009, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, pre-tax profit for the year would have been Rs 33.815 million higher / lower, mainly as a result of foreign exchange gains / losses on translation of US dollar denominated bank balances and bills payables.

Cash flow and fair value interest rate risk:

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Corporation has adopted appropriate policies to minimise its exposure to this risk.

The Corporation has interest bearing assets having fixed maturity and fixed rate of return and no interest bearing liabilities. Accordingly, the Corporation is not exposed to cash flow and fair value interest rate risk.

Price risk:

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange 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 Corporation believes it is not exposed to any significant price risk.

43.1.3 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Corporation on the basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios and maintaining debt financing plans.

All financial assets and financial liabilities shall mature within twelve months except long term investments in listed companies and an other entity and long term employees to others as mentioned in Notes 8 and 9 to these financial statements.

43.1.5 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The carrying value of all financial assets and financial liabilities are estimated to approximate their fair values.

43.2 Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Corporation is not subject to externally imposed capital requirements.

As at June 30, 2009 and 2008, the Corporation had surplus cash reserves to meet its requirement and there was no material net debt position.

44. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fee charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Balances with related parties have been disclosed in notes 16.1 and 21.1 to these financial statements. Particulars of remuneration to key management personnel are disclosed in note 41 of these financial statements. Investments in related parties and long - term loans and advances to a related party are disclosed in note 8 and 9 of these financial statements.

Related party	Relationship with the Corporation	2009	2008
		(Rupees in '000)	
Service fee charged			
Bolan Shipping (Private) Limited	Subsidiary	12,477	20,398
Chitral Shipping (Private) Limited	Subsidiary	14,333	25,262
Hyderabad Shipping (Private) Limited	Subsidiary	12,464	17,609
Islamabad Shipping (Private) Limited	Subsidiary	6,278	18,657
Johar Shipping (Private) Limited	Subsidiary	48,576	30,882
Kaghan Shipping (Private) Limited	Subsidiary	52,748	39,357
Khairpur Shipping (Private) Limited	Subsidiary	15,146	18,164
Lalazar Shipping (Private) Limited	Subsidiary	36,290	40,858
Makran Shipping (Private) Limited	Subsidiary	12,334	13,753
Malakand Shipping (Private) Limited	Subsidiary	9,187	17,082
Multan Shipping (Private) Limited	Subsidiary	14,023	18,332
Quetta Shipping (Private) Limited	Subsidiary	53,573	-
Sargodha Shipping (Private) Limited	Subsidiary	17,049	11,222
Sibi Shipping (Private) Limited	Subsidiary	10,240	16,365
Swat Shipping (Private) Limited	Subsidiary	17,867	30,906
		332,585	318,847
Rental expense			
Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	332	332
Delivery of stores and spares			
Bolan Shipping (Private) Limited	Subsidiary	2,080	1,341
Chitral Shipping (Private) Limited	Subsidiary	1,554	2,244
Hyderabad Shipping (Private) Limited	Subsidiary	1,563	1,845
Islamabad Shipping (Private) Limited	Subsidiary	1,744	205
Johar Shipping (Private) Limited	Subsidiary	1,934	2,659
Kaghan Shipping (Private) Limited	Subsidiary	720	683
Khairpur Shipping (Private) Limited	Subsidiary	1,509	1,957
Lalazar Shipping (Private) Limited	Subsidiary	1,346	2,634
Makran Shipping (Private) Limited	Subsidiary	1,304	386
Malakand Shipping (Private) Limited	Subsidiary	102	889
Multan Shipping (Private) Limited	Subsidiary	283	962
Sargodha Shipping (Private) Limited	Subsidiary	1,520	43
Sibi Shipping (Private) Limited	Subsidiary	61	1,707
Swat Shipping (Private) Limited	Subsidiary	1,812	5,969
Quetta Shipping (Private) Limited	Subsidiary	2,637	2
		20,169	23,526

Related party	Relationship with the Corporation	2009	2008
		(Rupees in '000)	
Retirement benefit costs charged			
Bolan Shipping (Private) Limited	Subsidiary	588	4,129
Chitral Shipping (Private) Limited	Subsidiary	246	3,766
Hyderabad Shipping (Private) Limited	Subsidiary	275	3,740
Islamabad Shipping (Private) Limited	Subsidiary	402	4,162
Johar Shipping (Private) Limited	Subsidiary	285	6,717
Kaghan Shipping (Private) Limited	Subsidiary	95	3,823
Khairpur Shipping (Private) Limited	Subsidiary	367	3,953
Lalazar Shipping (Private) Limited	Subsidiary	523	7,208
Makran Shipping (Private) Limited	Subsidiary	254	3,926
Malakand Shipping (Private) Limited	Subsidiary	329	4,496
Multan Shipping (Private) Limited	Subsidiary	776	4,304
Sargodha Shipping (Private) Limited	Subsidiary	552	3,516
Sibi Shipping (Private) Limited	Subsidiary	290	3,972
Swat Shipping (Private) Limited	Subsidiary	176	7,140
Quetta Shipping (Private) Limited	Subsidiary	151	-
		5,309	64,852
Contribution to Provident fund		9,397	8,099
Key management personnel compensation		18,117	12,280
Freight Income			
Karachi Shipyard and Engineering services	Associate	3,950	-
Investment in Term Deposit Receipts (TDRs)			
JS Bank Limited	Associate	400,000	-
Interest income on TDRs			
JS Bank Limited	Associate	72,506	-
Premium paid on account of medical health insurance			
Allianz EFU Health Insurance Limited	Associate	65,471	22,115
Premium paid on account of Group Term Insurance of employees			
State Life Insurance Corporation	Associate	1,898	-
Advance against purchase of tanker to Quetta Shipping (Private) Limited	Subsidiary	2,460,725	2,547,661

44.1 Outstanding balance due from / due to related parties have been disclosed in the respective notes to these financial statements.

44.2 In addition the Corporation is also engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the 'Technical and Commercial Services' and 'Administrative and Financial Services Agreement' which are settled through a current account with each of the subsidiary companies.

44.3 The Corporation has adjusted an amount due from a related party amounting to Rs 6.834 million (2008: Rs Nil).

45. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at the meeting held on September 17, 2009 have proposed for the year ended June 30, 2009 cash dividend of Rs 3.00 per share (2008: Rs 3.10 per share), amounting to Rs 396.190 million (2008: Rs 409.396 million) subject to the approval of the members at the annual general meeting to be held on October 22, 2009. The financial statements for the year ended June 30, 2009 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

46. CORRESPONDING FIGURES

46.1 Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of better presentation and comparison.

Note	From	To	Note	(Rupees in '000)
16	Other receivables	Long term loans and advances	9	2,547,661

46.2 Corresponding figures given in cash flow statement have been reclassified, for better presentation, as follows:

Description	From	To	(Rupees in '000)
Working capital changes	Other receivable	Long term loans and advances - a related party	2,547,661

47. GENERAL

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

48. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 17, 2009 by the Board of Directors of the Corporation.

Vice Admiral (Retd.) Sikandar V. Naqvi
Chairman & Chief Executive

Rasheed Y. Chinoy
Director

PAKISTAN NATIONAL SHIPPING CORPORATION
SIX YEARS AT A GLANCE

Rupees '000

	2008-2009	2007-2008	2006-2007	2005-2006	2004-2005	2003-2004
				Restated	Restated	
Operation						
Operating revenue	3,491,783	3,100,257	2,168,325	1,748,341	2,403,604	2,735,500
Operating expenses	2,422,956	2,343,192	943,049	928,417	1,758,194	2,040,579
Operating profit	1,068,827	757,065	1,225,276	819,924	645,410	694,921
Other income / adjustments	824,025	765,462	833,398	436,112	2,556,106	1,424,329
Other expenses / adjustments	194,544	184,992	121,534	121,344	247,285	253,682
Profit before taxation	1,698,308	1,337,535	1,938,152	1,134,692	2,954,231	1,865,568
Taxation	641,539	922,644	480,933	128,529	173,078	231,959
Profit after taxation	1,056,769	414,891	1,457,219	1,006,163	2,781,153	1,633,609
Assets						
Fixed assets	801,558	850,163	865,713	612,757	621,807	394,977
Capital work in progress	347,599	160,660	16,151	27,164	16,907	-
Investment properties	969,296	969,987	966,637	674,162	674,162	438,873
Long term investments	1,581,131	1,598,645	1,599,048	1,588,837	7,964,285	2,604,032
Long term loans / receivables	5,009,399	1,434	2,027	1,447,528	996,466	1,061,482
Deferred tax asset - net	20,655	15,316	93,366	132,684	-	25,858
	8,729,638	3,596,205	3,542,942	4,483,132	10,273,627	4,525,222
Current assets	8,070,341	10,018,131	8,492,819	4,843,263	4,660,148	2,930,079
Current liabilities	(9,809,612)	(7,234,814)	(5,479,245)	(4,052,863)	(3,753,978)	(2,265,596)
Net current assets	(1,739,271)	2,783,317	3,013,574	790,400	906,170	664,483
Total Net Assets	6,990,367	6,379,522	6,556,516	5,273,532	11,179,797	5,189,705
Financed By						
Paid-up Capital	1,320,634	1,320,634	1,320,634	1,320,634	1,200,576	1,143,406
Reserves	126,843	126,843	126,843	3,626,843	1,626,843	626,843
Unappropriated profit/(Accumulated loss)	4,641,969	3,979,938	3,747,858	(1,083,923)	3,384,782	1,701,680
Share-holders' equity	6,089,446	5,427,415	5,195,335	3,863,554	6,212,201	3,471,929
Surplus on revaluation of fixed assets	681,027	743,324	748,461	536,407	3,821,963	312,100
Long term loans / liabilities	-	-	215,643	474,021	725,536	957,293
Deferred liabilities	219,894	208,783	397,077	399,550	419,772	448,383
Deferred tax liability - net	-	-	-	-	325	-
	6,990,367	6,379,522	6,556,516	5,273,532	11,179,797	5,189,705
Statistics and ratios						
Profit before tax as % of:						
- Revenues	48.64%	43.14%	89.38%	64.90%	122.91%	68.20%
- Paid up capital	128.60%	101.28%	146.76%	85.92%	246.07%	163.16%
- Total Net Assets	24.29%	20.97%	29.56%	21.52%	26.42%	35.95%
Current assets to current liabilities	0.82	1.38	1.55	1.20	1.24	1.29
Number of shares	132,063,380	132,063,380	132,063,380	132,063,380	120,057,618	114,340,589
Earnings per share	Rs. 8.00	Rs. 3.14	Rs. 11.03	Rs. 7.62	Rs. 21.06	Rs. 13.61
Break up value per share	Rs. 46.11	Rs. 41.10	Rs. 39.33	Rs. 29.26	Rs. 51.74	Rs. 30.36
Share price						
High	Rs. 52.31	Rs. 112.20	Rs. 97.20	Rs. 139.70	Rs. 150.00	Rs. 67.90
Low	Rs.44.14	Rs. 65.00	Rs. 40.00	Rs. 57.00	Rs. 50.50	Rs. 15.85
Dividend per share						
Cash	Rs. 3.00	Rs. 3.10	Re. 1.50	Re. 1.00	Rs. 2.00	Re. 1.00
Bonus	-	-	-	-	Re. 1.00	Re. 0.50

PAKISTAN NATIONAL SHIPPING CORPORATION
Pattern of shareholding as at June 30, 2009

NUMBER OF SHAREHOLDERS	SHAREHOLDING From	SHAREHOLDING To	TOTAL SHARES HELD
11002	1	100	372182
3227	101	500	747982
878	501	1000	638118
721	1001	5000	1538384
81	5001	10000	586254
24	10001	15000	296674
19	15001	20000	347854
12	20001	25000	280285
6	25001	30000	170104
2	30001	35000	69500
8	35001	40000	301312
6	40001	45000	257815
5	45001	50000	250000
4	50001	55000	215600
3	55001	60000	179865
4	70001	75000	292200
2	75001	80000	155300
1	80001	85000	83000
1	90001	95000	95000
2	95001	100000	200000
2	100001	105000	205595
1	125001	130000	128200
1	135001	140000	137026
1	150001	155000	150900
2	155001	160000	317642
1	190001	195000	192241
1	195001	200000	200000
1	225001	230000	227500
1	235001	240000	235916
1	240001	245000	242800
1	245001	250000	246500
1	260001	265000	262344
1	385001	390000	386236
1	435001	440000	436564
1	445001	450000	449697
1	495001	500000	500000
1	745001	750000	746603
1	765001	770000	769700
1	1440001	1445000	1443762
1	117705001	117710000	117706724
16,030			132,063,379

CATEGORIES OF SHAREHOLDERS	NO.	SHARES HELD	%
Associated Companies, Undertakings and Related Parties,	1	4,766	0.00
Shares holding 10% and above shares Federal Government	1	117,706,724	89.13
Government Owned entities / Banks	1	386,236	0.29
NIT & ICP			
National Bank of Pakistan Trustee Deptt.	1	886,261	0.67
Investment Corporation of Pakistan	1	74,575	0.06
Chief Executive Officers ,Directors, their spouses and minor children			
Mr. Jahangir Siddiqui	1	5,616	0.00
Mr. Khowaja Obaid Imran Ilyas	1	2,414	0.00
Investment Companies	3	2,585	0.00
Insurance Companies	13	1,481,396	1.12
Joing Stock Companies	53	1,081,602	0.82
Banks , DFIs , NBFIs	82	504,803	0.38
Modarabas and Mutual Funds	8	1,003,305	0.76
Foreign/Non-resident Investors	3,899	441,919	0.33
Cooperative Societies	-	-	-
Charitable Trusts	3	80,790	0.06
Individuals	11,949	7,842,547	5.94
Others	13	557,840	0.42
	16,030	132,063,379	100.00

(*Including 3656 Shareholders whose current domicile is not known)

N.B: The above two statements include 1521 shareholders holding 11,372,903 shares through Central Depository Company of Pakistan Limited

PAKISTAN NATIONAL SHIPPING CORPORATION

Proxy form

Please quoto your
Foilo No./ CDC Account No.

I/We ______________________________

of ______________________________

being shareholders of Pakistan National Shipping Corporation holding ______________

sahre (s) hereby appoint Mr /Miss /Mrs. ______________________________

S/o.D/o. W/o ______________________________

of ______________________________

or failing him/her Mr./Miss./Mrs. ______________________________

S/o. D/o/ W/o/ ______________________________

of ______________________________

as my/ our porxy to vote for me/ us and on my/ our behalf at the meeing of the shareholders o fthe Corporation to be held at Karachi on the 22nd day of October 2009 at 11:00 a.m. and at any adjounment thereof.

Dated this ______________ day of ______________ 2009.

Revenue Stamp
of
Rs 5

Signature of the Shareholder ______________

Address ______________

____

Folio No. CDC Account No. ______________

Transfer Receipt No. ______________

P.N.S.C Building Moulvi Tamizuddin Khan Road, P.O. Box No. 5350, Karachi - Pakistan.
Phone: (92-21) 9203980-99 (20 Lines) Fax: (92-21) 9203974, 5636658
Email: communication@pnsc.com.pk URL:http://www.pnsc.com.pk