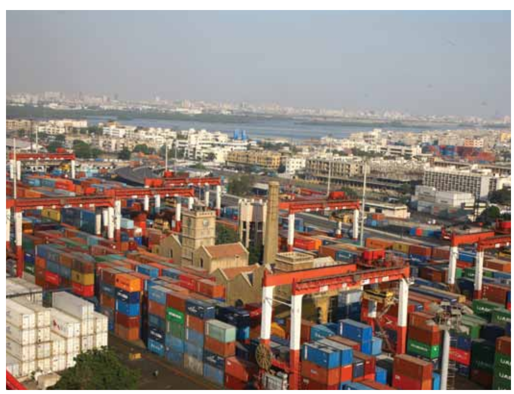
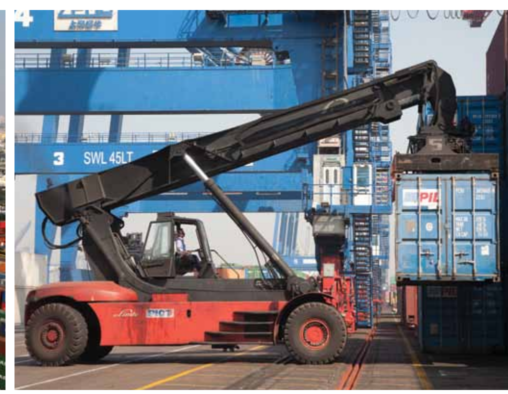
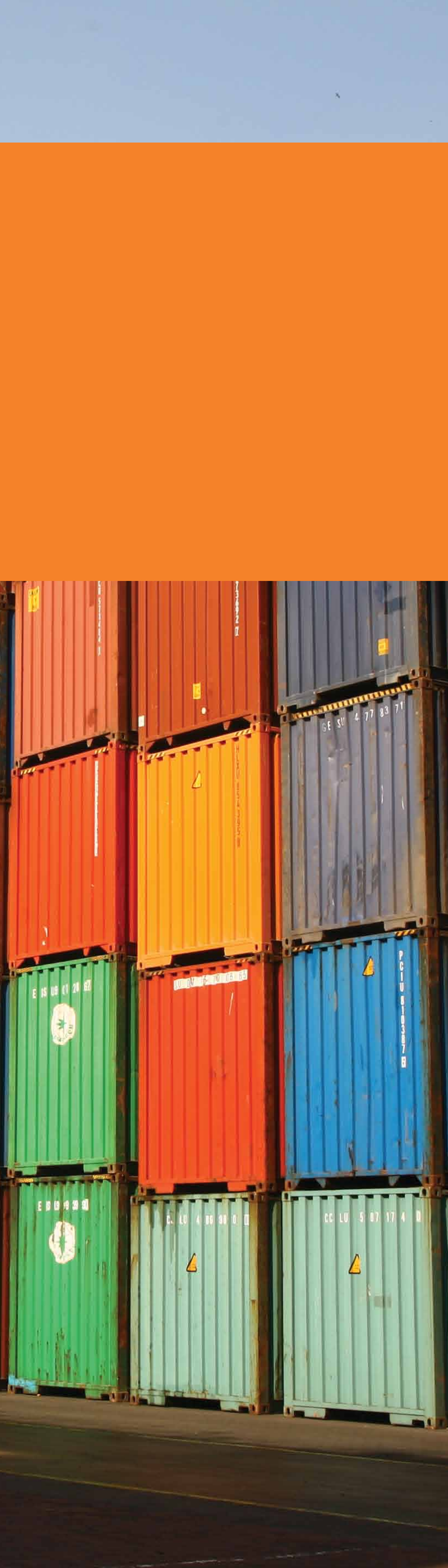
Pakistan International Container Terminal Limited

Experience. Commitment. Excellence.





ANNUAL REPORT 2013



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MSC KERRY

Vision

Operate a Container Terminal at Karachi Port that provides the highest level of quality services to its clients.

Mission

A Company dedicated to fulfilling the Port Service requirements of Customers and Users of Karachi Port at an economic cost through optimum use of human and financial resources and giving a fair return to investors.

Company Information

Board of Directors
Chairman
Capt. Haleem A. Siddiqui

Chief Executive Officer
Capt. Zafar Iqbal Awan

Directors
Mr. Christian R. Gonzalez
Mr. Aasim Azim Siddiqui
Mr. Edgardo Q. Abesamis
Mr. Rafael Consing, Jr.
Mr. Jose Manuel M. De Jesus
Mr. Hans Ole Madsen

Chief Financial Officer
Mr. Owais Kazi
(with effect from February 4, 2014
in place of Mr. M. Masood Usmani)

Company Secretary
Muhammad Hunain
(with effect from February 4, 2014
in place of Mr. Noman Yousuf)

Audit Committee
Chairman
Mr. Edgardo Q. Abesamis

Members
Mr. Aasim Azim Siddiqui
Mr. Jose Manuel M. De Jesus

Chief Internal Auditor
Mr. Moammar Raza

Secretary
Muhammad Hunain
(with effect from February 4, 2014
in place of Mr. Noman Yousuf)

Human Resource & Remuneration Committee
Chairman
Mr. Edgardo Q. Abesamis

Members
Mr. Aasim Azim Siddiqui
Mr. Jose Manuel M. De Jesus

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

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

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

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

Bankers
Albaraka Bank Pakistan Limited
Askari Bank Limited
Bank Islami Pakistan Limited
Barclays Bank PLC, Pakistan
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
Samba Bank Limited

Registered & Terminal Office
Berths 6-9, East Wharf,
Karachi Port,
Karachi - Pakistan
Tel: 92-91-32855701
Fax: (+9221) 3285 4815

Share Registrar / Transfer Agent
Technology Trade (Pvt.) Ltd.
241-C, Block-2, P.E.C.H.S., Karachi.
Tel: 92-21-34391316-7
Fax: (+9221) 3285 4815


PAKISTAN INTERNATIONAL CONTAINER TERMINAL
PICT
HANJIN
HANJIN
ZPMC

Board of Directors

From Left to Right
Mr. Owais Kazi | Mr. Aasim Azim Siddiqui
Mr. Rafael Consing, Jr. | Capt. Haleem A. Siddiqui

From Left to Right
Mr. Christian R. Gonzalez | Capt. Zafar Iqbal Awan
Mr. Hans Ole Madsen | Muhammad Hunain

Profile of the Board of Directors

Captain Haleem Ahmed Siddiqui is the chairman of Marine Group of Companies and PICT. He founded the first stevedoring company in the country, PMS. He was also instrumental in making Marine Group a one stop shop for all ship related services in the country. He joined Pakistan Merchant Navy in February 1959 as Cadet Officer on Pakistani Flag Vessel and served in various capacities on Pakistani Flag Vessel as well as on British Ship after obtaining the required qualifications. He got first command in June 1968 after obtaining the qualification of Master Marine from U.K. and commanded various vessels till 1971. He is a Fellow Member of Chartered Management Institute of U.K, Chartered Institute of Logistics & Transport of U.K, International Federation of Shipmasters' Associations, U.K, SAARC Chamber of Commerce & Industry, and Lifetime Special Member of the Confederation of Asia-Pacific Chambers of Commerce and Industry.

Capt. Zafar Iqbal Awan joined the Marine Group in 1991 and worked in various venture of the group in the shipping sector. He posses over 30 years of experience in the field of shipping. He is currently working as the CEO of PICT. He is a member of International Federation of Shipmasters' Association (IFSMA) UK, Institute of Chartered Ship Brokers, Royal Institute of Navigation, Chartered Institute of Logistics & Transport, Nautical Institute, Master Mariners Society of Pakistan, Pakistan Belgium Business Forum. He graduated from Pakistan Marine Academy in 1974. He qualified Master Mariner Class 1 (F.G.) Examination in the year 1985.

Aasim Azim Siddiqui is the managing director of Marine Group of Companies. He founded corporate sector's first and leading exhibition organizing company in Pakistan, the Pegasus. He also founded Organization for Social Development Initiatives (OSDI). OSDI has formed with an objective to improve living conditions for the poorest communities in the rural areas of Pakistan through sustainable poverty reduction strategies. He has been engaged with marine and shipping industry over the last twenty (20) years and has been with PICT since its inception. He was instrumental in arranging financing from IFC and OFID for PICT and has played instrumental role in project roll out of PICT. Further he played pivotal role in arranging financing of USD 53 million for PICT from IFC & OFID. Mr. Aasim did his Master of Business Administration from Clark University, Worcester, MA USA.

Mr. Christian R. Gonzalez has been the Head of Asia Region at International Container Terminal Services Inc. since August 15, 2012 and serves as its Vice President of Operations. Mr. Gonzalez has been General Manager and Vice President of Manila International Container Terminal since April 17, 2008. He served as the Director General and Chief Operating Officer of ICTSI, subsidiary Madagascar International Container Terminal Services Ltd. (MICTSL). From 1997 when he first joined the ICTSI Group, he worked in various Operations departments before being appointed Assistant Manager for Special Projects of ICTSI Ltd., ICTSIs foreign projects subsidiary. He served as MICT Operations Manager since 2003. Since 2006, he served as the Chief Operating Officer of MICTSL, operator of the Madagascar International Container Terminal in Toamasina, Madagascar. He served as Vice President of International Container Terminal Services Inc. since April 17, 2008. Mr. Gonzalez serves as the President Commissioner of PT ICTSI Jasa Prima Tbk. He serves as a Director of Bloomberry Resorts and Hotels, Inc., Bloomberry Resorts Corporation, Sureste Properties Inc. and Prime Metroline Transit Corporation. He is a Trustee and Auditor of the ICTSI Foundation, Inc. He served as a Director of Active Alliance, Incorporated since November 23, 2011. Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, the graduate school of management of the University of Navarra, in Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

Mr. Edgardo Q. Abesamis serves as the President of South Cotabato International Port Services, Inc., Subic Bay International Terminal Corp., and Bauan International Port, Inc. Mr. Abesamis serves as President of Naha International Container Terminal,Inc. He served as an Executive Vice President of International Container Terminal Services Inc. from 1995 to August 15, 2012. He served as Senior Vice President of Operations at International Container Terminal Services Inc. since 1988. He served as President and Deputy Project Director of Integrated Cargo Handling Operations at Razon International Stevedoring Corp. He serves as the Chairman of Davao Integrated Port, Stevedoring Services Corp., and South Cotabato International Port Services, Inc. He serves as the Chairman of Tartous International Container Terminal jsc and President Commissioner of PT Makassar Terminal Services. He serves as a Director of Subic Bay International Terminal Corp., and Bauan International Port, Inc. He serves as a Director of Subic Bay International Terminal Holdings, Inc., IW Cargo Handlers, Inc., and ICTSI Warehousing, Inc. He serves as a Director of Naha International Container Terminal,Inc., ICTSI Mauritius Limited, Australian International Container Terminal Ltd., ICTSI Far East Pte, Ltd. and ICTSI Hong Kong Ltd. He serves as director of PT Container Terminal Systems Solutions, Inc. and Guam International Container Terminal, Inc. He serves as an Independent Director of Pakistan International Container Terminal Ltd. He served as President Commissioner of PT ICTSI Jasa Prima Tbk. Mr. Abesamis is a graduate of the United States Military Academyat West Point and holds a Master's Degree in Economics from the University of the Philippines.

Mr. Jose Manuel Mantecon De Jesus serves as Director of PT ICTSI Jasa Prima Tbk since January 15, 2013. ICTSI appointed Jose Manuel De Jesus as Vice-President for ICTSI's Business Development for Asia region in September 2008. Concurrently, he is Director of ICTSI subsidiaries: DIPSSCOR, ICTSI Subic, MICTSI, SBITC, SCIPSI, ICTSI (India) Private Ltd., PT ICTSI Jasa Prima, Tbk, HIPS, AHI, SBITHI, Cordilla Properties Holdings, Inc. NMCTS, NICTI, ICTSI Far East Pte. Ltd., GICT, AICTL and PICT, and a Commissioner of PT MTS. Mr. De Jesus takes the lead for business development in the Asia Pacific region. Prior to his appointment as head of the Asia Pacific region, he was Director of Business Development for the Americas. In 2005, he headed the Asia Business Development Group. Before that, he was seconded and had held numerous posts such as Director for Strategic Planning of ICTSI's Regional Development Offices in Miami and Dubai, and General Manager of Thai Laemchabang Terminals, Inc. He joined ICTSI in 1995 as Executive Assistant to the Chairman. Mr. De Jesus is an Industrial Management Engineering graduate of De La Salle University in Manila.

Mr. Rafael J. Consing Jr., Joel has been Vice President and Treasurer of International Container Terminal Services Inc. since April 2007. Mr. Consing serves as Managing Director of ICTSI Capital B.V. From 2004 to 2007, he served as Managing Director of HSBC where he was involved in a number of financing and advisory activities including acquisition and leveraged finance, debt capital markets, and ratings and capital advisory. From 1999 to 2004, he served as a Director and Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia based in Singapore. Mr. Consing similarly held other positions with Bankers Trust NY / Deutsche Bank and ING Barings. In 1993 1995, he served as Vice President and Treasurer of Aboitiz & Company Inc. and Aboitiz Equity Ventures Inc. He started his career as a fixed income trader at Multinational Investment Bancorporation in June 1989. He serves as a Commissioner of PT ICTSI Jasa Prima Tbk. He serves as a Director of ICTSI Far East Pte. Ltd. and ICTSI Treasury B.V. Mr. Consing received an A.B degree from De La Salle University, Manila.

Mr. Hans-Ole Madsen serves as Senior Vice President of Europe & Middle East at International Container Terminal Services Inc. Mr. Madsen serves as Vice President of Business Development at APM Terminals Zeebrugge N.V. He serves as the Chairman of GPPL. He served as a Director of Pipavav Railway Corporation Limited. He served as a Director of Gujarat Pipavav Port Limited until September 10, 2008.

Notice of the Annual General Meeting

Notice is hereby given that the 13th Annual General Meeting of Pakistan International Container Terminal Limited will be held on March 27, 2014 at 11:30 a.m., at Beach Luxury Hotel, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on April 11, 2013.

2. To receive, consider and adopt the Annual Audited Financial Statements of the Company for the year ended December 31, 2013 together with the Directors` and Auditors` Reports thereon.

3. To appoint Auditors and fix their remuneration for the year ending December 31, 2014. The present auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for reappointment.

4. To consider and approve the final cash dividend of Rs. 11/-, per share on the ordinary shares together with the interim cash dividend of Rs. 33.5/- per share already paid, thereby making a total cash dividend of Rs. 44.5/- per share for the year 2013, as recommended by the Board of Directors.

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

By order of the Board

Muhammad Hunain
Company Secretary
Karachi: March 5, 2014

NOTES:

1. The Share Transfer Books of the Company will remain closed from March 19, 2014 to March 27, 2014 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Technology Trade (Pvt.) Ltd., Dagia House, 241-C, P.E.C.H.S., off Shahrah-e-Quaideen, Block 2, Karachi by the close of business on March 18, 2014 will be treated in time for the purpose of transfer of shares to the transferees.

2. As per the securities and exchange commission of Pakistan SRO 831 (2) /2012 Dated July 5, 2012 for compulsory requirement and printing of Computerized National Identity Card (CNIC) on the dividend warrant, without which no dividend warrant shall be issued, the Individual Members who have not yet submitted photocopy of their valid CNIC, are once again reminded to send the same at the earliest directly to the Company's share registrar at the above address. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details.

3. A Member of the Company, entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his/her proxy to attend, speak and vote instead of him/her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the Member.

4. Duly completed instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, in order to be valid, must be received at the Registered Office of the Company not less than 48 hours before the time of the Meeting. The proxy need not be a Member of the Company.

5. Any change of address of Members should be immediately notified to the Company's share registrar Technology Trade (Pvt.) Ltd., Dagia House, 241-C, P.E.C.H.S., off Shahrah-e-Quaideen, Block 2, Karachi.

6. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE SHAREHOLDERS' MEETING

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

   The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

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

B. FOR APPOINTMENT OF PROXIES

i. In case of individual, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per requirement notified by the company.

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

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

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

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

Chairman's Review

I am pleased to acknowledge the efforts made by the management of PICT. Despite tough economic and trade conditions, globally and within the country, we achieved record growth in the container throughput handled and increased revenues and profits of the company in 2013.

The company handled 675,457 Twenty Feet Equivalent Units (TEUs) during the year, which is the highest throughput handled in PICT's history. Our growth achievement is commendable and all this was possible first of all by the Grace of Allah and with the full dedication of our team of professionals.

PICT endeavors to achieve more business volumes, enhance our efficiencies and control our costs in order to add shareholder value in the Company. We are also looking at reinvesting a portion of our earnings in the Company to support our expansion plans in order to capture an even greater share in Pakistan's container throughput.

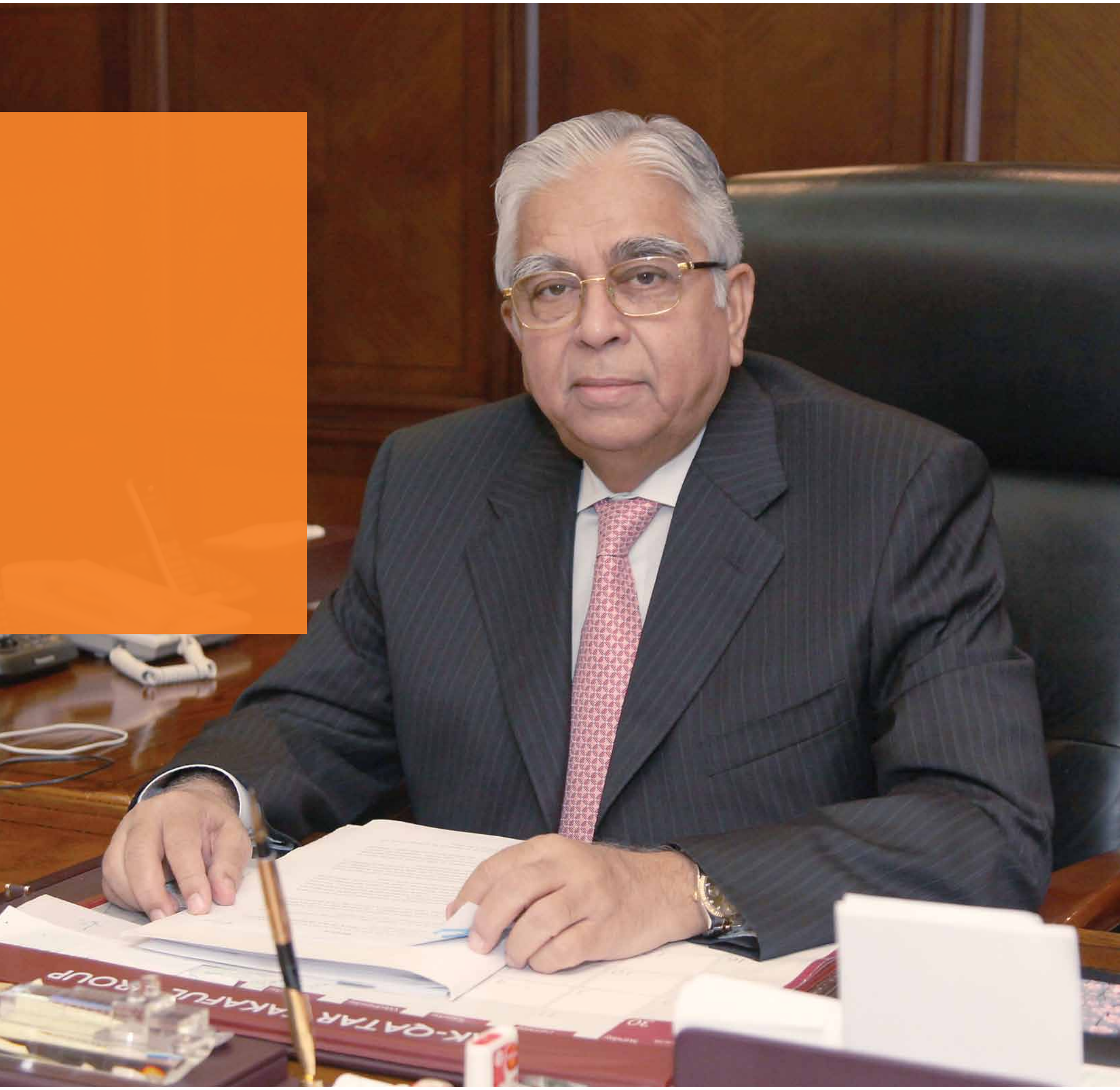
PICT endeavors to achieve more business volumes, enhance our efficiencies and control our costs in order to add shareholder value in the Company. We are also looking at reinvesting a portion of our earnings in the Company to support our expansion plans in order to capture an even greater share in Pakistan's container throughput.

The Directors of the company recommend final cash dividend of Rs. 11/- per ordinary share for the year 2013.

Effective January 2013 a globally recognized Container Terminal Operator, International Container Terminal Services Inc. ("ICTSI") through its subsidiary, ICTSI Mauritius Limited, Joined hands with the Marine Group of Companies ("MG") in the management of the Company. This alignment of local expertise with international standards is adding significant value in terms of synergies and productivity of the Company's operations.

On behalf of PICT, I would like to thank all the stakeholders who always extended their support and confidence in the management of the Company and we look forward to build on this growth momentum for a prosperous 2014.

Capt. Haleem A. Siddiqui
Chairman
Karachi: February 04, 2014



Directors' Report

The Board of Directors is pleased to present the Annual Report and the Audited Financial Statements for the financial year ended December 31, 2013.

Operational Performance

During the year your Company has shown progress in terms of growth in container handled, increase in berth productivity, revenues and profits. During the year the Company has handled 675,457 TEUs and thus your Company managed to retain its share in the container handling market.

Change of Financial Year

In the preceding year, the Company has changed its financial year from June 30 to December 31 to coincide with the financial year of International Container Terminal Services, Inc. (ICTSI) and their affiliated companies worldwide. This annual report, therefore, covers 12 months (January 2013 – December 2013) in comparison with the previous period (June 2012 – December 2012) of six months.

Financial Performance

The Company's turnover for the year was Rs. 7,974.39 million (Rs. 3,083.43 million in six months period ended December 31, 2012). Gross profit for the year has amounted to Rs. 4,012.57 million (Rs. 1,384.10 million in six months period ended December 31, 2012).

The Company's pre-tax profit for the year was Rs. 3,429.49 million (Rs. 1,051.21 million in six months period ended December 31, 2012). Post-tax profit for the year has amounted to Rs. 2,250.78 million (Rs. 667.65 million in six months period ended December 31, 2012).

Future Plans

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

Dividends and Appropriations

The Directors have recommended a final cash dividend of Rs 11 per share, subject to the approval of the members at the forthcoming annual general meeting. Accordingly following appropriation have been made:

	Year ended December 31, 2013	Six months Period ended December 31, 2012
	Rs. in thousands	
Profit after tax for the period	2,250,781	667,653
Un-appropriated profit brought forward	2,924,122	2,436,469
Interim Dividend during the year @Rs. 12.5/- per share	(1,364,414)	-
Interim Dividend during the year @Rs. 14/- per share	(1,528,144)	-
Interim Dividend during the year @Rs. 7/- per share	(764,072)	-
Transfer to capital redemption reserve fund	-	(180,000)
Un-appropriated profit carried forward	1,518,273	2,924,122

Earnings per share
The basic and diluted earnings per share after tax is Rs. 20.62.

Pattern of Shareholding
The pattern of shareholding of the Company is annexed to this report.

Holding Company
As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.53 percent shareholding of the Company and is the ultimate Parent Company of the Company.

Auditors
The present auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants retire at the conclusion of upcoming Annual General Meeting and being eligible offer themselves for reappointment.

The Audit Committee has recommended the reappointment of the retiring auditors for the year ending December 31, 2014 and the Board agrees to the recommendation of the Audit Committee.

Compliance with the Code of Corporate Governance
Governance set out by the Karachi Stock Exchange in the listing regulations, relevant for the year ended December 31, 2013 have been duly complied with. A statement to this effect is annexed with the report.

Board of Directors
During the year, five Board Meetings and four Audit Committee meetings were held. These were attended as follows:

S. No	Name of Directors	Audit Committee Member	Meetings Attended	
			Board Meetings Meetings	Audit Committee Meetings
1	Capt. Haleem A. Siddiqui	-	5	-
2	Capt. Zafar Iqbal Awan	-	5	-
3	Mr. Aasim A. Siddiqui	✓	5	4
4	Mr. Edgardo. Q. Abesamis	✓	4	4
5	Mr. Christian R. Gonzalez*	-	4	-
6	Mr. Jose Manuel M. De Jesus	✓	5	4
7	Mr. Rafael D. Consing, Jr	-	3	-
8	Mr. Hans-Ole Madsen*	-	3	-
9	Mr. Paul T. Salanga**	-	1	-
10	Mr. Enrique K. Razon, Jr**	-	1	-

*Appointed on January 24, 2013

** Resigned on January 24, 2013

Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- A summary of key operating and financial data is annexed.
- Details of purchase/sale of shares of the company by its directors, CEO, CFO, Company Secretary and their spouses and minor children are given on page 68.
- Information about taxed and levies is given in the respective notes to the Financial Statements.
- The Company operates a contributory Provident Fund Scheme for all employees. The value of its investments based as at December 31, 2013 is Rs 70.44 million.

Code of Ethics & Business Principles

The Board has adopted the Statement of Ethics and Business Principles, which is signed and acknowledged by all the Directors and employees of the Company; and all are required to abide by the Code.

Corporate Social Responsibility

PICT's corporate responsibility strategy focuses on giving back to its environment by protecting and nourishing it and by looking after the comfort and security of its immediate workforce. Since its inception, PICT has undertaken various initiatives in the areas of health, safety, education, environmental protection and preservation, and other social activities of individuals and groups, attached directly or indirectly to its business activities.

Organization for Social Development Initiatives (OSDI)

Organization for Social Development Initiatives is a social policy think tank working on poverty alleviation through sustainable development. To eradicate poverty on a grassroots level, OSDI is focusing on a three-pronged approach that aims to empower rural communities though increased economic activities and greater access to services. OSDI's programs are designed to become self-sustaining so that the rural communities can have the resources and support to pull them out of intergenerational poverty.

OSDI has expanded to four new villages in district Jacobabad in partnership with the Montpelier Foundation. This initiative will verify the scalability and effectiveness of OSDI's poverty alleviation model. OSDI has included 4 new focus villages in district Jacobabad to run its poverty alleviation programs. The new focus villages are Nawab Khan Burriro, Allan Jat, Mohammad Siddique Arain, and Jawan Khan Burriro. After completing the baseline survey in the focus villages, assessments were done at the household level and according to the criteria of each program, beneficiaries are being selected.

Livelihood Assistance Program

The Livelihood Assistance Program finances small holder farmers and educated youth to enhance their income opportunities, generate savings, and develop their skills in agriculture, livestock, and small rural enterprises. The program provides microcredit along with extensive training & guidance to help beneficiaries become self-reliant through savings & asset creation.

Agriculture Development Project

Agriculture Development Project has successfully completed eight cycles of financing in OSDI's focus villages. 214 beneficiaries have been financed to cultivate various crops on 697 acres of land. In the last phase, farmers assisted by OSDI cultivated rice in Shikarpur, maize in Mardan, and cotton in Khairpur & Matiari.

OSDI's beneficiaries witnessed an increase in crop yield which has enabled them to repay their debts to informal money lenders and invest in assets to improve their standard of living. Community Representatives appointed by OSDI mobilize the beneficiaries on adopting better quality inputs and do regular follow-ups with the help of field staff and OSDI's agriculture experts.

Before the start of the ninth phase, an assessment was done of beneficiaries who have received more than six loans from OSDI and have made enough savings and assets to graduate out of the program. 15 beneficiaries were identified as having graduated from the program. Their assessment shows that the beneficiaries invested their savings in livestock animals, upgrading of their homes, and purchasing of agricultural inputs for the next crop. OSDI will continue to monitor the progress of the graduated families and provide technical assistance wherever necessary.

In total 1282 farmers have been financed to cultivate various crops over 4,277 acres.

Livestock Development Project

The Livestock Project is an integrated support package that includes financing for high quality livestock feed, veterinary services, de-worming, and regular health check-up of all animals. This improves livestock health and generates higher revenues when the goats are sold at Eid-ul-Azha. Each family is provided with either 4 male goats or 2 oxen for fat-fattening and income generation, and one female goat for milk production, herd increase, assets creation, and overall food security.

This project has successfully completed five phases in October 2013. `Proper veterinary assistance, regular medical check-ups, vaccinations, and de-worming procedures were followed under the supervision of veterinarian doctors in each of OSDI's focus districts. The project also facilitates herd-increase through the provision of female goats. 47 kids have been born in the last phase alone leading to asset creation and food security for the beneficiaries.

In total, 119 households have been financed to purchase 770 animals.

Small Rural Enterprises Project

Small Rural Enterprises Project was initiated to help unemployed educated youth to start small businesses with the help of affordable loans. Last year, OSDI assisted 2 females in Matiari and Khairpur to start tailoring and retailing businesses through financing and technical training. Similarly, 2 educated youth in district Shikarpur were provided with loans to purchase chinchi rickshaws. These businesses are additional sources of income in OSDI's focus villages. A Financial Literacy Training organized by OSDI helped 52 participants in Matiari learn how to manage their finances, do basic calculations of income and expenses, open & manage bank accounts, and do simple book-keeping of financial assets.

Moreover, 2 rural enterprises have recently been launched in district Mardan, one of which is a groceries & utilities store and the other is a vegetable shop. OSDI financed the candidates to purchase initial stock and provided training and managerial support for the enterprises.

Community Development Program

Education

OSDI provides access to schools to out-of-school children who lack financial resources or adequate facilities in their community. OSDI provides material and technical resources to ensure that the children of less privileged areas receive quality education. We also conduct teacher training sessions for our teachers.

OSDI has worked in co-ordination with the Government of Sindh and the Sindh Education Foundation in order to formalize adoption procedures for two schools in the villages of Sukhio Mir Jat and Jamal Hajano in district Matiari. Children who had previously never been registered in any school are now formally enrolled and studying in OSDI schools. OSDI ensures that they are provided with stationary, books, bags, uniforms, and school shoes free of cost. Teachers and Community Representatives mobilize their parents and ensure regular attendance.

OSDI has established 3 Temporary Learning Centres (TLCs) since 2011. The first was established in village Malhee, district Shikarpur. Now a five school-room building has been constructed in place of the TLC and the students are attend classes in a proper manner. Safety measures and quality services are being ensured in the newly constructed school through provision of facilities such as clean drinking water and toilets.

The second TLC was a girls' school established in village Kamal Khan Lashari, district Khairpur. The school infrastructure was recently upgraded and separate toilets were constructed for teachers and students.

The most recent TLC was started in village Badam, district Mardan in June 2013. On the first day of the school, 72 children were enrolled, out of which 42 were boys and 30 were girls. Educated youth from the focused villages have been hired as teachers. They give lessons subjects such as Mathematics, English, Science, and Urdu to the students.

OSDI facilitated the renovation of a government school in district Matiari by repairing the floors, fixing the walls, constructing a restroom, and painting the entire building. To encourage regular attendance and punctuality of students, children are provided with up to date books and stationary items. Parents are eager to send their children to the school on a regular basis and OSDI is actively working to ensure 100% enrolment of out of school children in the focus villages.

Health

6,734 patients from Shikarpur and Mardan have availed the service at OSDI's Primary Healthcare Centres. Moreover, 166 weekly medical camps have been carried out in Matiari and Mardan in which 4,343 patients came for first line of healthcare. The illnesses that were commonly found during the camps were both acute and chronic such as fever, eye infection, skin infection, respiratory infection, gastro-intestinal infections, hepatitis, diabetes, hypertension etc.

To bridge the gap between community and health care providers, several government and non-government institutions such as WHO and UNICEF are taken on board for polio, Expanded Program on Immunization, etc.

OSDI is in collaboration with district governments in Sindh and Khyber Pakhtunkhwa regarding Hepatitis Prevention and Control Program in Sindh and Khyber Pakhtunkhwa. It has been organizing mass screening, vaccination, and follow-up treatment in all its focus villages. Currently, follow up treatment and screening tests are going on as per the schedule.

8,056 people were screened and 7,712 were vaccinated for the virus. Out of these OSDI has taken 180 patients of Hepatitis B and C on-board for treatment. District government health team, community representatives, and OSDI appointed health staff ensured smooth management of the campaign. OSDI team is in the continuing facilitation of the patients and providing assistance in terms of logistics, medicines, and psychological assistance. OSDI Primary Health Centre a contact point for all information and services.

OSDI is in collaboration with government for facilitating the National Polio Campaign in its focus areas as well to ensure 100% coverage of children up to 5 years of age. OSDI's team including health assistant, lady health worker, and a dispenser go door-to-door during the campaign to get maximum results. 3,500 children so far have been inoculated each month. Moreover, school-based de-worming campaign was organized once again in the schools of all focus villages. Over 2,500 students are given treatment bi-annually.

As preventive health care is OSDI's foremost priority in rural areas, several health awareness sessions and practical demonstration of the activities were conducted in community schools and autaaqs. Community is routinely mobilized to maintain physical and oral cleanliness also have explained the relationship of good health and better standard of living. OSDI ensures follow up visits on the importance of healthy living and safe practices such as personal hygiene, disease specific preventative measures, healthy eating habits, and safe drinking water etc.

Events like Global Hand-washing Day are celebrated in the focus schools. Activities were organized under the supervision of OSDI team where children were taught to wash hands properly before meal and after the use of the toilet. Similarly, OSDI organized a Dengue Awareness Seminar with the help of district government. EDO Health appreciated OSDI's continuous efforts in improving healthcare in district Matiari.

Water, Sanitation, and Hygiene

Aqua tabs are regularly being used in district Khairpur for filtration of microbiological contamination in drinking water. OSDI field staff continues monitoring the use of aqua tabs and also conducts health & hygiene awareness campaigns on a regular basis to minimize the effect of poor sanitation.

OSDI has constructed water drainage channels for sanitation of waste water. Moreover, a cemented water tank has been constructed for livestock animals to separate the animals in order to improve hygiene. Weekly cleanliness of the water tank and its surrounding area is being supervised by community representatives. In district Mardan, access to safe drinking water is a severe problem. People have to travel long distances to fetch water for their daily consumption. OSDI has done a need assessment in the villages to identify different water channels and source points through extensive visits and community involvement.
Moreover, water quality testing has been done in focus villages through Institute for Research on Socio-economic and Public Policy. Consequently, community was mobilized to use aqua tabs at the point of use to reduce microbiological contamination.

In district Mardan, access to safe drinking water is a severe problem. People have to travel long distances to fetch water for their daily consumption. OSDI has done a need assessment in the villages to identify different water channels and source points through extensive visits and community involvement.

Moreover, water quality testing has been done in focus villages through Institute for Research on Socio-economic and Public Policy. Consequently, community was mobilized to use aqua tabs at the point of use to reduce microbiological contamination.

Kitchen Garden Project

Kitchen Garden Project improves nutritional intake and provides a safety net to vulnerable families against socio-economic shocks. The fourth phase of the Kitchen Gardening Project has successfully completed in all focus districts. 223 households grew okra, beans, chillies, eggplant, bottle gourd, sponge gourd, and bitter gourd inside their homes. Beneficiaries invest in seeds worth PKR 150 and can potentially grow vegetables worth PKR 4000-5000 per month if they take good care of the gardens.

A new phase of Kitchen Garden started in November 2013 in which beneficiaries bought seeds from the amount of profit that they earned from last phase. OSDI provided fertilizer, nutrients, pesticides and expertise on best practices to all beneficiaries. 272 families have been financed currently to cultivate Kitchen Gardens. Currently, the vegetables being grown include cabbage, spinach, tomatoes, turnip, reddish, and carrots.

Material Changes & Commitments

There have been no material changes or events since December 31, 2013 to the date of this report, which has an impact on the financial statements, except for the declaration of final dividend which is subject to the approval of the Members at the forthcoming Annual General Meeting. The effect of such declaration shall be reflected in the next year's financial statements.

Acknowledgement

The Board places on record its gratitude to extremely valued shareholders, customers, suppliers, contractors and financial institutions for their support, confidence and co-operation which is enabling us to grow and progress continuously.

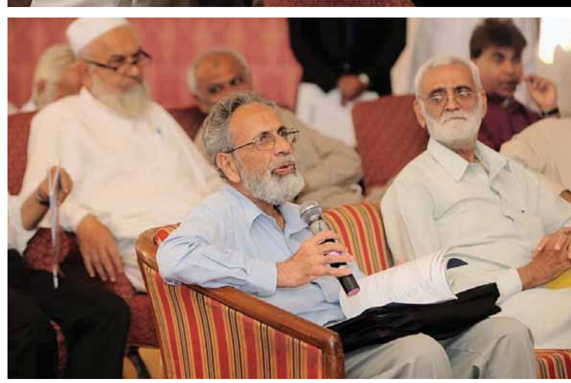
The Board would also like to sincerely thank all the employees for their hard work, dedication and commitment. We are also thankful for the excellent support and guidance provided to us by our parent company and the trust reposed by the shareholders on the Management and the Board. This continued support gives us confidence and encouragement and we remain committed to achieve excellence in all areas of activity.

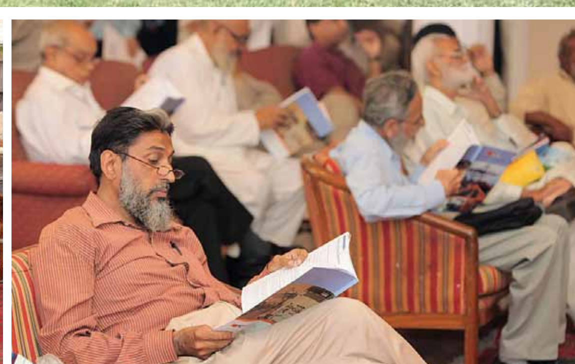
On behalf of Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi, February 04, 2014

12th Annual General Meeting - at a glance





Key Operating & Financial Data

	December 31, 2013	Half Year December 31, 2012	June 30, 2012	June 30, 2011	June 30, 2010	June 30, 2009	June 30, 2008
TURNOVER & PROFITS				Rupees in Millions			
Revenue	7,974.39	3,083.43	6,692.31	6,123.78	5,125.12	4,564.26	3,134.06
Gross Profit	4,012.57	1,384.10	2,966.43	2,599.12	2,183.05	2,069.42	1,325.60
Operating Profit	3,701.03	1,225.50	2,694.00	2,349.12	1,930.69	1,883.17	1,185.61
Profit Before Taxation	3,429.49	1,051.21	2,170.82	2,128.81	1,520.96	1,174.53	740.99
Profit After Taxation	2,250.78	667.65	1,410.04	1,253.86	907.81	935.69	529.26
ASSETS EMPLOYED							
Operating Assets - net	4,378.14	4,909.67	5,158.01	5,434.61	5,346.13	4,724.75	2,970.58
Intangible Assets - net	17.10	30.78	37.63	51.31	64.99	0.25	14.41
Net Current Assets	560.52	1,673.71	1,320.74	1,661.49	1,213.80	785.08	811.85
FINANCED BY							
Share Capital	1,091.53	1,091.53	1,271.53	1,271.53	1,271.53	1,089.61	1,089.61
Share Holder's Equity	2,789.81	4,195.65	3,708.00	4,680.95	3,717.98	2,964.60	2,319.80
Long Term Loans	1,493.78	1,484.53	1,732.17	1,852.90	2,298.04	2,656.03	1,745.57
STATISTICS							
Break up Value Per Ordinary Share (Rs.)	25.56	38.44	32.32	41.24	32.41	30.61	23.52
Market Value Per Ordinary Share (Rs.)	240.50	209.03	146.00	81.25	75.00	53.43	124.48
Earnings Per Ordinary Share (Rs.)	20.62	6.12	12.75	11.32	8.15	8.41	5.62
Total TEU's for the Year (Numbers)	675,457	266,123	631,411	669,806	602,106	513,580	472,137
Total Boxes for the Year (Numbers)	482,119	190,423	461,055	497,389	453,108	388,511	357,942
CAPITAL MARKET ANALYSIS							
Price Earning Ratio	11.66	34.16	11.45	7.18	9.20	6.35	22.15
LIQUIDITY ANALYSIS RATIOS							
Current Ratio	1.23	2.29	1.92	2.31	2.05	1.72	1.96
PROFITABILITY ANALYSIS RATIOS							
Return on Assets (before tax)	43.50%	13.07%	25.49%	24.54%	18.97%	17.43%	14.61%
Return on Capital Employed (before tax)	98.19%	26.60%	51.75%	50.69%	45.52%	44.45%	35.90%
Return on Capital Employed (after tax)	64.44%	16.89%	33.62%	29.86%	27.17%	35.41%	25.64%
Gross Profit Margin	50.32%	44.89%	44.33%	42.44%	42.60%	45.34%	42.30%
Net Profit Margin-Before Tax	43.01%	34.09%	32.44%	34.76%	29.68%	25.73%	23.64%
Net Profit Margin-After Tax	28.23%	21.65%	21.07%	20.48%	17.71%	20.50%	16.89%
CAPITAL STRUCTURE ANALYSIS RATIOS							
Debt Ratio	19.63%	26.07%	31.05%	28.26%	37.37%	45.15%	44.03%
Debt Equity Ratio	38:62	32:68	40:60	35:65	46:54	54:46	52:48
Interest Coverage	18.91	8.41	6.21	14.45	9.18	6.62	4.70

Statement of Value Added

	December 31, 2013	Half Year December 31, 2012
	Rupees '000 in Thousands	
Value Added		
Revenue	7,974,394	3,372,436
Net Cost of services rendered	2,341,318	989,672
	5,633,076	2,382,764
Other Income	113,942	73,569
	5,747,018	2,456,333
Distribution		
Employees		
- Salaries & Wages	687,601	352,833
Karachi Port Trust		
- Royalty & HMS Charges	823,369	315,901
Government		
- Taxes	2,333,394	686,844
Lenders		
- Mark up on Loans and Leased Assets	191,529	141,797
Ordinary Share Holders		
- Cash Dividend	3,656,630	-
Retained in Business		
- Depreciation & Amortization	615,028	305,582
- Deferred Tax	(130,271)	(14,277)
- Retained Earnings	1,518,273	667,653
Retained in Business	2,003,030	958,958
	9,695,553	2,456,333
Distribution - %		
Employees	7.09%	14.36%
KPT	8.49%	12.86%
Government	24.07%	27.96%
Lenders	1.98%	5.77%
Cash Dividend - Ordinary Share Holders	37.71%	0.00%
Retained in Business - For future Expansion	20.66%	39.04%
	100%	100%

Statement of Compliance with the Best Practices Code of Corporate Governance

For the Year Ended December 31, 2013

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 35, Chapter XI, of listing regulations of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Board of Directors (the Board) of Pakistan International Container Terminal Limited (the Company) has always supported and re-confirms its commitment to continued support and implementation of the highest standards of corporate governance at all times.
2. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes :

Category	Name
Independent Director	Mr. Edgardo Q. Abesamis
Executive Directive	Capt. Haleem A. Siddiqui
Non - Executive Director	Mr. Aasim Azim Siddiqui
Non - Executive Director	Mr. Christian R. Gonzalez
Non - Executive Director	Mr. Jose Manuel M. De Jesus
Non - Executive Director	Mr. Rafael D. Consing, Jr.
Non - Executive Director	Mr. Hans-Ole Madsen

The independent director meets the criteria of independence under clause i(b) of the Code.

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
4. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. Casual vacancies occurring on the Board on February 26, 2013 were filled up by the Directors on the same day.
6. The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer, other executive and non-executive directors, have been taken by the Board/ shareholders.
9. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Company arranged briefings for its Directors to apprise them of their duties and responsibilities. The independent director of the Company possesses minimum 14 years of education and 15 years of experience on the board of a listed company. Further, a Director is attending the course held by the ICAP and the certification will be completed in the due course. In future, arrangements will also be made for other Directors for acquiring certification under the directors training program.
11. The Board has approved appointment of Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
12. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
13. The financial statements of the Company were duly endorsed by the Chief Executive Officer and the Chief Financial Officer before approval of the Board.
14. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
18. The Board has formed an HR and Remuneration Committee. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent director.
19. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. We confirm that all other material principles enshrined in the Code have been complied with except for the matter stated in clause 10 above toward which reasonable progress is being made by the Company to seek compliance by the end of next accounting year.

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi: February 4, 2014

Building a better
working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Review Report to the Members

on Statement of Compliance with the Best practises of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) for the year ended 31 December 2013 prepared by the Board of Directors of Pakistan International Container Terminal Limited (the Company) to comply with the Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited, where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Listing Regulations of the Karachi Stock Exchange Limited require the Company to place before the Board of Directors for their consideration and approval, related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price, recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance for the year ended 31 December 2013.

We draw your attention to Clause 10 read with Clause 24 of the Statement of Compliance related to director's training program. Our conclusion is not qualified in this respect.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Karachi February 04, 2014

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PICT

FINANCIAL STATEMENT

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan International Container Terminal Limited (the Company) as at 31 December 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.3 to the accompanying financial statements with which we concur;
   ii) the expenditure incurred during the year was for the purpose of the Company's business; and
   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: February 04, 2014
Karachi

Balance Sheet

As at December 31, 2013

	Note	December 31, 2013	December 31, 2012
		-------- (Rs. in thousands) -------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,693,036	5,105,284
Intangible assets	5	17,102	30,784
Long-term deposits		675	675
		4,710,813	5,136,743
CURRENT ASSETS			
Stores and spares	6	375,129	334,205
Trade debts	7	303,837	219,141
Advances	8	46,246	36,713
Deposits and prepayments	9	171,849	142,597
Other receivables	10	8,940	12,483
Short term investments	11	10,250	614,239
Taxation – net		33,599	47,891
Cash and bank balances	12	2,015,717	1,548,065
		2,965,567	2,955,334
TOTAL ASSETS		7,676,380	8,092,077
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	13.1	2,000,000	2,000,000
Issued, subscribed and paid–up capital	13.2	1,091,532	1,091,532
Unappropriated profit		1,698,273	3,104,122
		2,789,805	4,195,654
NON-CURRENT LIABILITIES			
Long-term financing	14	1,493,777	1,484,532
Deferred tax liability	15	942,759	1,073,029
Staff compensated absences	16	44,987	42,494
		2,481,523	2,600,055
CURRENT LIABILITIES			
Trade and other payables	17	2,391,755	671,365
Accrued interest		13,297	127,077
Current portion of long-term financing	14	-	497,926
		2,405,052	1,296,368
CONTINGENCIES AND COMMITMENTS	18		
TOTAL EQUITY AND LIABILITIES		7,676,380	8,092,077

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Profit and Loss Account

For the year ended December 31, 2013

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
Turnover – net	19	7,974,394	3,083,425
Terminal operating costs	20	(3,961,824)	(1,699,324)
Gross profit		4,012,570	1,384,101
Administrative expenses	21	(425,484)	(232,197)
Other operating income	22	113,942	73,569
Finance costs	23	(191,529)	(141,797)
Other expenses	24	(80,008)	(32,467)
Profit before taxation		3,429,491	1,051,209
Taxation	25	(1,178,710)	(383,556)
Profit after taxation		2,250,781	667,653
Earnings per ordinary share – Basic and diluted	26	Rs. 20.62	Rs. 6.12

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Statement of Comprehensive Income

For the year ended December 31, 2013

	For the year ended December 31, 2013	For the six month period ended December 31, 2012
	------- (Rs. in thousands) ------	
Profit for the year / period	2,250,781	667,653
Other comprehensive income	-	-
Total comprehensive income for the year / period	2,250,781	667,653

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Cash Flow Statement

For the year ended December 31, 2013

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
CASH FLOWS FROM OPERATIONS	30	4,757,236	1,483,885
Taxes paid		(1,294,689)	(363,522)
Leave encashment paid		(1,679)	(7,124)
Finance costs paid		(296,065)	(152,790)
Net cash generated from operating activities		3,164,803	960,449
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(62,318)	(27,125)
Proceeds from sale of property, plant and equipment		8,136	27,021
Payments in relation to capital work-in-progress		(146,522)	(174,804)
Redemption of investment		603,989	3,000
Interest received		96,411	40,559
Net cash generated from / (used in) investing activities		499,696	(131,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing – net		(497,926)	(247,641)
Repayment of preference shares at par		-	(179,651)
Dividends paid on preference shares		-	(18,398)
Dividends paid on ordinary shares		(2,698,921)	-
Lease rentals paid		-	(123,039)
Net cash used in financing activities		(3,196,847)	(568,729)
Net increase in cash and cash equivalents		467,652	260,371
Cash and cash equivalents at the beginning of the year / period		1,548,065	1,287,694
Cash and cash equivalents at the end of the year / period	12	2,015,717	1,548,065

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Statement of Changes in Equity

For the year ended December 31, 2013

	Issued, subscribed and paid-up capital		Reserves			
	Ordinary shares	Redeemable preference shares	Capital redemption reserve fund	Unappropriated profit	Sub Total	Total
	(Rs. in thousands)					
Balance as at July 01, 2012	1,091,532	180,000	-	2,436,469	2,436,469	3,708,001
Profit for the period	-	-	-	667,653	667,653	667,653
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	667,653	667,653	667,653
Transfer to capital redemption reserve fund	-	-	180,000	(180,000)	-	-
Redemption of redeemable preference shares	-	(180,000)	-	-	-	(180,000)
Balance as at December 31, 2012	1,091,532	-	180,000	2,924,122	3,104,122	4,195,654
Profit for the year	-	-	-	2,250,781	2,250,781	2,250,781
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	2,250,781	2,250,781	2,250,781
Interim dividend declared during the year @ Rs. 12.5 /- per share	-	-	-	(1,364,414)	(1,364,414)	(1,364,414)
Interim dividend declared during the year @ Rs. 14 /- per share	-	-	-	(1,528,144)	(1,528,144)	(1,528,144)
Interim dividend declared during the year @ Rs. 7 /- per share	-	-	-	(764,072)	(764,072)	(764,072)
Balance as at December 31, 2013	1,091,532	-	180,000	1,518,273	1,698,273	2,789,805

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Notes to the Financial Statements

For the year ended December 31, 2013

1. CORPORATE INFORMATION AND OPERATIONS

1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on, listed on the Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at berths 6 to 9, East Wharf, Kemari Road, Karachi Port.

1.2. The Company has a Build Operate Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002. After the expiry date, the Company will transfer land and all the related concession assets to KPT as disclosed in note 35 to these financial statements.

1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.53 percent shareholding of the Company and is the ultimate Parent Company of the Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

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

The Securities and Exchange Commission of Pakistan in pursuance of the Circular No. 21 dated 22 June 2009 has given relaxation for the implementation of IFRIC 12 – "Service Concession Arrangements" due to the practical difficulties facing the companies till the conclusion of the agreements entered on or before 30 June 2010 with the Government or other authority/entity. The impact on the financial results of the Company due to application of IFRIC-12 is disclosed in note 35 to these financial statements.

2.2. Accounting convention

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

2.3. Amended standards

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

The Company has adopted the following amendments to IFRSs which became effective during the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments) (see note 3 below) – Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

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

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

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

Standard or Interpretation	IASB Effective date (annual periods beginning on or after)
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014
IFRS 9 – Financial Instruments: Classification and Measurement*	01 January 2013
IFRS 10 – Consolidated Financial Statements*	01 January 2013
IFRS 11 – Joint Arrangements*	01 January 2013
IFRS 12 – Disclosure of Interests in Other Entities*	01 January 2013
IFRS 13 – Fair Value Measurement*	01 January 2013
IFRIC 21 – Levies	01 January 2014
IFAS 3 – Profit and Loss Sharing on Deposits (see note 4 below)	12 June 2013

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

* yet to be notified by the SECP for the purpose of applicability in Pakistan.

2.5. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. The management continually evaluates estimates and judgments which are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under current circumstances. Revisions to accounting estimates are recognised prospectively.

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

Property, plant and equipment and intangible assets

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

Trade debts

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

Taxation

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

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

Provision for impairment

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

Contingencies

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Fixed assets and depreciation

3.1.1. Property, plant and equipment

Owned

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

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

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

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

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

Leased

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

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

3.1.2. Capital work-in-progress

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

3.2. Intangible assets

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

Costs incurred on the acquisition of intangibles are capitalised and are amortised on straight line basis over their estimated useful life. Amortization is charged in the month in which the asset is available for use at the rates stated in note 5 to these financial statements.

Development expenditure incurred on the project is capitalised when its future recoverability can reasonably be regarded as assured. These are amortised over its estimated useful life. As of balance sheet date these are fully amortised.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each reporting date for events or changes in circumstances that indicate the carrying value may not be recoverable.

3.3. Borrowing costs

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

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

3.4. Stores and spares

Stores, spares and loose tools, except items-in-transit, are valued at lower of net realizable value and cost, calculated on a weighted average basis. Items in-transit are valued at cost comprising invoice value plus other charges accrued thereon to the balance sheet date. Provision is made annually in the financial statements for slow moving and obsolete items if any.

3.5. Trade debts

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

3.6. Loans, advances and other receivables

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

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

3.7. Investments

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

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

Investments at fair value through profit or loss

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

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

Held-to-maturity investments

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

Available-for-sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial measurement, these are stated at fair values with unrealised gains or losses recognised directly in other comprehensive income until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in other comprehensive income is recognised in the profit and loss account.

Fair value of investments

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

3.8. Cash and cash equivalents

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

3.9. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or on 0.5 percent of turnover under Section 113 of the Income Tax Ordinance, 2001, whichever is higher.

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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be 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.

3.10. Interest-bearing loans and borrowings

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

Gains and losses are recognised in profit or loss account when the liabilities are derecognised as well as through the amortisation process.

3.11. Trade and other payables

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

3.12. Provisions

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

3.13. Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies, if any. The following recognition criteria must be met before revenue is recognised:

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

3.14. Staff retirement benefits

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

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

3.15. Staff compensated absences

The Company provides a facility to its employees for accumulating their annual earned leave under an unfunded scheme.

Provisions are made to cover the obligation under the scheme on accrual basis and are charged to profit and loss account. Accrual for compensated absences for employees is calculated on the basis of one month's gross salary. The amount of liability recognised in the balance sheet is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

3.16. Financial Instruments

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

3.17. Offsetting of financial assets and financial liabilities

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

3.18. Foreign currency translations

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

3.19. Dividend and other appropriation to reserves

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

3.20. Impairment

3.20.1. Financial assets

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

3.20.2. Non-financial assets

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

3.21. Functional and presentation currency

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

	Note	December 31, 2013	December 31, 2012
		-------- (Rs. in thousands)	-------
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,378,136	4,909,336
Capital work-in-progress	4.2	314,900	195,948
		4,693,036	5,105,284

Notes to the Financial Statements

For the year ended December 31, 2013

4.1. The following is a statement of operating fixed assets:

	For the year ended December 31, 2013									
	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2013	Additions / transfers from capital work-in-progress*	Disposals	As at December 31,2013	As at January 01, 2013	For the year	Disposals / transfers	As at December 31, 2013	Written down value as at December 31, 2013	Dep rate percent per annum
	-- (Rs. in thousands) --									
Owned										
Leasehold improvements	431,616	-	-	431,616	233,889	84,811	-	318,700	112,916	20
Port improvements	1,571,066	4,086	-	1,575,152	416,102	112,244	-	528,346	1,046,806	5-9.3
Ship to Shore Cranes – STS	2,393,109	-	-	2,393,109	833,699	146,475	-	980,174	1,412,935	5-6.98
Gantry tracks	12,254	-	-	12,254	5,329	614	-	5,943	6,311	5
Rubber Tyred Gantry Cranes – RTG	1,734,468	-	-	1,734,468	546,848	112,568	-	659,416	1,075,052	6-9.16
Port equipment **	835,429	42,868	20,651	858,959	377,963	68,679	20,297	426,345	432,614	7-20
		1,313*								
Port Power Generation	342,724	190	-	342,914	148,567	26,803	-	175,370	167,544	5- 10
Vehicles	84,778	536	1,883	83,431	34,460	18,564	1,883	51,141	32,290	20
Computers	97,927	10,122	-	108,049	67,649	17,491	-	85,140	22,909	33.33
Furniture and fixtures	58,909	1,039	-	59,948	22,727	5,766	-	28,493	31,455	10
Office equipment	72,693	3,477	-	83,039	38,404	7,331	-	45,735	37,304	10-20
		6,869*								
	7,634,973	62,318	22,534	7,682,939	2,725,637	601,346	22,180	3,304,803	4,378,136	
		8,182*								
Total - 2013	7,634,973	70,500	22,534	7,682,939	2,725,637	601,346	22,180	3,304,803	4,378,136	

* Transfer from Capital work-in-progress
** Includes stand-by equipment having written down value of Rs. 79.948 million.

	For the six month period ended December 31, 2012									
	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2012	Additions / transfers /	Disposals	As at December 31,2012	As at July 01, 2012	For the Period	Disposals / transfers	As at December 31, 2012	Written down value as at December 31, 2012	Dep rate percent per annum
	-- (Rs. in thousands) --									
Owned										
Leasehold improvements	419,656	11,960**	-	431,616	190,270	43,619	-	233,889	197,727	20
Port improvements	1,567,062	4,004**	-	1,571,066	360,126	55,976	-	416,102	1,154,964	5-9.3
Mobile Harbour Crane	101,819	-	(101,819)	-	101,819	-	(101,819)	-	-	20
Ship to Shore Cranes – STS	2,011,069	380,973*	-	2,393,109	631,560	61,694	-	833,699	1,559,410	5-6.98
		1,067**				11,543	128,902*			
Gantry tracks	12,254	-	-	12,254	5,023	306	-	5,329	6,925	5
Rubber Tyred Gantry Cranes – RTG	1,653,408	67,908*	-	1,734,468	467,342	54,722	-	546,848	1,187,620	6-9.16
		13,152**				2,037	22,747*			
Port equipment ***	823,519	11,910**	-	835,429	344,547	33,416	-	377,963	457,466	7-20
Port Power Generation	339,411	3,313**	-	342,724	137,981	10,586	-	148,567	194,157	5- 10
Vehicles	130,508	4,717	(50,447)	84,778	51,285	11,162	(27,987)	34,460	50,318	20
Computers	76,010	21,917	-	97,927	60,191	7,458	-	67,649	30,278	33.33
Furniture and fixtures	58,909	-	-	58,909	19,785	2,942	-	22,727	36,182	10
Office equipment	72,202	491	-	72,693	35,125	3,279	-	38,404	34,289	10-20
	7,265,827	521,412	(152,266)	7,634,973	2,405,054	298,740	21,843	2,725,637	4,909,336	
Leased										
Ship to Shore Cranes – STS	380,973	(380,973)*	-	-	128,902	-	(128,902)*	-	-	
Rubber Tyred Gantry Cranes – RTG	67,908	(67,908)*	-	-	22,747	-	(22,747)*	-	-	
	448,881	(448,881)	-	-	151,649	-	(151,649)	-	-	
Total - 2012	7,714,708	72,531	(152,266)	7,634,973	2,556,703	298,740	(129,806)	2,725,637	4,909,336	

* Transfer from leased assets
** Transfer from Capital work-in-progress
*** Includes stand-by equipment having written down value of Rs. 89.765 million.

4.1.1. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Written Down value	Sale price	Gain	Mode of disposal	Particulars of buyer
	---------------- (Rs. in thousands) ----------------						
Lancer Boss – empty Handler	6,291	6,291	-	2,400	2,400	Tender	Shaikh Adam & Brothers,Karachi
Kalmar Reach Stacker	2,415	2,415	-	2,400	2,400	Tender	Shaikh Adam & Brothers,Karachi
Kalmar Reach Stacker	2,760	2,760	-	1,600	1,600	Tender	Shaikh Adam & Brothers,Karachi
Prime Movers Volvo	2,611	2,611	-	400	400	Tender	Mr. Muhammad Ebrahim, Karachi
Prime Movers Volvo	2,606	2,606	-	400	400	Tender	Mr. Muhammad Ebrahim, Karachi
Prime Movers Volvo	1,686	1,686	-	400	400	Tender	Mr. Muhammad Ebrahim, Karachi
Prime Movers Volvo	2,281	1,927	354	400	46	Tender	Mr. Muhammad Ebrahim, Karachi
Car Toyota Corolla Altis	1,809	1,809	-	121	121	Company policy	Mr. Salim Siddique, Ex-Director
Suzuki Sprinter – Motorcycle	75	75	-	15	15	Tender	Mr. Saeed Gul, Employee
Total	22,534	22,180	354	8,136	7,782		

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
4.1.2. Depreciation charge for the year / period has been allocated as under:			
Terminal operating costs	20	541,384	270,474
Administrative expenses	21	59,962	28,266
		601,346	298,740

	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
4.2. Capital work-in-progress		
Civil works	44,009	5,395
Advances to suppliers and contractors	256,143	168,936
Capital spares	14,748	14,748
Mobilisation advance - for purchase of generators and related equipments	-	6,869
	314,900	195,948

4.2.1. Movement

	Civil works	Advances to suppliers and contractors	Capital spares	Advance for purchase of generator related equipments	Total
	(Rs. in thousands)				
Balance as at June 30, 2012	1,739	43,194	14,748	6,869	66,550
Capital expenditure incurred / advances made during the period	17,586	157,218	-	-	174,804
Transfer to operating fixed assets	(13,930)	(31,476)	-	-	(45,406)
Balance as at December 31, 2012	5,395	168,936	14,748	6,869	195,948
Capital expenditure incurred / advances made during the year *	38,614	107,908		-	146,522
Transfer to operating fixed assets	-	(1,313)	-	(6,869)	(8,182)
Adjustment made during the year	-	(19,388)	-	-	(19,388)
Balance as at December 31, 2013	44,009	256,143	14,748	-	314,900

* includes cost of computer software currently in testing phase amounting to Rs. 16.564 million.

5. INTANGIBLE ASSETS

	COST			ACCUMULATED AMORTISATION				
	As at January 01, 2013	Additions	As at December 31, 2013	As at January 01, 2013	Charge for the year / period (note 5.1.1)	As at December 31, 2013	Book value as at December 31, 2013	Amortis-ation rate Percent
	(Rs. in thousands)							
Computer software	105,767	-	105,767	74,983	13,682	88,665	17,102	20
Project development cost	37,889	-	37,889	37,889	-	37,889	-	20
For the year ended December 31, 2013	143,656	-	143,656	112,872	13,682	126,554	17,102	
For the six month period ended December 31, 2012	143,656	-	143,656	106,031	6,841	112,872	30,784	

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		(Rs. in thousands)	
5.1.1. Amortisation charge for the year / period has been allocated to terminal operating costs	20	13,682	6,841

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
6. STORES AND SPARES			
Stores		92,550	7,636
Spares		296,355	326,569
		388,905	334,205
Less: Provision for obsolescence		13,776	-
		375,129	334,205
7. TRADE DEBTS – unsecured			
Considered good	7.1, 7.2 & 7.3	303,837	219,141
Considered doubtful		1,475	1,475
		305,312	220,616
Less: Provision for doubtful debts		1,475	1,475
		303,837	219,141

7.1. The aging of unimpaired trade debts at December 31 is as follows:

	Total	Neither past due nor impaired	Past due but not impaired		
			Within 90 days	91 to 180 days	Over 180 days
	------------	------------	(Rupees)	------------	------------
Related parties	6,883	5,375	1,508	-	-
Other than related parties	296,954	290,594	408	4,576	1,376
2013	303,837	295,969	1,916	4,576	1,376
Related parties	1,714	1,714	-	-	-
Other than related parties	217,427	206,218	10,232	483	494
2012	219,141	207,932	10,232	483	494

7.2. Includes Rs. 4.644 million (December 31, 2012: Rs. 0.198 million) due from Marine Services (Private) Limited, Rs. 0.314 million (December 31, 2012: Rs. Nil) due from Premier Mercantile Services (Private) Limited, Rs. 0.140 million (December 31, 2012: Rs. 0.489) due from AMI Pakistan (Private) Limited and Rs. 1.764 million (December 31 2012: Rs. 1.027) due from Portlink International Services (related parties).

7.3. These are non-interest bearing and generally on an average term of 30 days.

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
8. ADVANCES - unsecured, considered good			
- to employees		13,087	14,048
- to suppliers		33,159	22,665
		46,246	36,713
9. DEPOSITS AND PREPAYMENTS			
Security deposits		2,822	7,467
Other deposit	9.1	34,672	-
Prepayments:			
- Insurance		56,570	62,488
- Others	9.2	77,785	72,642
		171,849	142,597

9.1. Represents pay order issued in favor of Nazir of High Court of Sindh as referred to in note 18.1.2 to these financial statements.

9.2. Includes Rs. 67.786 million (December 31, 2012: Rs. 65.029 million) as prepayment to KPT against handling, marshalling and storage charges.

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
10. OTHER RECEIVABLES – considered good			
Accrued profit on term deposits		-	650
Accrued profit on certificate of investments		-	2,650
Sales tax receivable		5,242	3,728
Insurance claim receivable		3,698	5,455
		8,940	12,483
11. SHORT TERM INVESTMENTS			
Designated at fair value through profit or loss		-	597,989
Held to maturity	11.1	10,250	16,250
		10,250	614,239
11. 1 Held to Maturity Investments			
Saudi Pak Leasing Company – COI	11.1.1	43,500	49,500
Less: Provision for impairment		33,250	33,250
		10,250	16,250

11.1.1. Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company), having face value of Rs. 43.5 million (December 31, 2012: Rs. 49.5 million) carrying interest at the rate of 7 percent (December 31, 2012: 7 percent) per annum.

The Leasing Company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. During the year, the Company has received Rs.6 million (for the period ended December 31, 2012: Rs. 3 million) against the above investment. However, due to uncertainties involved, the Company carries impairment provision in these financial statements, as a matter of prudence.

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
12. CASH AND BANK BALANCES			
With banks:			
- in current accounts		1,166,635	248,264
- in saving accounts	12.1	837,990	1,174,751
- in deposit accounts		-	100,000
		2,004,625	1,523,015
Cash in hand		11,092	25,050
		2,015,717	1,548,065

12.1. These carry profit at the rates ranging from 4.5 to 9 percent (December 31, 2012: 6 to 10.50 percent) per annum.

13. SHARE CAPITAL

13.1. Authorised capital

December 31, 2013	December 31, 2012		December 31, 2013	December 31, 2012
----- (Number of shares) -----			------- (Rs. in thousands) ------	
182,000,000	182,000,000	Ordinary shares of Rs.10/- each	1,820,000	1,820,000
18,000,000	18,000,000	Preference shares of Rs. 10/- each	180,000	180,000
200,000,000	200,000,000		2,000,000	2,000,000

13.2. Issued, subscribed and paid-up capital

December 31, 2013	December 31, 2012		Note	December 31, 2013	December 31, 2012
----- (Number of shares) -----				------- (Rs. in thousands) ------	
		Ordinary shares of Rs.10/- each			
63,761,200	63,761,200	- fully paid in cash	13.3	637,612	637,612
33,352,352	33,352,352	- issued as bonus shares		333,524	333,524
12,039,600	12,039,600	- issued for consideration other than cash	13.2.1	120,396	120,396
109,153,152	109,153,152			1,091,532	1,091,532

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

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
13.3. As of the balance sheet date, the following are the major shareholders of the Company:			
ICTSI – Parent Company (directly and indirectly) 64.53 percent (2012: 63.58 percent)		70,441,682	69,407,874
Premier Mercantile Services (Private) Limited 31.19 percent (2012: 31.19 percent)		34,041,267	34,041,267
14. LONG-TERM FINANCING – secured			
Banks			
Loan – I	14.1	1,493,777	-
Loan – II	14.2	-	1,991,703
Less: - Unamortised transaction costs		-	9,245
- Current maturity of long-term financing		-	497,926
		-	507,171
		1,493,777	1,484,532

14.1. Represents a long term local currency loan obtained on Diminishing Musharakah basis. The Musharakah units are to be purchased during a period of 4 years in 5 equal semi-annual installments commencing from April 2015. This facility is structured to represent pricing at the annual rate of 6 months' KIBOR + 0.75 percent and is secured against all present and future fixed assets of the Company excluding land and building. From the proceeds of this loan, the Company has fully repaid loan – II as referred to in note 14.2 below.

14.2. This represented a long term local currency loan from a commercial bank for a period of 5 years repayable in 9 equal semi-annual installments commencing from July 2012. This loan carried mark-up at the rate of 6 months' KIBOR + 1.75 percent and was secured against all present and future plant and machinery, tools and equipments. From the proceeds of this local currency loan, the Company had fully paid off the outstanding foreign currency loans of International Finance Corporation (IFC) and OPEC Fund for International Development (OFID) amounting to Rs. 2,356 million on 22 July 2011.

Notes to the Financial Statements

For the year ended December 31, 2013

	Note	December 31, 2013	December 31, 2012
		------- (Rs. in thousands)	------
15. DEFERRED TAX LIABILITY			
Taxable temporary differences			
Accelerated tax depreciation / amortisation allowance		974,544	1,091,173
Deductible temporary differences			
Provision for compensated absences		(15,296)	(14,873)
Provision for doubtful debts		(501)	(516)
Provision for stock obsolescence		(4,684)	-
Other provisions		(11,304)	(2,755)
		942,759	1,073,029
16. STAFF COMPENSATED ABSENCES			
Beginning balance		42,494	42,069
Accrual made during the year / period		4,172	7,549
		46,666	49,618
Less: Encashment during the year / period		1,679	7,124
		44,987	42,494
17. TRADE AND OTHER PAYABLES			
Trade creditors	17.1 & 17.2	685,150	96,700
Due to Karachi Port Trust			
Royalty		65,589	44,724
Wharfage		53,957	39,910
Handling and marshalling charges	17.3 & 18.1.2	34,554	34,554
		154,100	119,188
Accrued expenses			
Legal and professional charges		1,971	1,910
Salaries and wages		81,047	68,989
Others		16,667	21,339
		99,685	92,238
Other liabilities			
Advances from customers		130,765	113,896
Retention money		2,039	1,913
Sales tax payable		58,578	21,976
Withholding Tax Payable		15	35
Workers' Welfare Fund		102,380	24,486
Dividend payable		1,156,837	199,127
Preference shares dividend payable		244	262
Others		1,962	1,544
		1,452,820	363,239
		2,391,755	671,365

17.1. Includes Rs. 44.953 million (December 31, 2012: Rs. 18.307 million) payable to Premier Mercantile Services (Private) Limited, Rs. 0.059 million (December 31, 2012: Rs. Nil) payable to Premier Software (Private) Limited, Rs. 0.134 million (December 31, 2012: Rs. Nil) payable to Travel Club (Private) Limited – related parties.

17.2. Includes an amount of Rs. 481.571 million (December 31, 2012: Rs. Nil) payable to ICTSI in respect of technical services fee as referred to in note 20.2 to these financial statements.

17.3. Includes Rs. 34.6 million (December 31, 2012: Rs. 34.6 million) withheld by the Company from handling and marshalling charges billed by KPT as fully explained in note 18.1.2.

18. CONTINGENCIES AND COMMITMENTS

18.1. Contingencies

18.1.1. During the year ended 30 June 2007, the Trustees of the Port of Karachi filed a civil suit against the Company in the Honorable High Court of Sindh alleging mis-declaration of the category of goods upon import of Quayside Container Crane and Rubber Tyred Gantry Cranes in the year 2004 and thereby claiming a sum of Rs. 101.5 million being additional wharfage charges and Rs. 203 million as penalty, with interest.

As per the legal advisor of the Company "the Honorable High Court of Sindh is at the final stages as the evidence has been completed. The case is next fixed for orders on the Commissioner's report (concluding evidence) and immediately the matter will proceed to final arguments leading to adjudication. That during arguments the Supreme Court Judgment will be brought for the perusal of the Honorable Court under which the wharfage charges have been held as illegal and without lawful authority. The conclusion regarding outcome of the case can be drawn only when the case is fixed for arguments before the Honorable High Court". Further, the legal counsel of the Company is confident that there is no merit in this claim and hence there is remote possibility that the case would be decided against the Company. Therefore, no provision in respect of above has been made in these financial statements.

18.1.2. During the year ended 30 June 2007, the Company filed an interpleader civil suit against the Deputy District Officer, Excise and Taxation and the Trustees of the Port of Karachi (KPT) in the Honorable High Court of Sindh against the demand raised by the Deputy District Officer, Excise and Taxation under Section 14 of the Property Tax Act, 1958 to pay the property tax amounting to Rs. 34.6 million for the period from 2003 to 2007 out of the rent payable to KPT. The Honorable High Court of Sindh granted a stay order to Company directing that no coercive action be taken against the Company in due course until the case has been finalised. During the year ended 30 June 2008, the Company has withheld the amount of Rs. 34.6 million from the handling and marshalling charges billed by KPT for the period from 01 July 2007 till 31 December 2007 and deposited with Nazir of High Court of Sindh (note 9.1), in accordance with the Honorable High Court's short order dated 29 June 2007. According to the in-house legal counsel of the Company, there is full merit in this case and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

		December 31, 2013	December 31, 2012
		------- (Rs. in thousands) ------	
18.2.	**Commitments**		
18.2.1.	Commitments for capital expenditure - civil works	3,156	4,935
18.2.2.	Letter of guarantees	98,200	86,000
18.2.3.	Letters of credit	5,403	5,144
18.2.4.	Handling, marshalling and storage charges payable to Karachi Port Trust (KPT)		
	Not later than one year	144,624	133,310
	Later than one year and not later than five years	641,642	950,650
	Later five years	978,092	677,740
		1,764,358	1,761,700

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
19. TURNOVER – net			
Turnover		8,998,807	3,372,436
Less: Discount		57,321	11,396
Sales tax		967,092	277,615
		7,974,394	3,083,425
20. TERMINAL OPERATING COSTS			
Salaries, wages and benefits	20.1	417,714	204,998
Technical services fee	20.2	481,571	-
Contracted labour		58,814	23,487
Staff training		1,430	481
Royalty		674,208	250,871
Handling and Marshalling charges		149,161	65,030
Storage charges		8,736	-
Crane usage charges		17,602	613
Stevedoring		450,843	350,897
Custom seals		6,389	5,044
Stores, spares and other maintenance charges		270,164	117,760
Fuel consumed		653,062	277,270
Provision for obsolescence of stores and spares	6	13,776	-
Travelling and conveyance		4,268	3,351
Office maintenance		24,641	20,798
Vehicles running expenses		14,419	9,341
Insurance		90,089	49,142
Printing and stationery		2,660	1,954
Utilities		6,441	3,334
Depreciation	4.1.2	541,384	270,474
Amortisation	5.1.1	13,682	6,841
Others		60,770	37,638
		3,961,824	1,699,324

20.1. Includes Rs. 10.939 million (for the six month period ended December 31, 2012: Rs. 5.2 million) in respect of staff retirement benefits and Rs. 2.753 million (for the six month period ended December 31, 2012: Rs.4.5 million) in respect of staff compensated absences.

20.2. Represents charge for technical services provided by ICTSI, the Parent Company, to the Company which includes continuous improvement of the operations management, training of key personnel and risk management services.

21 ADMINISTRATIVE EXPENSES

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
Salaries, wages and benefits	21.1	211,073	124,348
Travelling and conveyance		15,006	5,817
Advertising expense		3,281	1,538
Auditors' remuneration	21.2	5,499	2,862
Legal and professional charges		8,764	6,579
Office maintenance		15,960	5,917
Vehicles running expenses		15,581	7,664
Security expenses		11,822	7,299
Insurance expense		2,150	1,817
Communication		2,937	2,900
Printing and stationery		13,990	5,147
Utilities		809	1,224
Depreciation	4.1.2	59,962	28,266
Fees and subscription		8,963	4,702
Entertainment		25,025	10,103
Donations	21.3	9,865	8,274
Others		14,797	7,740
		425,484	232,197

21.1. This includes Rs. 6.531 million (for the six month period ended December 31, 2012: Rs.4.023 million) in respect of staff retirement benefits and Rs. 0.688 million (for the six month period ended December 31, 2012: Rs.3 million) in respect of staff compensated absences.

21.2. Auditors' remuneration

	For the year ended December 31, 2013	For the six month period ended December 31, 2012
	------- (Rs. in thousands) ------	
Statutory audit fee	1,600	1,450
Audit fee for foreign reporting	318	300
Fee for review of compliance with Code of Corporate Governance	150	150
Fee for review of half-yearly financial statements	425	-
Tax, corporate advisory, fee for reporting pack, other certifications and out-of- pocket expenses	3,006	962
	5,499	2,862

21.3. Includes Rs. 1.929 million (for the six month period ended December 31, 2012: Rs. 2.749 million) paid to Rabia Azeem Trust, Karachi in which Capt. Haleem A. Siddiqui (Chairman) and Mr. Aasim Azim Siddiqui (Director) are Trustees and Rs. 3.6 million (for the six month period ended December 31, 2012: Rs. 2.052 million) paid to Organization for Social Development Initiative, Karachi in which Mr. Aasim Azim Siddiqui (Director) is Trustee. No other directors or their spouses have any interest in any donee's fund to which donation was made.

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
22. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit accounts		95,761	39,389
Gain on re-measurement of investments designated at fair value through profit or loss		-	28,781
		95,761	68,170
Income from non financial assets			
Gain on disposal of fixed assets		7,782	4,561
Liabilities no longer payable written back		-	758
Gain on scrap sales		5,125	-
Gain on redemption of investments		5,219	-
Others		55	80
		18,181	5,399
		113,942	73,569
23. FINANCE COSTS			
Interest on long-term financing		181,888	139,665
Transaction costs against long-term financing (loan – II)		9,246	-
Financial charges on leased assets		-	2,086
Bank charges		395	46
		191,529	141,797
24. OTHER EXPENSES			
Exchange loss		2,114	-
Workers' Welfare Fund		77,894	22,467
Provision for impairment against other receivable		-	3,000
Provision for impairment in the value of investment		-	7,000
		80,008	32,467

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
25. TAXATION			
Current		1,287,253	375,824
Deferred		(130,271)	(14,277)
Prior		21,728	22,009
	25.1	1,178,710	383,556
25.1. Relationship between tax expense and accounting profit			
Profit before tax		3,429,491	1,051,209
Tax at the applicable tax rate of 34 percent (2012: 35 percent)		1,166,027	367,924
Net effect of income tax provision relating to prior years		21,728	22,009
Others		(9,045)	(6,377)
		1,178,710	383,556
Average effective tax rate		34.37%	36.49%
26. EARNINGS PER SHARE – basic and diluted			
Profit after tax		2,250,781	667,653
Weighted average number of ordinary shares in issue during the year / period	Numbers	109,153	109,153
Earnings per share	Rupees	20.62	6.12

27. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended December 31, 2013. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

27.1. Credit Risk

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

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Company seeks to minimise the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
Long-term deposits	675	675
Trade debts – unsecured	303,837	219,141
Advances – unsecured	46,246	36,713
Deposits	37,494	7,467
Investments	10,250	614,239
Bank balances	2,004,625	1,523,015
	2,403,127	2,401,250

Quality of financial assets

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

	Carrying Values	
	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
27.1.1. Trade debts		
Customers with no defaults in the past one year	277,244	217,563
Customers with some defaults in past one year which have been fully recovered	28,068	3,053
	305,312	220,616
27.1.2. Investments		
In Mutual Funds and COIs		
Ratings by PACRA		
5 Star	-	3,788
AA+(f)	-	68,112
	-	71,900
Ratings by JCR		
A+(f)	10,250	13,058
AA+(f)	-	513,031
D	-	16,250
	10,250	542,339
	10,250	614,239
27.1.3. Cash with Banks		
A1	1,442,434	978,651
A1+	562,191	544,364
	2,004,625	1,523,015

27.2. Liquidity Risk

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

31 December 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	> 5 years	Total
	---------------------------- (Rs. in thousands) ----------------------------					
Long-term financing – secured	-	-	-	1,493,777	-	1,493,777
Trade and other payables`	1,545,635	163,240	521,907	-	-	2,230,782
Accrued interest on long - term financing	-	-	13,297	-	-	13,297
	1,545,635	163,240	535,204	1,493,777	-	3,737,856

31 December 2012	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	> 5 years	Total
	---------------------------- (Rs. in thousands) ----------------------------					
Long-term financing – secured	-	248,963	248,963	1,493,777	-	1,991,703
Trade and other payables	438,160	160,393	1,913	-	-	600,466
Accrued interest on long - term financing	-	127,077	-	-	-	127,077
	438,160	536,433	250,876	1,493,777	-	2,719,246

27.3. Foreign Currency Risk

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

	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
The following significant exchange rates have been applied at the reporting dates:		
Pakistani Rupee to US Dollars	105.2	97.1

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date.

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

	Change in exchange rates	Effect on profit before tax
	------- (Rs. in thousands) ------	
December 31, 2013	± 5 %	(26,095)
December 31, 2012	± 5 %	(2,590)

27.4. Interest rate risk

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

Sensitivity Analysis:

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

	Change in basis points	Effect on profit before tax
	------- (Rs. in thousands) ------	
December 31, 2013	± 100	(6,211)
December 31, 2012	± 100	(7,170)

27.5. Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity instruments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

27.6. Capital risk management

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

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

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

The gearing ratios as at December 31, 2013 and December 31, 2012 were as follows:

	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
Long term financing	1,493,777	1,982,458
Trade and other payables	2,391,755	671,365
Accrued interest / mark-up on borrowings	13,297	127,077
Total debt	3,898,829	2,780,900
Less: Cash and bank balances	2,015,717	1,548,065
Short term investments	10,250	614,239
Net debt	1,872,862	618,596
Share capital	1,091,532	1,091,532
Unappropriated profit	1,698,273	3,104,122
Equity	2,789,805	4,195,654
Capital	4,662,667	4,757,124
Gearing ratio	40.17%	13.00%

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

28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

28.1. The aggregate amount, charged in the financial statements for the year / period is as follows:

	For the year ended December 31, 2013			For six month period ended December 31, 2012		
	Chief Executive	Director	Executives	Chief Executive	Directors	Executives
	------------------------------- (Rs. in thousands) -------------------------------					
Remuneration	11,600	16,352	50,758	8,700	26,573	35,870
Housing rent	3,480	4,906	15,233	1,740	4,512	7,032
Retirement benefits	966	1,362	4,024	483	1,362	1,750
Medical Allowance	1,160	1,635	5,076	580	1,635	2,410
Utilities	1,160	1,635	5,076	580	1,635	2,410
Conveyance	393	597	2,294	196	695	1,078
Bonus	5,800	8,176	24,502	-	-	-
	24,559	34,663	106,963	12,279	36,412	50,550
Number	1	1	49	1	4	47

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

28.3. The aggregate amount charged in respect of fee to the Directors as a fee for attending the Board of Director's meetings amount to Rs. 0.570 million (for the six month period ended December 31, 2012: Rs. 0.218 million).

29. RELATED PARTY TRANSACTIONS

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

	Note	For the year ended December 31, 2013	For the six month period ended December 31, 2012
		------- (Rs. in thousands) ------	
Major Shareholders			
ICTSI Mauritius Limited			
Technical services fee	20.2	481,571	-
Premier Mercantile Services (Private) Limited			
Stevedoring charges		336,479	274,529
Storage charges		-	10,379
Entities having directors in common with the Company			
Premier Software (Private) Limited			
Software maintenance charges		600	1,800
Marine Services (Private) Limited			
Revenue from container handling		22,160	3,568
Port Link International (Private) Limited			
Revenue from container handling		15,667	4,972
AMI Pakistan (Private) Limited			
Revenue from container handling		2,832	3,245
Travel Club (Private) Limited			
Traveling expenses		11,542	5,968

	For the year ended December 31, 2013	For the six month period ended December 31, 2012
	------- (Rs. in thousands) ------	
Rabia Azeem Trust		
Donation	1,952	2,749
Organization for Social Development Initiative		
Donation	3,600	2,052
Pakistan International Bulk Terminal Limited		
WDV of sale of vehicles	-	16,230
Staff retirement contribution plan		
Contribution to staff provident fund	17,472	9,262

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

30. CASH FLOWS FROM OPERATING ACTIVITIES

	For the year ended December 31, 2013	For the six month period ended December 31, 2012
	------- (Rs. in thousands) ------	
Profit before taxation	3,429,491	1,051,209
Adjustments for non-cash items:		
Depreciation	601,346	298,740
Amortisation	13,682	8,162
Accrual for staff compensated absences	4,172	7,549
Finance costs	191,529	141,751
Provision for obsolescence	13,776	-
Unrealised exchange loss	581	-
Unrealised gain on investment	-	(28,781)
Interest income	(95,761)	(39,389)
Gain on disposal of fixed assets	(7,782)	(4,561)
Impairment	-	10,000
Liabilities no longer payable	-	(758)
	721,543	392,713
Operating profit before working capital changes	4,151,034	1,443,922
(Increase) / decrease in current assets		
Stores and spares	(54,699)	(23,314)
Trade debts	(84,696)	(12,723)
Advances, deposits, prepayments and other receivables	(35,893)	62,448
	(175,288)	26,411
Increase in current liabilities		
Trade payables and other liabilities	781,490	13,552
Cash generated from operations	4,757,236	1,483,885

Notes to the Financial Statements
For the year ended December 31, 2013

	December 31, 2013 (Un-audited)	December 31, 2012 (Un-audited)
	------- (Rs. in thousands) ------	
31. PROVIDENT FUND		
Size of the fund	199,276	179,634
Cost of investments made	49,350	46,850
Percentage of investments made	24.76%	26.08%
Fair value of investments made	70,440	54.457

31.1. Break-up of Investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund are as follows:

	December 31, 2013 (Un-audited)		December 31, 2012 (Un-audited)	
	Investments (Rs. in thousands)	% of investment as size of the fund	Investments (Rs. in thousands)	% of investment as size of the fund
Certificate of investment	12,000	24.32%	12,000	25.61%
Mutual funds	37,350	75.68%	34,850	74.39%
	49,350	100.00%	46,850	100.00%

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	December 31, 2013	December 31, 2012
	----------- (Number) -----------	
32. NUMBER OF PERSONS EMPLOYED		
Persons employed as of December 31	1,105	1,210
Average persons employed during the year / period	1,152	1,234

33. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on February 4, 2014.

34. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in their board meeting held on 4th February 2014 have recommended a final cash dividend of Rs. 11/- per ordinary share amounting to Rs. 1,201 million for the year ended 31 December 2013. The adjustment for this dividend will be incorporated in the subsequent financial statements of the Company.

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

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

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

	December 31, 2013	December 31, 2012
	------- (Rs. in thousands) ------	
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) – written down value	2,663,512	3,042,978
Reclassification from spares to intangible assets	216,782	216,782
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	823,070	833,697
Recognition of present value of concession liability on account of intangibles (HMS)	1,340,490	1,283,875
Interest expense charged for the year / period on account of intangibles (HMS)	110,204	36,392
Amortisation expense charged for the year / period on account of intangibles (HMS)	83,038	40,042
Increase in profit before tax for the year / period on account of reversal of handling and marshalling charges	152,368	64,222

Notes to the Financial Statements
For the year ended December 31, 2013

36. GENERAL

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

36.2. During the six month period ended December 31, 2012, the financial year of the Company changed from June 30 to December 31. Accordingly, the corresponding figures in these financial statements cover the period from July 01, 2012 to December 31, 2012 and hence the corresponding figures in the profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity are not comparable.

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

36.4. Terminal maximum handling capacity in a year is 750,000 TeUs. Actual TeUs for the year is 675,457 TeUs (for the six month period ended December 31, 2012: 266,123 TeUs)

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Rafael D. Consing, Jr.
DIRECTOR

Pattern of Shareholding

As at December 31, 2013

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	TOTAL SHARES HELD
1034	1	100	16,858
420	101	500	94,913
764	501	1000	584,527
171	1001	5000	371,361
19	5001	10000	143,486
7	10001	15000	85,160
2	15001	20000	32,054
1	25001	30000	29,520
3	40001	45000	132,334
1	45001	50000	50,000
1	60001	65000	64,400
1	75001	80000	75,084
1	90001	95000	94,000
1	265001	270000	265,423
1	395001	400000	396,000
1	765001	770000	770,000
1	2235001	2240000	2,235,083
1	17155001	17160000	17,155,639
1	34040001	34045000	34,041,267
1	52515001	52520000	52,516,043
2,432			109,153,152

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD	PERCENTAGE
INDIVIDUALS	2388	1,990,971	1.82
INSURANCE COMPANY	1	854	0.00
FINANCIAL INSTITUTIONS	1	720	0.00
MODARABA AND MUTUAL FUNDS	4	3,302	0.00
FOREIGN INVESTORS	6	72,677,645	66.58
OTHERS:	32	34,479,660	31.59
	2,432	109,153,152	100.00

Pattern of Shareholding

As at December 31, 2013

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties			79.30
ICTSI Maritius Limited	1	52,516,043	
Premier Mercantile Services (Pvt.) Ltd.	1	34,041,267	
NIT and ICP Investment Companies	-	-	
Directors, CEO and their spouse and minor children			0.00
Capt. Haleem A.Siddiqui	1	500	
Mr. Aasim A.Siddiqui	1	4,500	
Jose Manuel De Jesus	1	100	
Edgardo Q. Abesamis	1	100	
Executives	-	-	
Public Sector Companies and Corporations	-	-	
Banks, DFI's, NBFI's, Insurance Companies, Modarabas and Mutual Funds	6	4,876	0.00
Joint Stock Companies, Investment Companies			
Foreign Investors and Others	37	20,599,995	18.87
Individuals	2383	1,985,771	1.82
TOTAL	2432	109,153,152	100

Shareholders holding 10% or more voting interest

ICTSI Maritius Limited	1	52,516,043
Premier Mercantile Services (Pvt.) Ltd.	1	34,041,267
Aeolina Investments Ltd.	1	17,155,639

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended December 31, 2013

Name	Date of Purchase/Sale	Number of Shares	Rate
-	-	-	-

Form of Proxy

The Company Secretary
Pakistan International Container Terminal Limited
Berth # 6-9, East Wharf, Keamari
Karachi Port, Karachi.

I/We, ____________________________________ of _________________________________ being a member of Pakistan International Container Terminal Limited and holding ________________Ordinary Shares as per Share Register Folio No. ________ and/or CDC Participant I.D. No. ________ A/c No. _________ hereby appoint Mr./Mrs./Miss _____________________________ of (full address) as my/our proxy to attend, speak and vote for me / us and on my / our behalf at the 13th Annual General Meeting of the Company to be held on March 27, 2014 and at any adjournment thereof.

Signed this __________________ day of ________________ 2014

Witnesses:

1. Name ____
   Address ____
   CNIC No. ____
   Signature ____

2. Name ____
   Address ____
   CNIC No. ____
   Signature ____

Signature on
Rs. 5/-
Revenue
Stamp

Notes:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. The proxy in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not later than 48 hours before the time of holding the Meeting.

3. The proxy shall authenticate his/her identity by showing his/her original CNIC or original passport and bring folio number at the time of attending the meeting.

4. Signature should agree with the specimen signature registered with the Company.

5. CDC shareholders and their Proxies must attach either an attested photocopy of their National Identity Card or Passport with this Proxy Form.

6. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of CNIC or Passport of the proxy shall be submitted along with the proxy form.


PAKISTAN INTERNATIONAL CONTAINER TERMINAL
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