Pakistan National Shipping Corporation

ANNUAL REPORT 2016

PATH TO SUSTAINABLE GROWTH

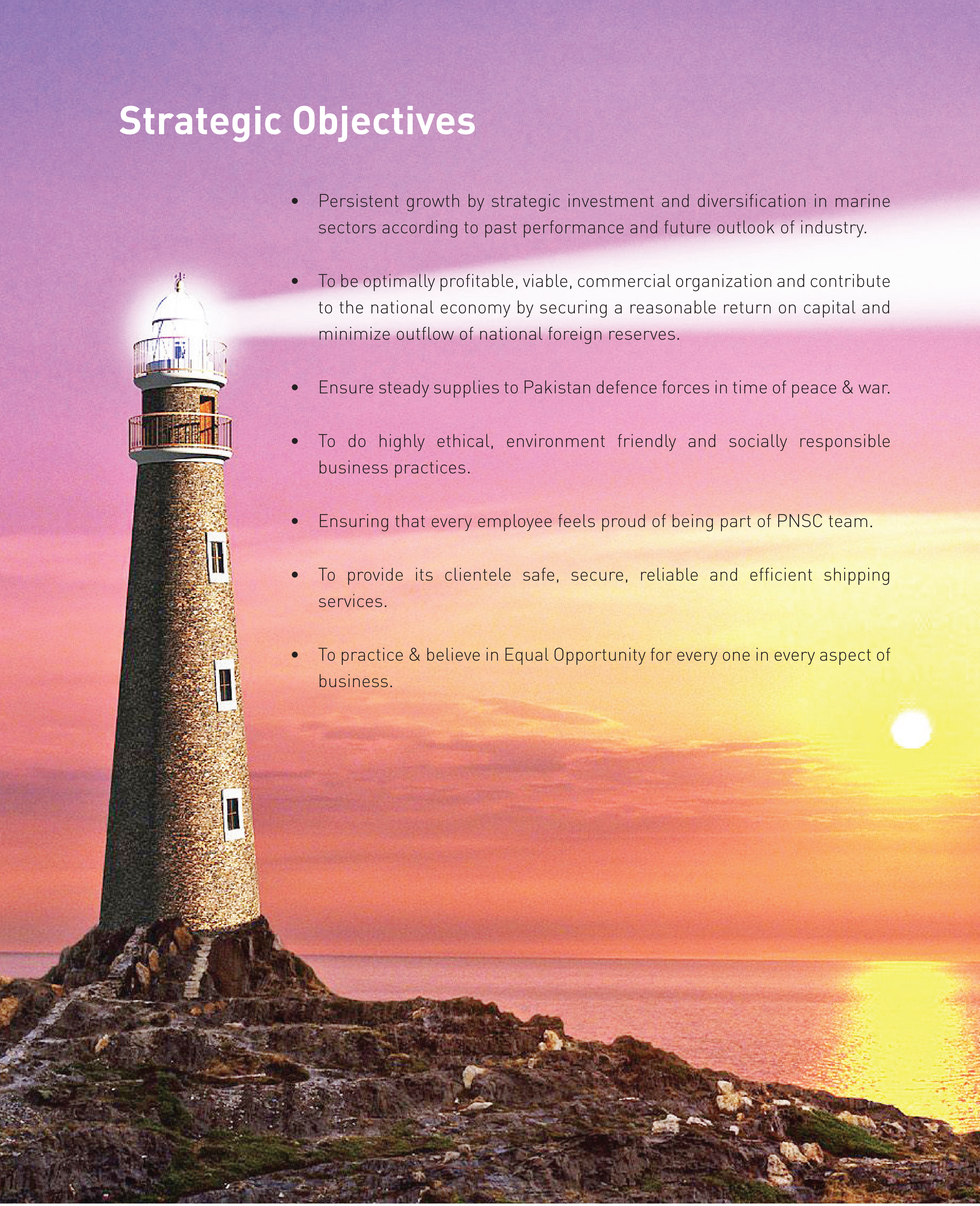
Contents

Vision

To be a prominent player and key stakeholder in global shipping industry by maintaining diversified and efficient marine assets.

Mission

To provide reliable & efficient shipping services to overseas and Pakistan's sea borne trade, maintaining relationship of integrity and trust with our customers, partners, employees, safeguarding interests of our stakeholders and contributing towards betterment of national economy, society and the environment.



Strategic Objectives

- Persistent growth by strategic investment and diversification in marine sectors according to past performance and future outlook of industry.
- To be optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital and minimize outflow of national foreign reserves.
- Ensure steady supplies to Pakistan defence forces in time of peace & war.
- To do highly ethical, environment friendly and socially responsible business practices.
- Ensuring that every employee feels proud of being part of PNSC team.
- To provide its clientele safe, secure, reliable and efficient shipping services.
- To practice & believe in Equal Opportunity for every one in every aspect of business.


PNSC

Corporate Information

Board of Directors

1. Mr. Arif Elahi	Chairman
2. Mr. Sa'ad Fazil Abbasi	Member
3. Mr. Haque Nawaz	Member
4. Ms. Ava A. Cowasjee	Member
5. Mr. Akbar Adil	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Anwar Shah	Member

Audit Committee of the Board

1. Mr. Khowaja Obaid Imran Ilyas	Chairman
2. Capt. Anwar Shah	Member
3. Mr. Akbar Adil	Member
4. Ms. Zainab Suleman	Secretary

HR Committee

1. Capt. Anwar Shah	Chairman
2. Ms. Ava A. Cowasjee	Member
3. Mr. Akbar Adil	Member
4. Ms. Zainab Suleman	Secretary

Commercial Committee

1. Mr. Akbar Adil	Chairman
2. Capt. Anwar Shah	Member
3. Ms. Ava A. Cowasjee	Member
4. Ms. Zainab Suleman	Secretary

Chief Financial Officer

Mr. Syed Jarar Haider Kazmi

Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar Jamal Zubairi

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,
Karachi - 74000

Regional Office

Gulberg Heights, Lower ground floor, Near
Sherpao Bridge Gulberg, Lahore, Pakistan.

Auditors

1. A. F. Ferguson & Co., Chartered Accountants
2. EY Ford Rhodes & Co., Chartered Accountants

Shares Registrar

M/s Technology Trade (Pvt.) Ltd.
Dagia House 241-C, Block 2, P.E.C.H.S
Off Sharah-e-Quaideen, Karachi.

Bankers

Bank Al-Habib Limited
Bank Al-Falah Limited
Bank Alfalah, Bahrain
Bank Al-Habib Bahrain
Dubai Islamic Bank
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited New York
Meezan Bank
NIB Bank
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank
UniCredit Bank, Italy
United Bank Limited
United Bank Limited, London

Code of Conduct

In Pakistan National Shipping Corporation the Board, senior management and employees are committed to professionalism and understanding of themselves and others regarding accepted standards of the discipline.

The work related conduct requires a personal commitment to act in accordance with the accepted and especially professional standards of conduct and also to encourage such behaviour by employees and colleagues.

Corporation has always emphasized on the Business Ethics as a matter of policy. The Business Ethics include the principles of honesty, integrity, trust- worthiness, loyalty, fairness and justice. The business ethics are rules for conduct which raise awareness of acceptable and unacceptable behaviour. Furthermore, the ethical minds of individual employees significantly contribute to ethical business practices of the Corporation.

It is the duty and responsibilities of directors, senior management and all employees to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Corporation's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the community at large.

POLICY STATEMENT

It is the Corporation's policy to conduct its business operations within the framework of the law and statutory rules and regulations, including the international law governing shipping operations.

The Corporation shall manage its affairs in accordance with concepts of good governance, with a high degree of integrity, transparency and accountability.

The Corporation shall constantly endeavour to formulate policies to ensure business growth, optimize operational efficiencies and profitability, and develop a corporate culture to reward merit and eliminate discrimination in all forms. It is the policy of the Corporation that professionalism is maintained in all recruiting, interviewing and hiring of individuals without regard to race, gender or religion.

There is no direct or indirect discrimination on grounds including, but not limited to race, gender, sex or marital status or religion or language and there is no harassment or victimization based on any of the aforesaid grounds.

DEVELOPMENT OF INTERNAL CONTROL SYSTEMS

It is the policy of the Corporation to maintain and update internal control systems, accounting/financial procedure, rules and regulations, in keeping with modern management practices, and ensure due compliance with regulatory requirements.

MAINTENANCE OF PROPER BOOKS OF ACCOUNT AND RECORDS

It is the policy of the Corporation to maintain proper books of account and supporting documents in accordance with law and regulatory requirements. No compromises as to the integrity of financial records or financial statements shall be permitted.

The Corporation shall ensure that all statutory records are properly maintained and that statutory returns are filed strictly according to the regulatory requirements.

All books of account, supporting documents, and statutory records shall be safeguarded and retained for such periods as may be prescribed by law or by the Corporation.

USE AND SAFEGUARDING OF CONFIDENTIAL INFORMATION

All information about the policies and business affairs of the Corporation is confidential. Information received from third parties under obligation of confidentiality belongs to those third parties and is confidential. Such information must not be used or disclosed except as permissible under the relevant agreements.

Employees shall not unauthorisedly remove any documents or tangible items which belong to the Corporation or which contain any confidential information, from the Corporation's premises, including vessels.

The responsibility to maintain the confidential nature of all nonpublic information in the Corporation's possession continues after cessation of employment.

It is the policy of the Corporation to ensure confidentiality of all inside information and do not leak any inside information out of the Corporation and no employee shall derive any personal benefit from such inside information not yet disclosed to the public and to maintain harmony among all co-workers and staff in the Corporation.

The Corporation has set up an important policy concerning the use of information of the Corporation in compliance with Good Corporate Governance and relevant regulations. The Corporation has advised its directors, senior management and employees to focus on confidential information especially internal information not yet disclosed to public or any data or information that may effect the business of the Corporation or its share price. They must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Corporation.

POLICY TOWARDS STAKEHOLDERS

The Corporation recognizes the rights of all stakeholders and therefore encourages cooperation between the Corporation and all the stakeholders including employees, creditors, government agencies, community and society at large.

POLICY ON SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT

The Corporation is committed to conducting business with the highest standards of safety, occupational health and environment conditions fully complying with all legislation and regulations relating to safety, occupational health and environmental requirements at all locations in which the Corporation operates.

The Corporation shall follow practices that constantly ensure that its working environment is safe for the protection of property of the Corporation and life of its employees.

The Corporation shall encourage health and safety awareness at all levels and promote procedures and practices that ensure environmental protection taking into account the current legislation and industry codes and practices.

The Corporation shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and environment.

It is the policy of the Corporation to take all necessary measures to protect the health and safety of its employees.

CONFLICT OF INTEREST

The Corporation has set up an important policy on conflict of interest. No directors, officer or employee shall have any financial interest in or be involved in the business activities of a competitor of the Corporation.

ACCEPTANCE OR GIVING OF BRIBES

No employee of the Corporation shall accept or give bribe or any illegal gratification in the conduct of the Corporation's business.

DISCIPLINE AND GENERAL CONDUCT

All employees shall conform to and abide by the rules and regulations of the Corporation, and shall observe, comply with and abide by all orders which may from time to time be given by any person under whose jurisdiction, superintendence or control an employee may for the time being be placed.

The Corporation expects that all directors, officers and employees will understand and adhere to this Code of Conduct. They shall be responsible for the consequences of any violation. If a violation of law is also implicated, civil or criminal liability may result.

It is expected of all to practice good / ethical behaviour and to pay attention to emerging questions, challenges and stress points positively in their respective capacities.

The purpose of this Code of Conduct is to maintain and promote dignity and reputation of the Corporation and achieve excellence. Each employee is required to conduct himself/herself in a proper way, behave lawfully adhering to all laws, rules and regulations which are applicable. Failure to comply with this code or guidance may result in disciplinary action depending on the severity of the misconduct and the Corporation's disciplinary record.

Board Of Directors' Profile

Mr. Arif Elahi P.A.S.

Mr. Arif Elahi is an experienced Civil Servant, He did his graduation from DJ Science College and Master in Business Administration (MBA) from Institute of Business Administration (I.B.A) with Majors in Marketing & Finance.

Mr. Elahi joined the civil services in 1984 in the then DMG group, now known as PAS. In his illustrious career he has worked as AC Mirpur Mathelo, AC Eidgah (Karachi) & AC Saddar (Karachi) and Deputy Commissioner Karachi– Sindh & Deputy Commissioner - Quetta – Baluchistan. Among his other assignments with the Government of Baluchistan & Sindh he has also served as Head of Excise & Taxation Department, Secretary/DG Investment and Secretary Labor, Chairman Sindh Workers Welfare Board and Secretary Tourism, Secretary Industries & Commerce. He has also served in the Federal Government as Director General Federal Board of Investment (BOI) and Chairman Export processing Zone Authority (EPZA). He has organized the 21st Islamic Foreign Ministers Conference, the 1992 Pakistan vs Zimbabwe Series and many national and international Investment conferences, series of labour related conferences, and managed local, national and international events, exhibitions and conferences. Conducted numbers of foreign potential investment delegations.

He has had the honour of representing Pakistan and read papers at many national and international forums and performed as Manager of the National Boxing Team at the Pre-Olympics winning two gold medals for Pakistan.

He assumed the charge of PNSC from March 13, 2015.

Mr. Sa'ad Fazil Abbasi

Mr. Sa'ad Fazil Abbasi serving as a Joint Secretary to the Government of Pakistan (Privatization Division) and Director General (Privatization Commission) Islamabad since April 2015. He has enormous experience as a procurement specialist and assessed the various Procurement Systems of several Government Health Departments including Dept. of Health Balochistan, AJ &K, Gilgit Baltistan, Punjab etc. He was also associated with PPRA as Deputy Director (Legal).

He is the Latin Legum Magister (LL.M) from Kyushu University, Japan (2000-2001) and did bachelors of Law from University of Punjab in 1992.

Throughout his services, he has attended several training programs and professional courses at local as well as international institutes.

Mr. Haque Nawaz

Mr. Haque Nawaz is currently posted as Additional Finance Secretary (HRM/IGF/Regulations) Finance Division Islamabad. He joined Government Service in 1982. He has a vast experience in the fields of Management, Accounts and Audit in Finance Division, AGPR and various other Government Departments.

Besides he has also got international exposure during his posting at United Nations Peacekeeping Mission in Kosovo (Sep. 1999- Nov. 2008).

He did his masters in Chemistry. In addition, he also holds MBA degree with major in Finance.
During his service period he has attended several training programs and professional courses at local as well as international institutes.

Ms. Ava A. Cowasjee

Ms. Ava Ardeshir Cowasjee is a prominent person in the shipping industry of Pakistan. She did her schooling at Convent of Jesus and Mary, Karachi, and higher education at Roedean School, England. Thereafter she pursued Management training at Hyde Park Hotel, London, Intercontinental Hotel, Karachi, and got her diploma in Hotel Management from the Ecole Hotelier, Switzerland. She worked as Manager, Manpower Development at Intercontinental Hotel, Karachi, for four years before joining the family business.

She became Partner of Cowasjee Group of Companies and has served for 29 years. .

She has been the Chairperson of Pakistan Ships Agents Association 'PSAA' having already served PSAA for ten years as a Managing Committee Member. She has attended a number of conferences on shipping locally and abroad. She has participated in advanced courses offered by Pakistan Institute of Management Sciences.
She has been a Member on the Management Committee of Pakistan International Freight Forwarders Association.

She is the Vice Chairman of SOS Children's Village of Sindh for the last ten years. She is a Member, Managing Committee Hermann Gmeiner School. She is the Trustee of Cowasjee Foundation.

Mr. Akbar Adil

Mr. Akbar Adil, a technology person at the core, has 39 years experience of working with IBM in Pakistan and Middle East. During his career he has held various leading management positions in Systems Engineering, Marketing, Communications, Sales, Human Resources and Services. His last position was Business Development Executive for IBM in Saudi Arabia and Pakistan. Akbar's experience include deep interaction with organizations in diversified sectors including Banking, Telecommunication, Airline, Manufacturing, etc. in Pakistan and Middle East and has participated in advising them in strategizing to deploy innovate technology solutions to improve controls, enhance customer experience and reduce costs. He also has to his credit of setting up a few new lines of Business for IBM Pakistan.

He has served on several committees of Overseas Chamber of Commerce & Industry (OICCI) and American Business Council (ABC). He holds an Engineering Degree in Electronics and has received formal and informal training in Systems, Sales, Business Administration, and Marketing & Communications at different IBM centers in Middle East, Africa Europe and USA.

He has travelled extensively and is a keen photographer.

Khowaja Obaid Imran Ilyas

Khowaja Obaid Imran Ilyas is a graduate in Economics from Cornell University New York USA.
He is an ex-banker and served Standard Chartered Bank from year 2000 till year 2002 in Corporate and Industrial Banking. Currently he holds the position of Director Business Development in family owned business named IDSC (Pvt) Ltd in the business of indenting machinery and spares for the local industry.

He is serving as an elected director on the board of directors of PNSC and also as Chairman of The Audit Committee.

Capt. Anwar Shah

Captain Anwar Shah is a reputed professional in the management and operation of port terminals, maritime transport and logistics industry with a vast experience of over 34 years that includes marketing, chartering, marine insurance hull and P&I Club, Cargo Claim Survey, Shipping and Trading documentation, Salvage of Ship and Damaged Cargoes, Freight Forwarding, NVOCC operations, Stevedoring, Stowage Plan.

He is a Member Chartered Institute of Ship Brokers London and Fellow Chartered Institute of Logistics & Transport London and a law graduate. He also served as Director General Ports and Shipping/Additional Secretary Ministry of Ports and Shipping in 2003 – 2007.

He is an expert on World Bank Panel, Governor World Maritime University Malmao (Sweden), Member IMO Secretary General's Panel of Experts (London) and Maritime Advisor to KCCI.
He is an elected member of PNSC's Board of Directors.

PNSC Leadership Team

Standing from left to right:

Syed Jarar Haider Kazmi	Executive Director (Finance)
Brig (R) Rashid Siddiqi, SI (M)	Executive Director (Administration)
Mr. Arif Elahi	Chairman / CEO
Mr. Tariq Majeed	Executive Director (Ship Management)
Capt. Muhammad Shakil	Executive Director (Commercial)

PNSC Leadership Team

Chairman / CEO

Mr. Arif Elahi P.A.S.

Mr. Arif Elahi is an experienced Civil Servant, He did his graduation from DJ Science College and Master in Business Administration (MBA) from Institute of Business Administration (I.B.A) with Majors in Marketing & Finance.

Mr. Elahi joined the civil services in 1984 in the then DMG group, now known as PAS. In his illustrious career he has worked as AC Mirpur Mathelo, AC Eidgah (Karachi) & AC Saddar (Karachi) and Deputy Commissioner Karachi– Sindh & Deputy Commissioner - Quetta – Baluchistan. Among his other assignments with the Government of Baluchistan & Sindh he has also served as Head of Excise & Taxation Department, Secretary/DG Investment and Secretary Labor, Chairman Sindh Workers Welfare Board and Secretary Tourism, Secretary Industries & Commerce. He has also served in the Federal Government as Director General Federal Board of Investment (BOI) and Chairman Export processing Zone Authority (EPZA).

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Executive Director (Finance) / CFO

Syed Jarar Haider Kazmi

Syed Jarar Haider Kazmi is a Fellow Member of the Institute of Chartered Accountants of Pakistan. He assumed the office of Executive Director (Finance), Pakistan National Shipping Corporation on 1st February 2016. Earlier, he has been holding the post of Group General Manager (Finance)/Chief Accountant since January 2007 whereas he had joined PNSC as Group Manager (Finance) in October 2005.

He has vast experience in Controllership, Treasury, Accounting & Financial Reporting, Budget & Planning, Corporate Affairs, Taxations, Corporate Governance, negotiation with Collective Bargaining Agent and Employees Unions, Legal documentations of various agreements and also in External Auditing, Internal Control Reviews, Risk Assessment and Compliance.

He has developed and implemented Financial Systems, Strategies, processes and controls that significantly improved P&L scenarios. He has successfully managed annual corporate business plans and budgets and developed efficient processes and performance review tools including expenditure monitoring and business performance.

Mr. Jarar Kazmi is a team player and leader with effective analytical, problem solving and team building skills with demonstrated ability to successfully manage teams, multiple projects and stringent deadlines.

Executive Director (Administration)

Brig. (R) Rashid Siddiqi, SI (M)

Brig (Retd) Rashid Siddiqi SI (M) joined PNSC in 2002 as Executive Director (Administration). He is also the Chairman Provident Fund and looks after its investment and Asset Management.

He was appointed Chairman / CEO and Chairman Board of Directors of Pakistan National Shipping Corporation in November 2009 till 21 March 2011. During this period, he developed five-year fleet development plan and arranged loan without GOP guarantee and added six modern vessels to the fleet.

He joined Pakistan Army in September 1971 and remained so till 2002. He is a graduate of Command and Staff College and National Defence College. During his Army career he served as Member Faculty National Defence College Islamabad, Director Military Intelligence and Brigade Commander.

He has widely traveled and is a keen Golfer and an ardent jogger and loves sports.

Executive Director (Ship Management)

Mr. Tariq Majeed

Mr. Tariq Majeed has sailed as Chief Engineer on board Tankers and Bulk carriers. He worked in Senior Leadership capacity with British Petroleum (BP) prior joining PNSC. Tariq Majeed holds a First Class Certificate of Competency from Pakistan and a master's degree in Maintenance Engineering from UK.

He is an Operations Academy graduate from Massachusetts Institute of Technology (MIT) USA, A Fellow Institute of Marine Engineer (FIMarEST), Chartered Marine Engineer (CMarEng) and a registered Chartered Engineer (CEng) from UK.

Executive Director (Commercial)
Capt. Muhammad Shakil

Capt. Muhammad Shakil is a Master Mariner (FG), and has been appointed as the Executive Director Commercial at Pakistan National Shipping Corporation effective 01st February 2016.

He joined the National Shipping Corporation in 1976 as a deck cadet and since then served in various capacities afloat including Master (FG) vessels. His sailing experience includes serving on General Cargo vessels, Bulk Carriers, Passenger Ships, Container Ships and Tankers. He also served on lien with the National Tanker Company in the Year 1996-1997.

In January 2003, he was transferred ashore in the PNSC Chartering department, where his responsibilities mainly included monitoring dry cargo/liquid chartering and its operations. He has since then served ashore in various senior capacities including General Manager Commercial, Insurance and Claims, and Tankers.

Capt. Shakil has been instrumental and a pioneer in establishing the PNSC tanker department and developing tanker management systems both ashore and aboard.

He has vast and tremendous experience in Ship operations, Ship Chartering and Ship Management. He is very well versed and has extensive knowledge of Charter parties, International Shipping Arbitrations, contracts of affreightment , Marine Cargo and Insurance Claims.

Regulatory Appointments

Corporation & Board Secretary
Ms. Zainab Suleman

Ms. Zainab Suleman, Corporation & Board Secretary, had done her L.L.M. and is enrolled as an Advocate of High Court of Sindh. She is a member of High Court Bar Association. Prior to joining PNSC she was working as an Advocate/Associate in a well reputed firm of Advocates and Solicitors and gained a vast experience on the corporate side. She has also attended a number of workshops and conferences locally and abroad

Chief Accountant
Mr. Zeeshan Taqvi

Zeeshan Taqvi is Head of Finance Department and Chief Accountant of PNSC Group since February 2016. He is Associated with PNSC since March 2010. Mr. Zeeshan Taqvi is associate member of ICAP and member of CIPFA-UK with over 15 years diversified experience of financial, accounting and audit engagements.

He has vast experience of audit in Pakistan and Middle east with leading firm of chartered accountants and post qualification experience of more than 9 years on senior position on other organization including banking sector.

He has attended various workshops, seminar and conferences internationally and locally.

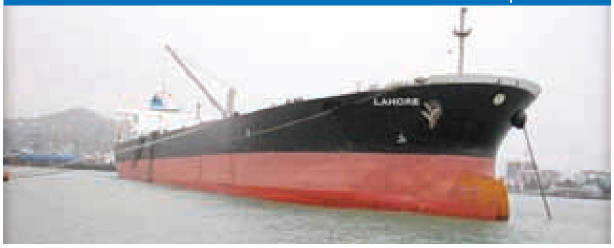
PNSC Managed Fleet

TANKERS

Vessel: M.T QUETTA Built: Japan 2003

Deadweight (MT): 107,215 Length Overall (M): 246.80
Gross Tonnage (MT): 58,118

Vessel: M.T LAHORE Built: Japan 2003

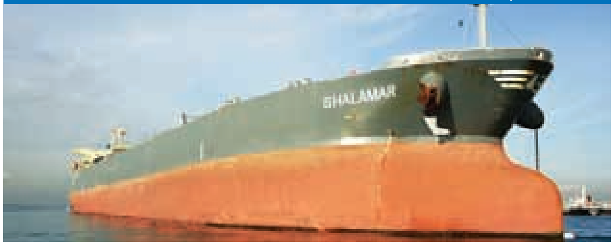


Deadweight (MT): 107,018 Length Overall (M): 246.80
Gross Tonnage (MT): 58,157

Vessel: M.T KARACHI Built: Japan 2003

Deadweight (MT): 107,081 Length Overall (M): 246.80
Gross Tonnage (MT): 58,127

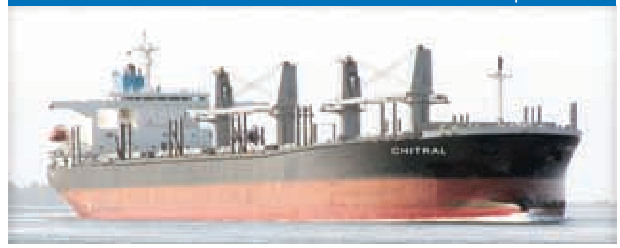
Vessel: M.T SHALAMAR Built: Japan 2006



Deadweight (MT): 105,315 Length Overall (M): 228.60
Gross Tonnage (MT): 55,894

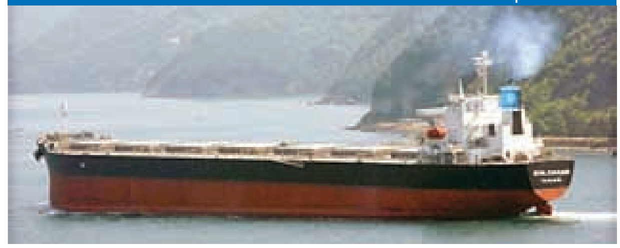
BULK CARRIERS

Vessel: M.V CHITRAL Built: Japan 2003



Deadweight (MT): 46,710 Length Overall (M): 185.73
Gross Tonnage (MT): 26,395

Vessel: M.V MALAKAND Built: Japan 2004

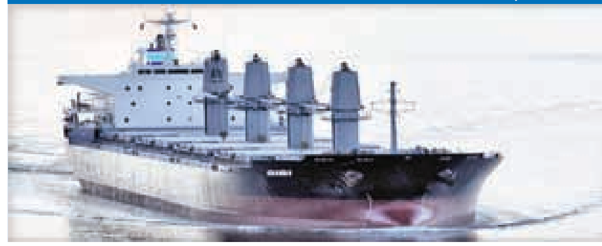


Deadweight (MT): 76,830 Length Overall (M): 225.00
Gross Tonnage (MT): 40,040

Vessel: M.V HYDERABAD Built: Japan 2004

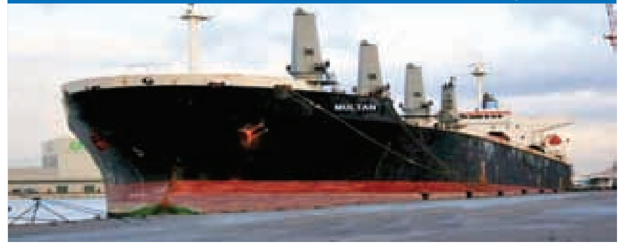
Deadweight (MT): 52,951 Length Overall (M): 188.50
Gross Tonnage (MT): 29,365

Vessel: M.V SIBBI Built: Japan 2009



Deadweight (MT): 28,442 Length Overall (M): 169.37
Gross Tonnage (MT): 17,018

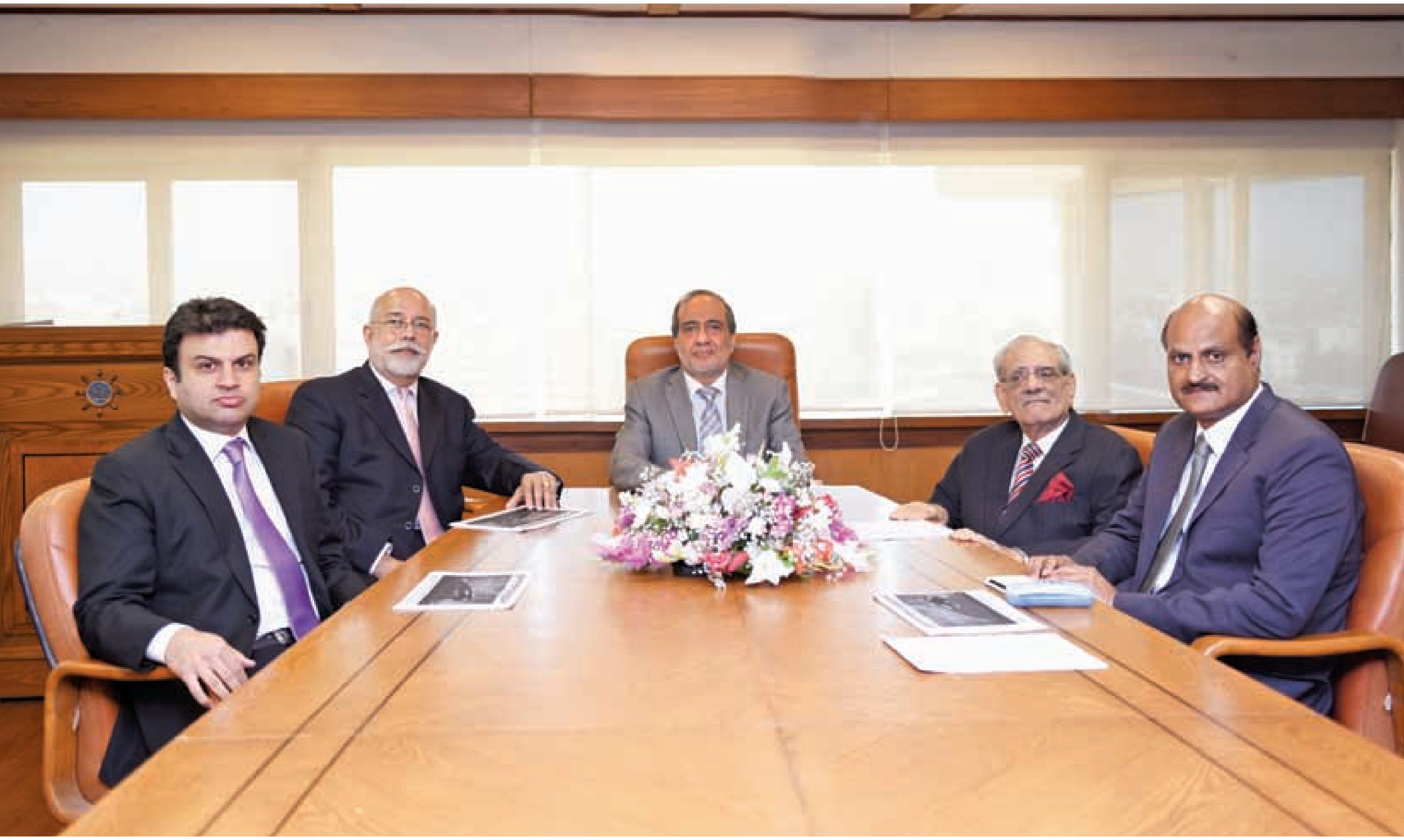
Vessel: M.V MULTAN Built: Japan 2002



Deadweight (MT): 50,244 Length Overall (M): 189.80
Gross Tonnage (MT): 27,984

TANKERS & BULK CARRIERS		
BUILT	DEADWEIGHT	GROSS TONNAGE
	MT	MT
TOTAL	**681,806**	**371,100**

Directors' Report
For the year ended June 30, 2016



The Board of Directors of Pakistan National Shipping Corporation Group is pleased to present the thirty-eighth Annual Report together with the audited financial statements for the year ended June 30, 2016.

OUR PERFORMANCE

SUSTAINABLE FINANCIAL RESULTS

PNSC has achieved laudable results in the year 2015-16, despite the continuous down turn in dry bulk charter market and decline in charter hire rates for dry bulk vessels that may have affected global shipping industry in tough conditions. The group continuously strived to sustain its position in global shipping market, and attract more business opportunities to maximize its profits, by struggling to enhance its existing fleet strength of oil tankers to cater the higher oil transportation needs of country rather than relying on charter hire vessels.

KEY FINANCIAL HIGHLIGHTS FOR THE YEAR 2015-16:

Year	2016	2015	+/-percentage
	Rupees in '000		
Revenue	12,543,985	15,536,288	-19%
Expenses	8,989,808	12,411,017	-28%
Gross Profit	3,554,177	3,125,271	14%
Operating Profit	3,073,933	2,882,997	7%
Profit before tax	2,515,352	2,213,048	14%
Profit after tax	2,323,054	2,116,410	10%
EPS	17.59	16.02	10%

The main factors influencing our results in the year were as follows:

- Despite the downturn in global bulk charter market PNSC has made group profit after tax of Rs. 2,323 million as against Rs. 2,116 million in the last year, an increase of 10%. Earnings per share of the Group were Rs. 17.59 in the year 2015-16 as against an EPS of Rs. 16.02 last year.

- Overall PNSC group has reported decline in revenue of 19%. However, Group has improved revenue in liquid cargo from owned vessels by 5% and dry cargo from slot charter business by 8%, while business from the dry-bulk carrier was weak as compared to last year, for reasons of significant fluctuations in bulk freight market rates. Revenue from real estate also increased by 14% in the current year.

- Group fleet direct expenses significantly reduced by 28%. Aligning the group fleet direct expenses with the level of shipping activity, fleet direct expenses reduced by 10% in the current year. Benefiting from the fallen diesel and fuel prices in the global market and careful consideration and selection of cheap ports for bunker and lubricant lifting on voyages conducted by PNSC's owned vessels, diesel and fuel expenses reduced by 21%. Further, settling with the minimum possible charter hire rates and other related expenses and reduced reliance of the corporation on foreign chartered vessels; same were reduced in line with related revenue by 27%, thereby reinforcing the concept of effective management and efficient operations in the hierarchy of the corporation.

- Gross profit of Rs. 3,554 million was achieved as against Rs. 3,125 million last year thereby showing an increase of 14%. PNSC mixing its effective and efficient decision making process with operations and eliminating any bottlenecks and achieving the economies of scale managed to increase gross profit on slot charter business by 4% and in the owned vessel segment by 5%.

- Administration and other operating expenses decreased by 11% from Rs. 2,364 million to Rs. 2,107 million in the year 2015-16 due to reduction in salaries and allowances by 5%, in post-retirement medical benefit expenses by 18% and employees' compensated absences (gain on actuarial remeasurement) by 94% in the current year. Further loss incurred on revaluation of derivative instruments was curtailed by 37% after completion of Cross Currency Swap with Standard Chartered

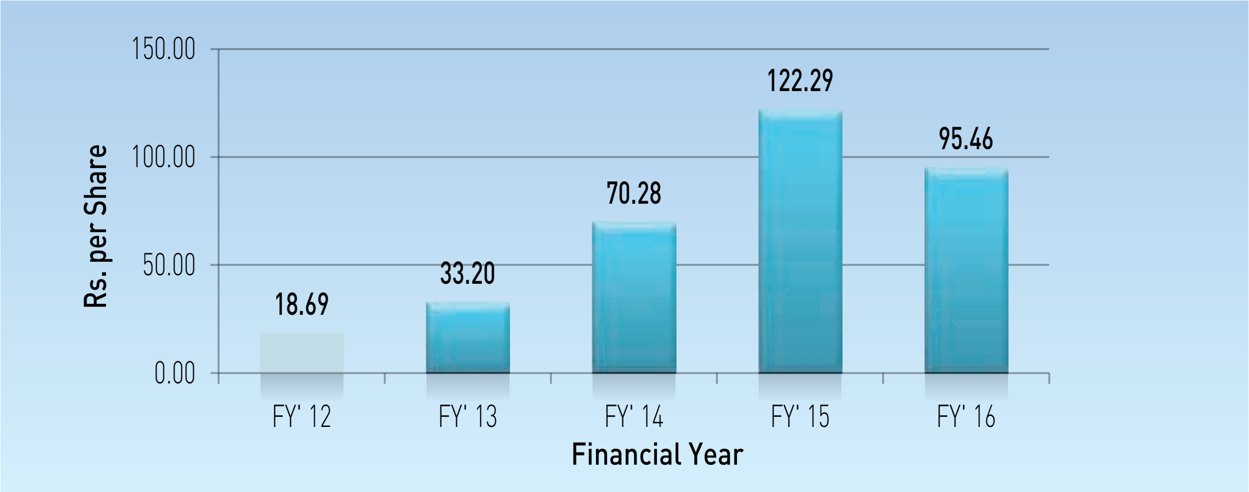
Bank (SCB). Demurrage expenses were reduced by 44% at Rs. 534 million in the current year as against Rs. 961 million last year. The said demurrage expenses are recoverable by PNSC's customer under the Contract of Affreightments, which is reflected in other income.

- A total demurrage income of Rs. 849 million, of which Rs. 307 million pertains to foreign chartered vessels and Rs. 542 million to owned vessels, was recorded as against Rs. 863 million, of which Rs. 796 million pertained to foreign chartered vessels and Rs. 67 million to owned vessels, last year. Further, a significant gain on revaluation of PNSC's investment properties was recorded of Rs. 324 million.

- The group maintains a healthy balance sheet and strong cash and investments position that enable us to actively participate in the next stage of the shipping cycle.

- Thus, the stable financial health of the Group despite slow global economic activity and subdued freight rates is mainly attributable to its business strategy, fleet mix and exploiting of new opportunities.

Graphical trend of PNSC's average share price in the last 5 years is shown below:



CREDIT RATING

Pakistan Credit Rating Agency (PACRA) has maintained PNSC's credit rating at 'A1+' for short term and 'AA-' for long term. This rating denotes a very low expectation of credit risk. It indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

At present, the World Seaborne trade is about $16.49 trillion in terms of value of which over 90% is carried by sea, PNSC having a total DWT capacity of 681,806 metric tons has lifted cargo about 13.326 million tons in fiscal year 2015-16 which is equivalent to about 16% of country's total 83.286 million tones seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the year 2015-16 and PNSC's share is appended below:

	DRY	WET	Total
Pakistan Seaborne Trade (in million tons)	53.867	29.419	83.286
PNSC Share (in million tons)	1.544	11.782	13.326
PNSC Share %	2.87%	40.05%	16%

As there is no domestic competition – Therefore the above Seaborne Trade lifting comparison is based on Pakistan Seaborne Trade.

COMMERCIAL OPERATIONS

During the year under review, PNSC and its vessel-owning subsidiary companies lifted 13.326 million freight tons of cargo as compared to 16.277 million freight tons of cargo in the previous year.

SECTOR	2015-2016 FREIGHT TONS (MILLIONS)	2014-2015 FREIGHT TONS (MILLIONS)	2013-2014 FREIGHT TONS (MILLIONS)
Dry-Bulk	1.181	1.595	2.486
Liquid Bulk (Tanker)	11.782	14.447	15.369
Slot Charter	0.363	0.235	0.059
Total	13.326	16.277	17.914

OUR MOST SIGNIFICANT RISKS INCLUDING STRATEGIC, COMMERCIAL AND OPERATIONAL RISKS

Pakistan National Shipping Group, as a global sea-freight operator, functions in a global market which experiences intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates is a significant commercial risk. Shipping, as a global transportation industry in the world by playing a vital role in world economies caters for about 90% of world trade volume at lowest transportation costs. However, the industry is cyclical in nature and essentially operates in a volatile market. The earnings are dependent upon function of demand and supply dynamics of the global markets. The shipping sector benefited from global economic environment wherein GDP growth remained high in past years. However with global economy starting to melt down from beginning of 2008, the demand as a result continues to remain subdued and seriously/adversely impacted on all segments of world shipping i.e. freight, asset values and demolition prices.

Armed Piracy in Gulf of Aden, Malacca state and off the Somali coast with ever extending boundaries is the major operational risk for the world shipping including PNSC.

MARKET RISK

PNSC is exposed to the volatility of shipping market specifically dry bulk and tanker market due to its core business and operations in these markets. Shipping demand for bulk commodities primarily depends upon the global economic trends contingent to consumer spending. On the other hand, supply of tonnage in shipping markets depends upon the liquidity access which varies economy to economy. The market balance is subject to stabilization in the fundamentals which prudently is difficult to achieve and forecast. Taking into account the factors which influence the shipping markets, it may be assumed that returns would only improve if fundamentals continue their steady path on gradual recovery.

OPERATIONAL RISKS

The Company's operations may be subject to a number of risks. This includes risks of counterparties failing to honor its obligations, technical risks (including the service life of the Company's vessels and unexpected repair costs), risks inherent in marine operations such as groundings and collisions, as well as environmental risks. In the course of its activities, the Company may become part to legal proceedings and disputes. Insurance protection may not be adequate in all instances. All of these factors could have a significant impact on the Company's operations or financial position. For mitigation of commercial risk we are exercising pre and post fixture due diligence SOP.

FINANCIAL RISKS

Financial risks include risks of interest rate and currency fluctuations. In addition, its borrowings create leverage, which will amplify the effects of rate, cost, and value movements. In addition, changes in taxation could have a material impact on the Group. However, based on thorough reviews an appropriate strategy based on a consultative process is developed and deemed appropriate in the given circumstances to reduce the impact of risks arising out of any unfavorable situation.

CREDIT RISKS

In the present market, the risk of counterparty default is very real. With a view to avoid such risks, we ensure stringent due diligence and try to restrict our dealings to parties who are reputable and financially sound.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in its Listing Regulations have been duly complied with. A statement to this effect is annexed with the Report.

BOARD STRUCTURE

Five directors are appointed by the Federal Government and two are elected by shareholders in AGM for three years. The following committees have been established by the Board of Directors:

S. No.	COMMITTEES OF THE BOARD
1	Audit Committee
2	Human Resources & Remuneration Committee
3	Commercial Committee

BOARD MEETINGS HELD FOR THE PERIOD

During the year ended June 30, 2016, a total of seven meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows:

FROM JULY 1, 2015 TO JUNE 30, 2016

Sr. No	Directors	Meeting	
		Held	Attended
1	Mr. Arif Elahi	07	07
2	Mr. M. Anwar Malik (Replaced) (Member till 23-May-2016)	07	0
	Mr. Sa'ad Fazil abbasi (New) (Member PNSC Board since 23-May-2016) vide Minstry's Notification No. F.No. 6(1)/2001-P&S-I dated 23rd May, 2016	07	01
3	Mr. Haque Nawaz	07	01
4	Ms. Ava A. Cowasjee	07	06
5	Mr. Akbar Adil	07	06
6	Mr. Khowaja Obaid Imran Ilyas	07	06
7	Capt. Anwar Shah	07	07

HR COMMITTEE MEETINGS HELD FOR THE PERIOD

FROM JULY 1, 2015 TO JUNE 30, 2016

Sr.No	Directors	Meeting	
		Held	Attended
1	Capt. Anwar Shah	03	03
2	Ms. Ava A. Cowasjee	03	03
3	Mr. Akbar Adil	03	02

AUDIT COMMITTEE MEETINGS HELD FOR THE PERIOD

FROM JULY 1, 2015 TO JUNE 30, 2016

Sr. No	Directors	Meeting	
		Held	Attended
1	Mr. Khowaja Obaid Imran Ilyas	07	07
2	Capt. Anwar Shah	07	06
3	Mr. Akbar Adil	07	06

COMMERCIAL COMMITTEE MEETINGS HELD FOR THE PERIOD

FROM JULY 1, 2015 TO JUNE 30, 2016

Sr.No	Directors	Meeting	
		Held	Attended
1	Mr. Akbar Adil	01	01
2	Capt. Anwar Shah	01	01
3	Ms. Ava A. Cowasjee	01	01

FUND INVESTMENTS

Investments made by the Pakistan National Shipping Group Employees Contributory Provident Fund, based on the unaudited financial statements for the year ended June 30, 2016 stood at Rs 669 million (2015: Rs 851 million), whereas investment made in Employees Gratuity Fund Trust based on unaudited financial statements the year ended June 30, 2016 stood at Rs 203 million (2015: Rs 151 million - audited).

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered with related parties have been ratified by the Audit Committee and the Board and provide the information about the amounts due from related parties at the balance sheet date.

MANAGEMENT

One new director was nominated by the Federal Government, Mr. Saad Fazil Abbasi, who joined the Board on 23rd May 2016, in replacement of Mr. M. Anwar Malik.

AUDITORS

The joint auditors, A.F. Ferguson & Co., Chartered Accountants and EY Ford Rhodes Chartered Accountants retire and have offered themselves for reappointment. The Board recommends that, as suggested by the Audit Committee, A.F. Ferguson & Co, Chartered Accountants and EY Ford Rhodes Chartered Accountants were appointed as joint auditors in last year AGM for the year ending June 30, 2016.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

The stable financial health of the Corporation despite slow global economic activity and subdued freight rates is mainly attributable to its business strategy, fleet mix and capitalizing on opportunities.

The dry market is continuing its path of subdued recovery and prospects remain fragile so far. Number of deliveries continues to surpass the demand prospects, plummeting the freight rates further. The tanker market which has shown substantial gains in the past months is now under pressure path. Slower oil demand and increased number of deliveries of new build tankers have plunged the returns significantly. However the performance of world shipping industry will depend upon global economy trends, particularly large economies.

Fleet Expansion Plan:

PNSC has taken steps to secure new business for maximum utilization of its cargo carrying capacity. Efforts are being made to reduce the laycan time of the ships being called at the ports and enhance/ upgrade the port infrastructure to increase efficiency of port operations as well as financial implications.

Keeping in view the rising demand of petroleum products in the backdrop of low oil prices, the fleet development program of PNSC is revised with procurement of one (1) Aframax tanker and one LR-1 product tanker in FY 2016-17, to meet additional oil transportation requirements of Pakistan.

Financing Facility:

The Group significantly reduced interest burden on current debts financing by refinancing its current financing facilities from a Commercial Bank. To cut down its current finance cost PNSC took the initiative by swapping its expensive loans and repayment of Rs. 700 million in order to reduce high Mark-up. These loans were acquired in 2010 & 2014 at three months Kibor plus spread of 2.2% and 1.6% respectively. PNSC achieved a milestone with significant reduction in the said spreads to the level of 0.4% and 0.5% respectively, which has resulted and will result in substantial reduction in Finance Costs over the remaining period of loan.

Diversification:

PNSC is also planning to introduce a Ferry Service for Tourist, Business community and traveler as a safe, cheaper and secure alternative to land route from Karachi – Gwadar and Karachi – Iran.

Shore Storage Capacities:

PNSC presently has been working on funding ways to enhance shore storage capacities at Karachi in collaboration with other shareholders. This in turn will reduce vessels turnaround time and increase in offshore storage capacities/reserves of country.

DIRECTOR'S TRAINING PROGRAM

Formal orientation of the PNSC Board Members has already taken place in 2015 and the names of those who attended and qualified/certified at Directors Training Program from Pakistan Institute of Corporate Governance (PICG), an Institute approved by the SECP, are as under:-

Names
• Mr. Arif Elahi
• Mr. Haque Nawaz
• Ms. Ava A. Cowasjee
• Mr. Akbar Adil
• Mr. Khowaja Obaid Imran Ilyas
• Capt. Anwar Shah

DISCLOSURE OF TRADING OF SHARES BY DIRECTORS:

The only transaction incurred during the year was 4359 shares inherited to Ms. Ava. A Cowasjee from her father Adresh Cowasjee and her mother Nancy A. Cowasjee.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.

- Proper books of accounts of the Group have been maintained.

- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.

- The system of internal control system is sound in design and has been effectively implemented and monitored.

- There are no significant doubts about the Group'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 Stock Exchange Listing Regulations.

- Summary of key operating and financial data of last six financial years in summary form is annexed.

- Outstanding duties and taxes, if any, have been duly disclosed in financial statements.

DIVIDEND

The directors are pleased to recommend payment of cash dividend at 20% to the shareholders, whose names appear on the Share Register of the Group at the close of business on 28th October, 2016.

ACKNOWLEDGMENT

The Board wishes to thank the officers and staff of the Group for their hard work and the dedication in the discharge of their duties.

The directors are also grateful to the refineries, shippers, agents, and other business associates for their continued patronage and support.

On behalf of the Board

Arif Elahi (PAS)
CHAIRMAN

Corporate Social Responsibility (CSR)

- PNSC endeavors to minimize impact on the environment through adoption of energy efficient and environment friendly ship designs, technologies and practices at sea and shore.

- PNSC promotes training and recruitment of the Pakistani national in Marine Academy and other maritime training institutes to build qualified maritime work force.

- PNSC under its internship scheme provides training to fresh graduates from universities across the country.

- PNSC is continuously striving for energy saving. During the year after audit survey of M/s. FND Consulting Engineers and M/s. C-XOR Engineering PNSC has installed digital metering system for monitoring and conservation of energy.

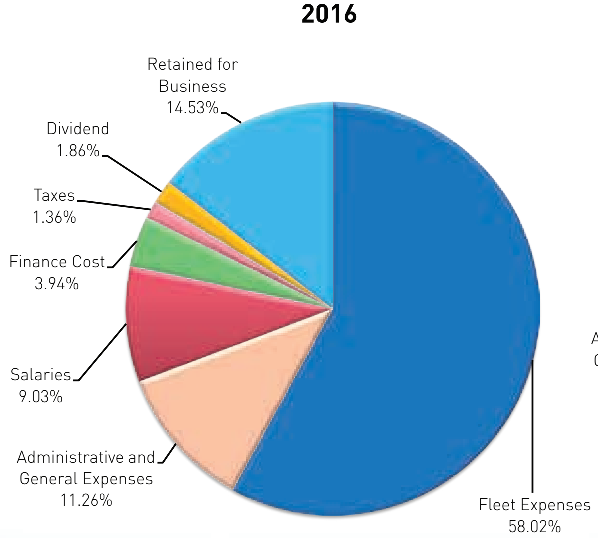
- PNSC owing to rising temperature in Karachi inaugurated heatstroke center providing free mineral water facility within the vicinity of PNSC Building to avoid heatstroke.

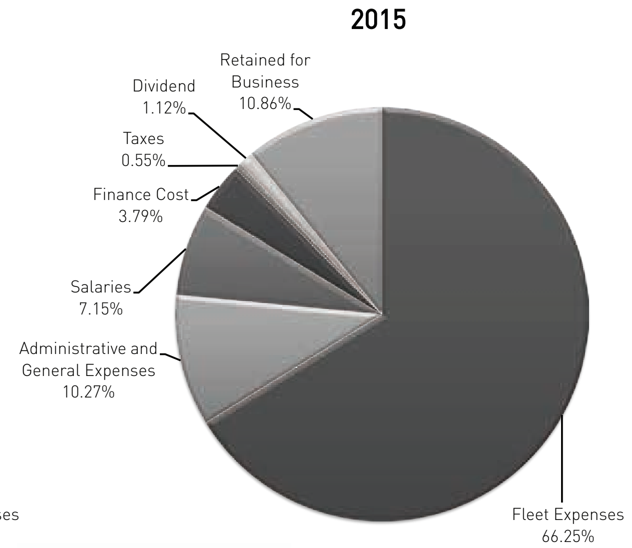
- PNSC provided full funding support through open balloting program to employees who proceeded to perform HAJJ in year 2016. This was in continuation of its commitment to its employees. Balloting took place in the presence of Chairman and all the Executive Directors of PNSC.


PNSC

Value Added Statement

	2016		2015	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Income from Shipping Business	12,367,841	87.28%	15,381,351	87.10%
Rental Income	176,144	1.24%	154,937	0.88%
Other operating income	1,627,014	11.48%	2,122,118	12.02%
	14,170,999	100%	17,658,406	100%
Wealth Distributed				
Fleet Expenses	8,221,569	58.02%	11,698,294	66.25%
Administrative and General Expenses	1,596,172	11.26%	1,814,091	10.27%
Salaries	1,279,325	9.03%	1,263,024	7.15%
Finance Cost	558,581	3.94%	669,949	3.79%
Taxes	192,298	1.36%	96,638	0.55%
Dividend	264,127	1.86%	198,095	1.12%
Retained for Business	2,058,927	14.53%	1,918,315	10.86%
	14,170,999	100%	17,658,406	100%





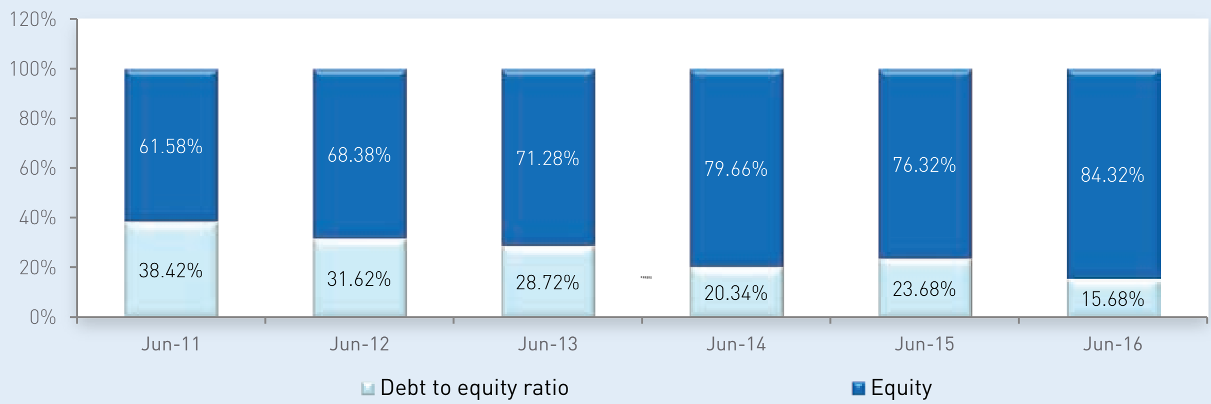
Financial Ratios

	UOM	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
Profitability Ratios							
Profit before tax	%	**20.1%**	14.2%	15.3%	19.9%	8.2%	21.8%
GP ratio	%	**28.33%**	20.12%	21.50%	26.86%	23.61%	22.18%
Profit after tax	%	**18.5%**	13.6%	13.7%	16.3%	8.5%	17.6%
EBITDA margin to sales	%	**34.3%**	25.5%	25.6%	34.3%	32.8%	35.5%
Operating leverage ratio	%	**-34.4%**	190.7%	-23.0%	199.0%	479.1%	313.2%
Return on equity	%	**8.79%**	8.72%	9.57%	9.74%	4.05%	9.04%
Return on capital employed*	%	**7.18%**	6.61%	7.56%	7.20%	2.91%	6.25%
Liquidity Ratios							
Current Ratio	Times	**2.38**	2.15	2.17	1.99	1.73	1.59
Cash to Current liabilities	Times	**0.51**	0.78	0.47	0.54	0.63	0.78
Cash flow from operations to Sales	Times	**0.29**	0.13	0.13	0.13	0.17	0.17
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	**15.49**	9.01	8.70	15.22	16.34	16.64
Asset Turnover ratio**	Times	**0.34**	0.45	0.50	0.41	0.31	0.39
Fixed Assets turnover ratio	Times	**0.47**	0.57	0.66	0.50	0.37	0.38
Market Ratios							
Earnings per share***	Rs.	**17.59**	16.02	16.27	15.08	5.70	12.36
P/E Ratio	Times	**5.33**	6.63	4.37	3.05	2.70	1.94
Price to book ratio	Times	**3.39**	3.87	2.90	1.96	0.71	1.10
Dividend Yield ratio	%	**2.13%**	1.41%	2.11%	2.17%	3.24%	4.17%
Dividend Payout ratio	Times	**0.11**	0.09	0.09	0.07	0.09	0.08
Dividend cover ratio	Times	**8.80**	10.68	10.85	15.08	11.41	12.36
Cash dividend	Rs.	**2.00**	1.5	1.5	1.0	0.50	1.0
Breakup value/share with surplus	Rs.	**208.85**	192.38	175.96	160.73	146.70	141.85
Breakup value/share without surplus	Rs.	**200.05**	183.82	170.12	154.83	140.79	136.80
Share Price at year end	Rs.	**93.70**	106.25	71.12	46.00	15.41	24.00
Share Price- High	Rs.	**127.90**	187.90	94.57	52.00	25.89	41.74
Low	Rs.	**63.01**	56.68	46.00	14.41	11.50	23.40
Capital Structure Ratio							
Financial Leverage ratio	Times	**0.20**	0.31	0.26	0.35	0.37	0.44
Debt Service Coverage Ratio	Times	**2.44**	1.67	2.16	2.07	1.35	2.45
Debt to equity ratio	Times	**0.16**	0.24	0.20	0.29	0.32	0.38
Interest cover ratio	Times	**5.50**	4.30	5.38	4.42	1.68	8.66

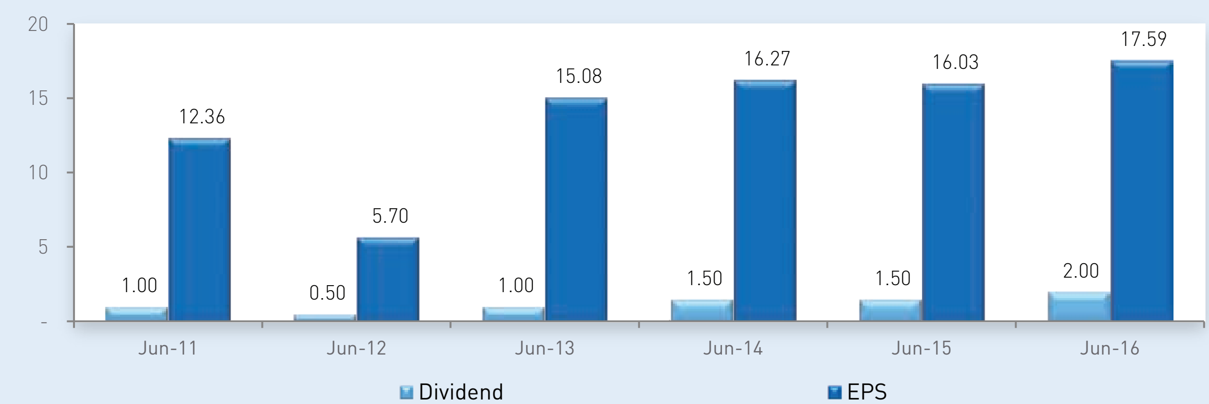
Graphical Analysis

Debt Management

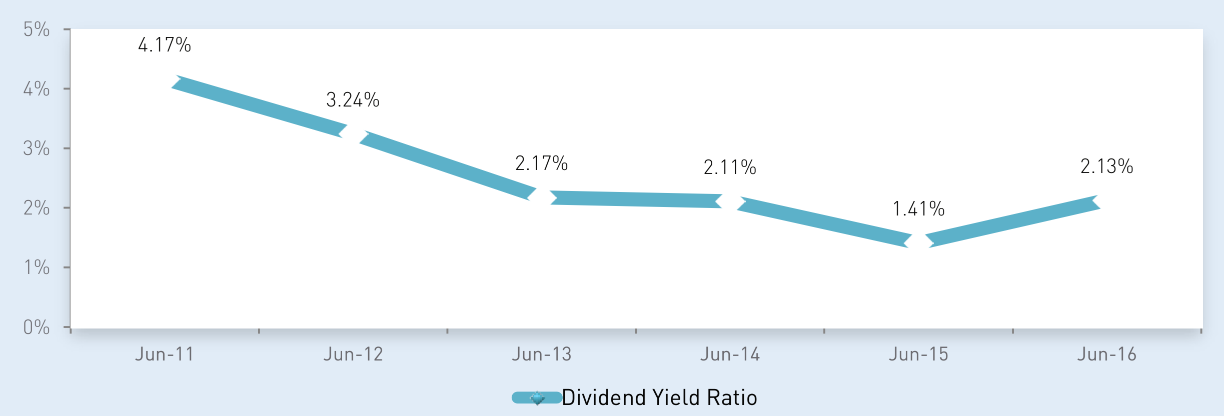
Debt to Equity Ratio



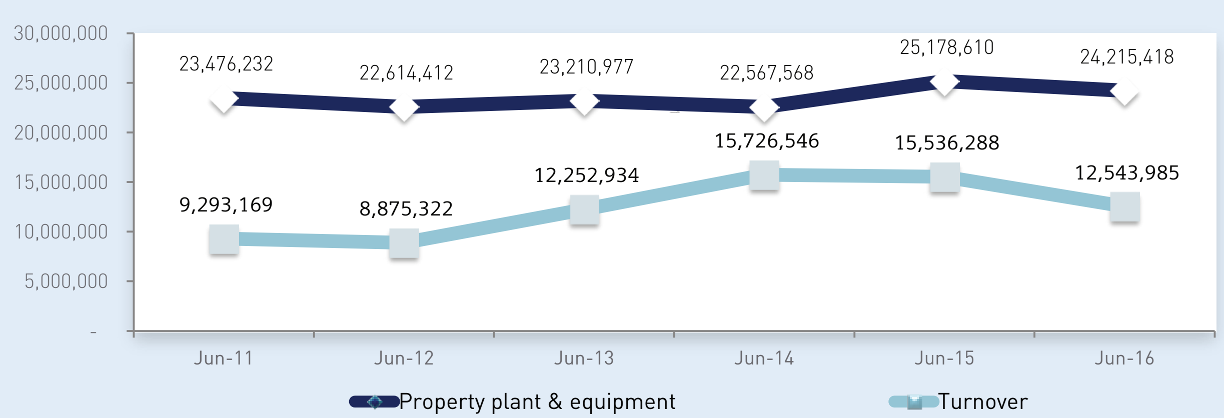
Dividend Payout (Rs. per share)



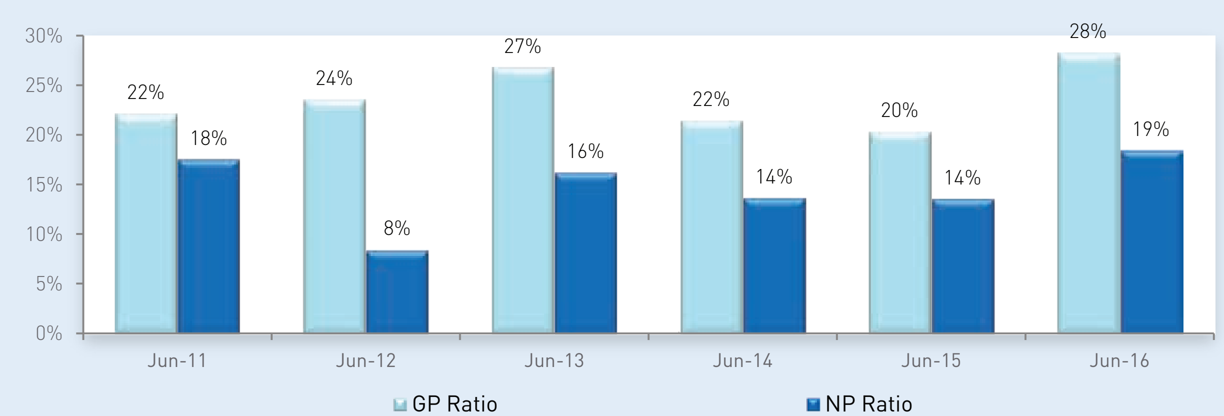
Dividend Yield Ratio



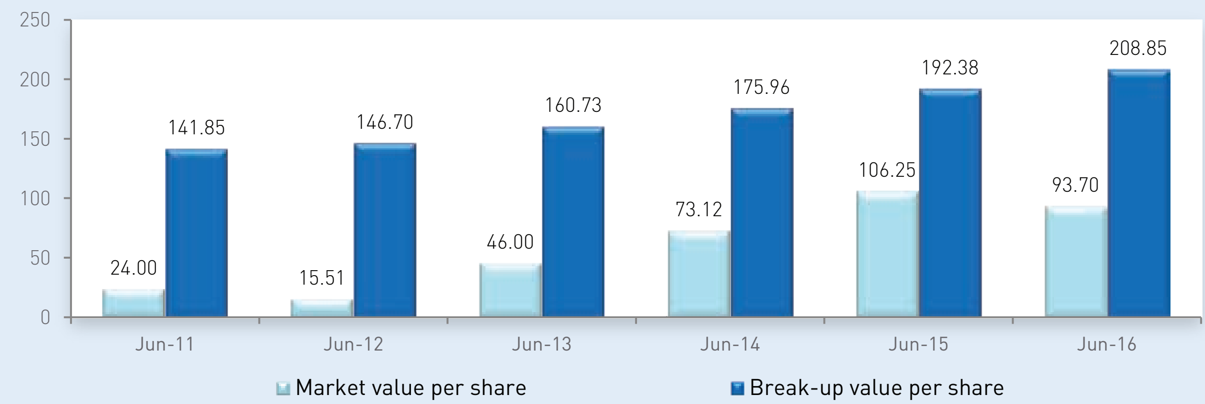
Fixed Assets & Turnover (Rs. '000)



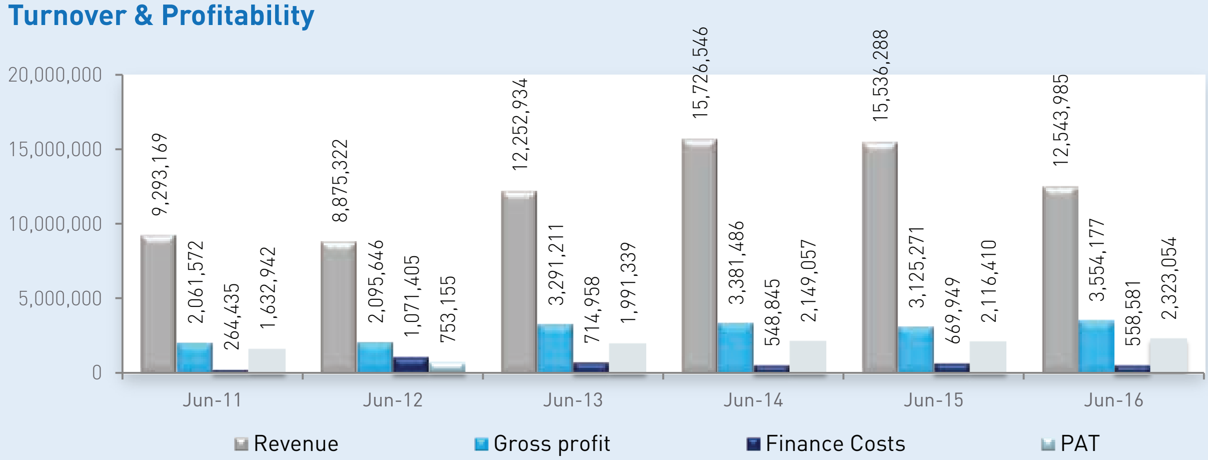
GP & NP Ratio



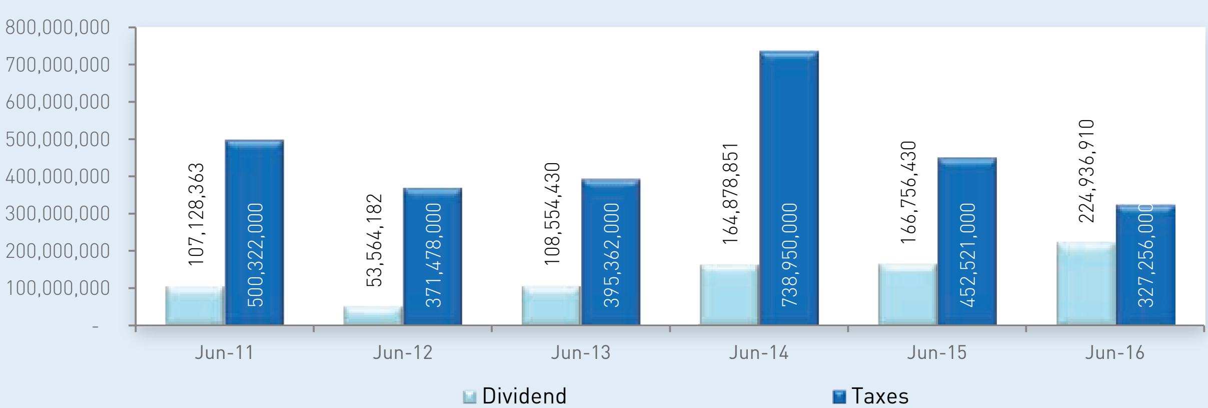
Market / Break-up value per share (Rs./share)



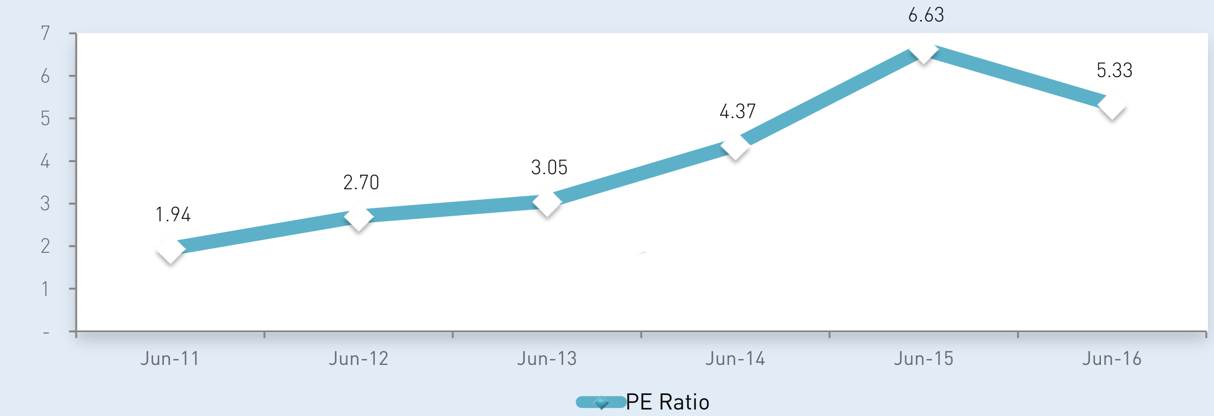
Turnover & Profitability



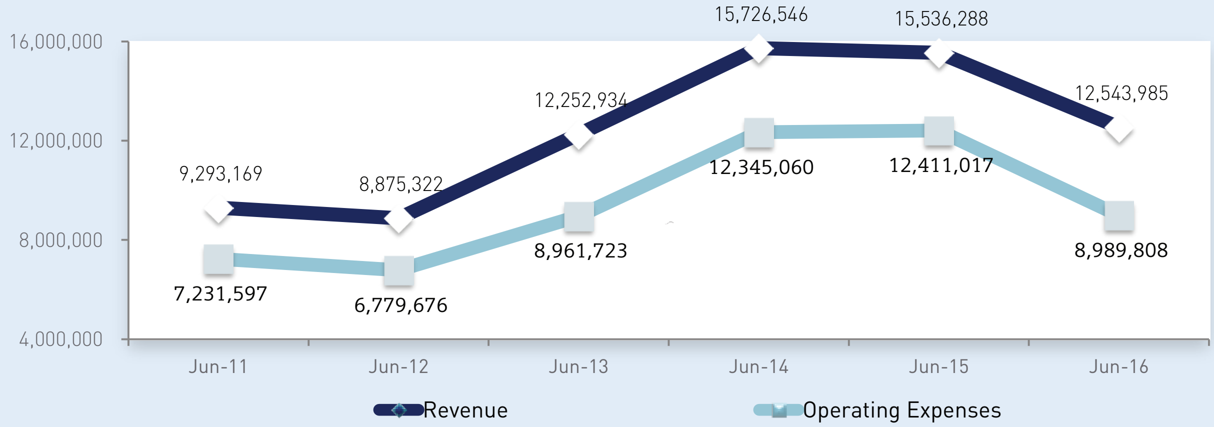
Payments to Federal Government



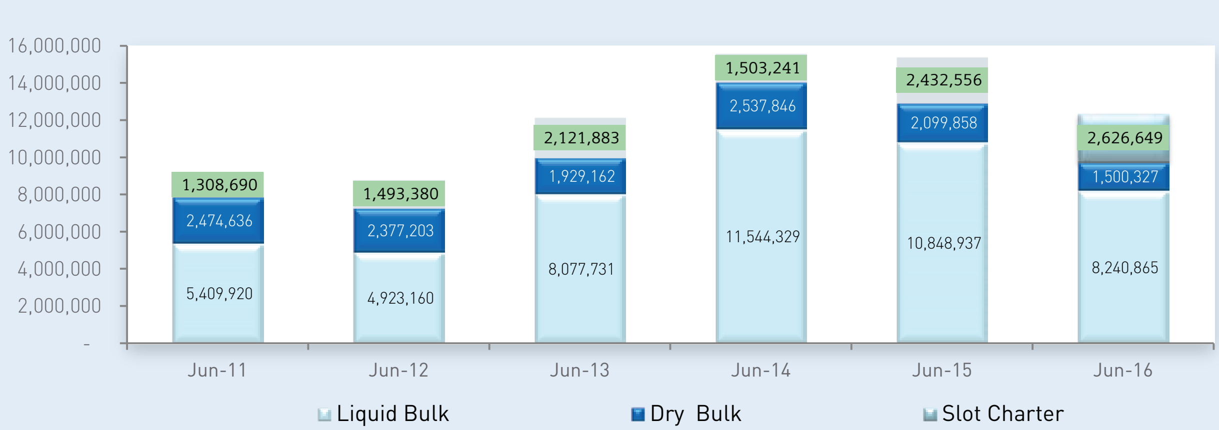
PE Ratio



Revenue & Operating Expenses (Rs. '000)



Sector-wise Revenue



Horizontal Analysis (Group)

	2016		2015	
	'000	% change	'000	% change
Profit & Loss				
Revenues	12,543,985	-19%	15,536,288	-1%
Expenditure	8,989,808	-28%	12,411,017	1%
Gross Profit	3,554,177	14%	3,125,271	-8%
Administrative Expenses	925,909	-7%	997,072	22%
Other expenses	1,181,349	-14%	1,367,320	71%
Finance costs	558,581	-17%	669,949	22%
Other income	1,627,014	-23%	2,122,118	79%
Profit before Taxation	2,515,352	14%	2,213,048	-8%
Taxation	192,298	99%	96,638	-62%
Profit after Taxation	2,323,054	10%	2,116,410	-2%
Balance Sheet				
Property, plant and equipment	24,215,418	-4%	25,178,610	12%
Other Non-Current Assets	2,326,786	21%	1,918,724	57%
Trade debts	609,646	-40%	1,010,048	-59%
Cash and bank balances	2,143,378	-35%	3,312,430	79%
Other Current Assets	7,242,817	49%	4,850,370	13%
Total Assets	36,538,045	1%	36,270,182	12%
Shareholder's Equity	26,419,771	9%	24,275,607	8%
Surplus on Revaluation of Fixed Assets	1,161,826	3%	1,131,132	47%
Deferred liabilites	612,767	-28%	851,561	38%
Long Term Financing	4,141,525	-28%	5,748,035	26%
Other Non Current Liabilities	-	-	-	-
Current portion of long term financing	1,210,172	-29%	1,702,054	29%
Other Current Liabilities	2,991,984	17%	2,561,793	-3%
Total Equity and Liabilities	36,538,045	1%	36,270,182	12%
Cash Flow Statement				
Cash Flows from Operating Activities	3,589,130	72%	2,084,453	4%
Cash Flows from Investing Activities	(2,422,390)	-14%	(2,825,631)	69%
Cash Flows from Financing Activities	(2,335,792)	-266%	1,403,727	-196%
Net (decrease) / increase in Cash and cash equivalents	(1,169,052)	-276%	662,549	-158%
Others				
Profit before tax	2,515,352	14%	2,213,048	-8%
Finance Costs	558,581	-17%	669,949	22%
Depreciation	1,233,255	15%	1,074,214	0%
Amortisation	-	0%	-	0%
EBITDA	4,307,188	9%	3,957,211	-2%
Profit before tax	2,515,352	14%	2,213,048	-8%
Finance Costs	558,581	-17%	669,949	22%
EBIT	3,073,933	7%	2,882,997	-2%

2014		2013		2012		2011	
'000	% change	'000	% change	'000	% change	'000	% change
15,726,546	28%	12,252,934	38%	8,875,322	-4%	9,293,169	18%
12,345,060	38%	8,961,723	32%	6,779,676	-6%	7,231,597	12%
3,381,486	3%	3,291,211	57%	2,095,646	2%	2,061,572	41%
816,516	-1%	823,137	35%	608,494	-4%	631,646	1%
799,616	277%	211,876	-59%	514,133	162%	196,303	-22%
548,845	-23%	714,958	-33%	1,071,405	305%	264,435	1165%
1,185,721	32%	900,918	9%	823,344	-22%	1,055,964	19%
2,402,230	-2%	2,442,158	237%	724,958	-64%	2,025,152	40%
253,173	-44%	450,819	-1699%	(28,197)	-107%	392,210	-19%
2,149,057	8%	1,991,339	164%	753,155	-54%	1,632,942	69%
22,567,568	-3%	23,210,977	3%	22,614,412	-4%	23,476,232	65%
1,225,190	2%	1,199,507	-3%	1,237,337	18%	1,051,143	1%
2,439,569	107%	1,177,691	173%	432,070	-34%	654,580	42%
1,852,441	4%	1,788,301	3%	1,742,306	-17%	2,100,797	60%
4,299,171	20%	3,576,655	39%	2,572,424	70%	1,513,423	-25%
32,383,939	5%	30,953,131	8%	28,598,549	-1%	28,796,175	51%
22,467,167	10%	20,447,185	10%	18,593,130	3%	18,066,178	7%
771,073	-1%	778,889	0%	780,110	17%	667,582	-2%
617,483	9%	566,574	-3%	583,701	35%	433,440	49%
4,568,861	-22%	5,873,286	0%	5,878,871	-15%	6,941,693	-
	-	-	-	11,349	-	-	-
1,316,882	0%	1,316,882	22%	1,079,763	0%	1,079,763	100%
2,642,473	34%	1,970,315	18%	1,671,626	4%	1,607,519	25%
32,383,939	5%	30,953,131	8%	28,598,549	-1%	28,796,175	51%
2,001,668	22%	1,644,579	6%	1,547,467	-1%	1,562,377	-70%
(1,675,472)	30%	(1,291,551)	-442%	377,914	-104%	(9,278,524)	61%
(1,460,066)	-996%	162,942	-113%	(1,230,297)	-116%	7,766,987	-2088%
(1,133,870)	-320%	515,970	-26%	695,084	1267%	50,840	-106%
2,402,230	-2%	2,442,158	237%	724,958	-64%	2,025,152	40%
548,845	-23%	714,958	-33%	1,071,405	305%	264,435	1165%
1,078,662	4%	1,040,093	-6%	1,111,501	10%	1,009,936	2%
-	0%	-	0%	-	0%	-	0%
4,029,737	-4%	4,197,209	44%	2,907,864	-12%	3,299,523	34%
2,402,230	-2%	2,442,158	237%	724,958	-64%	2,025,152	40%
548,845	-23%	714,958	-33%	1,071,405	305%	264,435	1165%
2,951,075	-7%	3,157,116	76%	1,796,363	-22%	2,289,587	56%

Vertical Analysis (Group)

	2016		2015	
	'000	% change	'000	% change
Profit & Loss				
Revenues	12,543,985	100%	15,536,288	100%
Expenditure	8,989,808	72%	12,411,017	80%
Gross Profit	3,554,177	28%	3,125,271	20%
Administrative Expenses	925,909	7%	997,072	6%
Other expenses	1,181,349	9%	1,367,320	9%
Finance costs	558,581	4%	669,949	4%
Other income	1,627,014	13%	2,122,118	14%
Profit before Taxation	2,515,352	20%	2,213,048	14%
Taxation	192,298	2%	96,638	1%
Profit after Taxation	2,323,054	19%	2,116,410	14%
Balance Sheet				
Property, plant and equipment	24,215,418	66%	25,178,610	69%
Other Non-Current Assets	2,326,786	6%	1,918,724	5%
Trade debts	609,646	2%	1,010,048	3%
Cash and bank balances	2,143,378	6%	3,312,430	9%
Other Current Assets	7,242,817	20%	4,850,370	13%
Total Assets	36,538,045	100%	36,270,182	100%
Shareholder's Equity	26,419,771	72%	24,275,607	67%
Surplus on Revaluation of Fixed Assets	1,161,826	3%	1,131,132	3%
Deferred liabilites	612,767	2%	851,561	2%
Long Term Financing	4,141,525	11%	5,748,035	16%
Other Non Current Liabilities	-	-	-	-
Current portion of long term financing	1,210,172	3%	1,702,054	5%
Other Current Liabilities	2,991,984	8%	2,561,793	7%
Total Equity and Liabilities	36,538,045	100%	36,270,182	100%
Cash Flow Statement				
Cash Flows from Operating Activities	3,589,130	-307%	2,084,453	315%
Cash Flows from Investing Activities	(2,422,390)	207%	(2,825,631)	-426%
Cash Flows from Financing Activities	(2,335,792)	200%	1,403,727	212%
Net Increase/Decrease in Cash and cash equivalents	(1,169,052)	100%	662,549	100%
Others				
Profit before tax	2,515,352	58%	2,213,048	56%
Finance Costs	558,581	13%	669,949	17%
Depreciation	1,233,255	29%	1,074,214	27%
Amortisation	-	0%	-	0%
EBITDA	4,307,188	100%	3,957,211	100%
Profit before tax	2,515,352	82%	2,213,048	77%
Finance Costs	558,581	18%	669,949	23%
EBIT	3,073,933	100%	2,882,997	100%

2014		2013		2012		2011	
'000	% change	'000	% change	'000	% change	'000	% change
15,726,546	100%	12,252,934	100%	8,875,322	100%	9,293,169	100%
12,345,060	78%	8,961,723	73%	6,779,676	76%	7,231,597	78%
3,381,486	22%	3,291,211	27%	2,095,646	24%	2,061,572	22%
816,516	5%	823,137	7%	608,494	7%	631,646	7%
799,616	5%	211,876	2%	514,133	6%	196,303	2%
548,845	3%	714,958	6%	1,071,405	12%	264,435	3%
1,185,721	8%	900,918	7%	823,344	9%	1,055,964	11%
2,402,230	15%	2,442,158	20%	724,958	8%	2,025,152	22%
253,173	2%	450,819	4%	(28,197)	0%	392,210	4%
2,149,057	14%	1,991,339	16%	753,155	8%	1,632,942	18%
22,567,568	70%	23,210,977	75%	22,614,412	79%	23,476,232	82%
1,225,190	4%	1,199,507	4%	1,237,337	4%	1,051,143	4%
2,439,569	8%	1,177,691	4%	432,070	2%	654,580	2%
1,852,441	6%	1,788,301	6%	1,742,306	6%	2,100,797	7%
4,299,171	13%	3,576,655	12%	2,572,424	9%	1,513,423	5%
32,383,939	100%	30,953,131	100%	28,598,549	100%	28,796,175	100%
22,467,167	69%	20,447,185	66%	18,593,130	65%	18,066,178	63%
771,073	2%	778,889	3%	780,110	3%	667,582	2%
617,483	2%	566,574	2%	583,701	2%	433,440	2%
4,568,861	14%	5,873,286	19%	5,878,871	21%	6,941,693	24%
-	-	-	-	11,349	-	-	-
1,316,882	4%	1,316,882	4%	1,079,763	4%	1,079,763	4%
2,642,473	8%	1,970,315	6%	1,671,626	6%	1,607,519	6%
32,383,939	100%	30,953,131	100%	28,598,549	100%	28,796,175	100%
2,001,668	-177%	1,644,579	319%	1,547,467	223%	1,562,377	3073%
(1,675,472)	148%	(1,291,551)	-250%	377,914	54%	(9,278,524)	-18251%
(1,460,066)	129%	162,942	32%	(1,230,297)	-177%	7,766,987	15277%
(1,133,870)	100%	515,970	100%	695,084	100%	50,840	100%
2,402,230	60%	2,442,158	58%	724,958	25%	2,025,152	61%
548,845	14%	714,958	17%	1,071,405	37%	264,435	8%
1,078,662	27%	1,040,093	25%	1,111,501	38%	1,009,936	31%
-	0%	-	0%	-	0%	-	0%
4,029,737	100%	4,197,209	100%	2,907,864	100%	3,299,523	100%
2,402,230	81%	2,442,158	77%	724,958	40%	2,025,152	88%
548,845	19%	714,958	23%	1,071,405	60%	264,435	12%
2,951,075	100%	3,157,116	100%	1,796,363	100%	2,289,587	100%

Six Years At A Glance (PNSC)

	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012	2010-2011
	------------------------------------(Rupees in '000)------------------------------------					
Profit & Loss						
Revenue	5,806,588	8,896,385	8,727,685	5,962,892	2,777,932	3,084,361
Expenditure	4,635,218	7,350,551	7,051,185	4,228,202	1,845,685	1,945,834
Gross profit	1,171,370	1,545,834	1,676,500	1,734,690	932,247	1,138,527
Administrative & other expenses	1,538,797	1,840,286	1,183,539	479,587	609,673	310,042
Other income	958,414	1,914,465	1,073,431	530,695	505,073	317,110
Finance Costs	555,028	667,235	546,681	711,933	1,069,279	261,994
Profit / loss before taxation	35,959	952,778	1,019,711	1,073,865	(241,632)	883,601
Taxation	152,706	60,005	216,435	414,308	(77,085)	287,199
Profit / loss after taxation	(116,747)	892,773	803,276	659,557	(164,547)	596,402
Balance Sheet						
Non-current assets	32,910,510	29,209,782	28,057,057	27,923,891	26,617,392	26,312,254
Current assets	8,621,975	11,378,044	7,383,084	5,117,827	3,859,841	3,309,308
Total Assets	41,532,485	40,587,826	35,440,141	33,041,718	30,477,233	29,621,562
Paid-up Capital	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves	6,630,443	6,898,954	6,314,151	5,633,268	5,107,078	5,460,726
Share-holders' equity	7,951,077	8,219,588	7,634,785	6,953,902	6,427,712	6,781,360
Surplus on revaluation of fixed assets	1,159,001	1,128,307	768,248	776,064	777,285	662,817
Non-current liabilities	4,754,292	6,599,596	5,186,344	6,439,860	6,473,920	7,375,134
Current liabilities	27,668,115	24,640,335	21,850,764	18,871,892	16,798,316	14,802,251
	41,532,485	40,587,826	35,440,141	33,041,718	30,477,233	29,621,562
RATIOS						
Profitablility Ratios						
Gross Profit/ Operating Revenue (%)	20%	17%	19%	29%	34%	37%
Profit Before Tax/Operating Revenue (%)	0.62%	10.71%	11.68%	18.01%	-8.70%	28.65%
Profit after Tax/Operating Revenue (%)	-2.01%	10.04%	9.20%	11.06%	-5.92%	19.34%
Return on Capital Employed	-0.84%	5.60%	5.91%	4.65%	-1.20%	4.02%
Liquidity / Leverage Ratios						
Current Ratio	0.31	0.46	0.34	0.27	0.23	0.22
Fixed Assets Turnover Ratio (Times)	0.18	0.30	0.31	0.21	0.10	0.12
Equity / Total Assets (%)	22%	23%	24%	23%	24%	25%
Return to Shareholders						
Earnings per share (Rs.)	(0.88)	6.76	6.08	4.99	(1.25)	4.52
Price Earning Ratio (Rs.)	(105.99)	15.72	12.02	9.21	(12.37)	5.31
Cash Dividend (Rs. / share)	2	1.5	1.5	1	0.5	1.00
Break-up Value per share	68.98	70.78	63.63	58.53	54.56	56.37
Share prices in Rupees						
High	127.90	187.90	94.57	52.00	25.89	41.74
Low	63.01	56.68	46	14.41	11.5	23.40

Review Report To The Members
On The Statement Of Compliance With The Code Of Corporate Governance

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

EY FORD RHODES
CHARTERED ACCOUNTANTS
a member firm of Ernst & Young Global Limited
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan National Shipping Corporation (the Corporation) for the year ended June 30, 2016 to comply with the requirements of Listing Regulation No. 5.19 of the Pakistan Stock Exchange Limited where the Corporation is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Corporation. 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 Corporation's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Code requires the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 Corporation's compliance, in all material respects, with the best practices contained in the Code as applicable to the Corporation for the year ended June 30, 2016.

Further, we draw attention to instances of non-compliance with the requirements of the Codes as reflected in Paragraph No. 22 to the Statement of Compliance with the Code of Corporate Governance and in the last section to the Statement of Compliance with the Rules, under the Heading 'Explanation of Non-Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013'.

A. F. FERGUSON & CO.
Chartered Accountants
Karachi, September 21, 2016

EY FORD RHODES
Chartered Accountants
Karachi, September 21, 2016

Statement Of Compliance With The Code Of Corporate Governance

For The Year Ended June 30, 2016

Pakistan National Shipping Corporation
(Established under the Pakistan National Shipping Corporation Ordinance, 1979)
Year Ended: 30th June, 2016

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Chapter 5, Appendix "B" as required under the Pakistan Stock Exchange Regulations 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 Corporation has applied the principles contained in the Code in the following manner:

1. In accordance with the provisions of the Pakistan National Shipping Corporation Ordinance, 1979, Ordinance No. XX of 1979, a statutory ordinance which is protected under the Eight Amendment (Act XVIII of 1985) to the Constitution of the Islamic Republic of Pakistan, the Board of Directors consists of five directors appointed by the Federal Government, and two directors are elected by the shareholders other than the Federal Government. All directors other than the Chairman are non-executive directors. At present the board includes:

Category	Names
CEO / Chairman of Board of Directors	1. Mr. Arif Elahi
Non-Executive Directors (appointed by Federal Government)	1. Mr. Sa'ad Fazil Abbasi 2. Mr. Haque Nawaz 3. Ms. Ava A. Cowasjee 4. Mr. Akbar Adil
Non-Executive Directors (Elected by Shareholders)	1. Mr. Khowaja Obaid Imran Ilyas 2. Capt. Anwar Shah

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Corporation.

3. All the resident directors of the Corporation 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 broker of a stock exchange has been declared as a defaulter by that stock exchange.

4. No casual vacancy had occurred under the PNSC Ordinance, 1979 under which PNSC was established and functions.

5. The Corporation has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it through the Corporation alongwith its supporting policies and procedures.

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

7. All the powers of the board have been duly exercised under the PNSC Ordinance, 1979 and decisions on material transactions were made. The Federal Government, under the PNSC Ordinance, 1979, appointed the Chairman / Chief Executive Officer (CEO) determining the remuneration, terms and conditions of employment, whereas four non-executive directors were appointed by the Federal Government and two non-executive directors were elected by the public shareholders of the Corporation under the PNSC Ordinance, 1979. The PNSC Board has exercised its power under the PNSC Ordinance, 1979 in appointing the Executive Directors of the Corporation.

8. 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 the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Board arranged the Directors' Training Program for the directors during the year ended June 30, 2015. Now six Members of the Board including Chairman / CEO are certified Directors under the Code of Corporate Governance, 2012. Mr. Sa'ad Fazil Abbasi has been appointed in May, 2016 as a Director on the PNSC Board by the Federal Government replacing Mr. Anwar Malik. Directors' Training Program will be arranged for Mr. Sa'ad Fazil Abbasi in due course.

10. The Board has approved the appointment including remuneration and terms and conditions of employment of Mr. S. Jarar Haider Kazmi as new CFO of the Corporation replacing Mr. Imtiaz C. Agboatwala in this period whereas there is no change in the Company Secretary and the Head of Internal Audit who were appointed a couple of years ago by the board.

11. The directors' report for this year has been prepared in compliance with the requirements of the Code as it applies and fully describes the salient matters required to be disclosed.

12. The financial statements of the Corporation were duly endorsed by CEO and CFO before approval of the board.

13. The directors, CEO and executive directors do not hold any interest in the shares of the Corporation other than that disclosed in the pattern of shareholding.

14. The Corporation has complied with all the corporate and financial reporting requirements of the CCG.

15. The board has formed an Audit Committee. It comprises of Chairman and two Members of whom all are non-executive directors as there is no provision in the PNSC Ordinance, 1979 for an independent director. Any amendment in the PNSC Ordinance, 1979 can be brought about constitutionally in the parliament, under the Constitution of the Islamic Republic of Pakistan.

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

17. The board has formed an Human Resource and Remuneration Committee. It comprises of Chairman and two Members, of whom all are non-executive directors due to the reason explained at point 15 above.

18. The board has set up an effective internal audit function. The Members of the Internal Audit Function of the Corporation are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

19. The statutory auditors of the Corporation 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 Corporation 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.

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

21. Material information has been disseminated among all market participants at once through Pakistan Stock Exchange.

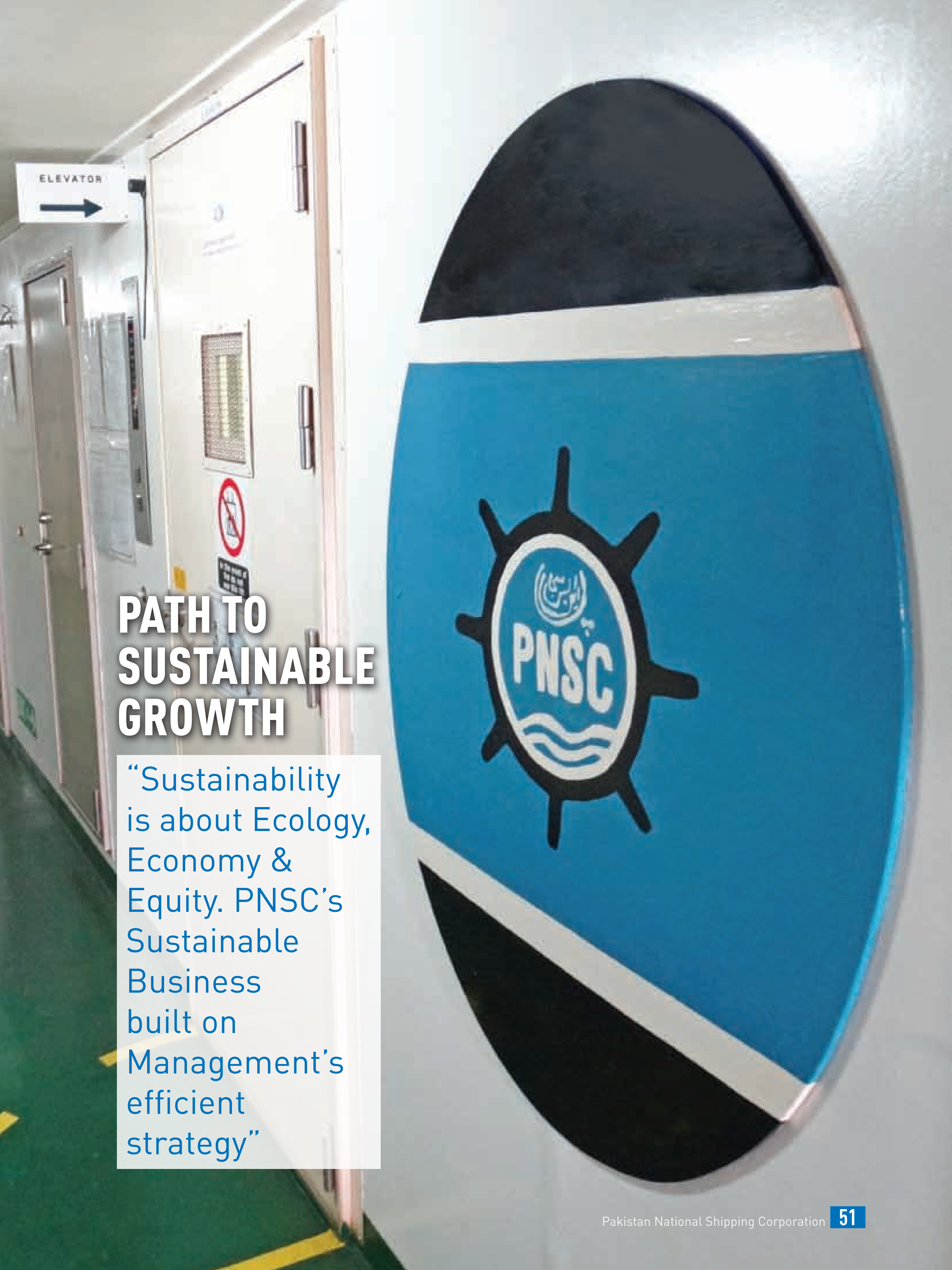
22. We confirm that all material principles enshrined in the CCG have been complied with as mechanism to evaluate the Board's own performance and whistle blowing policy were formulated and approved by the board and are in place, except for the following:

    - Formulation of Corporation's long practiced policy on Corporate Social Responsibility by the Board.

    - Determination of closed period prior to the announcement of interim/final results to directors, employees and stock exchange. However, the Corporation did not have any business decision(s) to determine, that might have materially affected the market price of Corporation's securities.

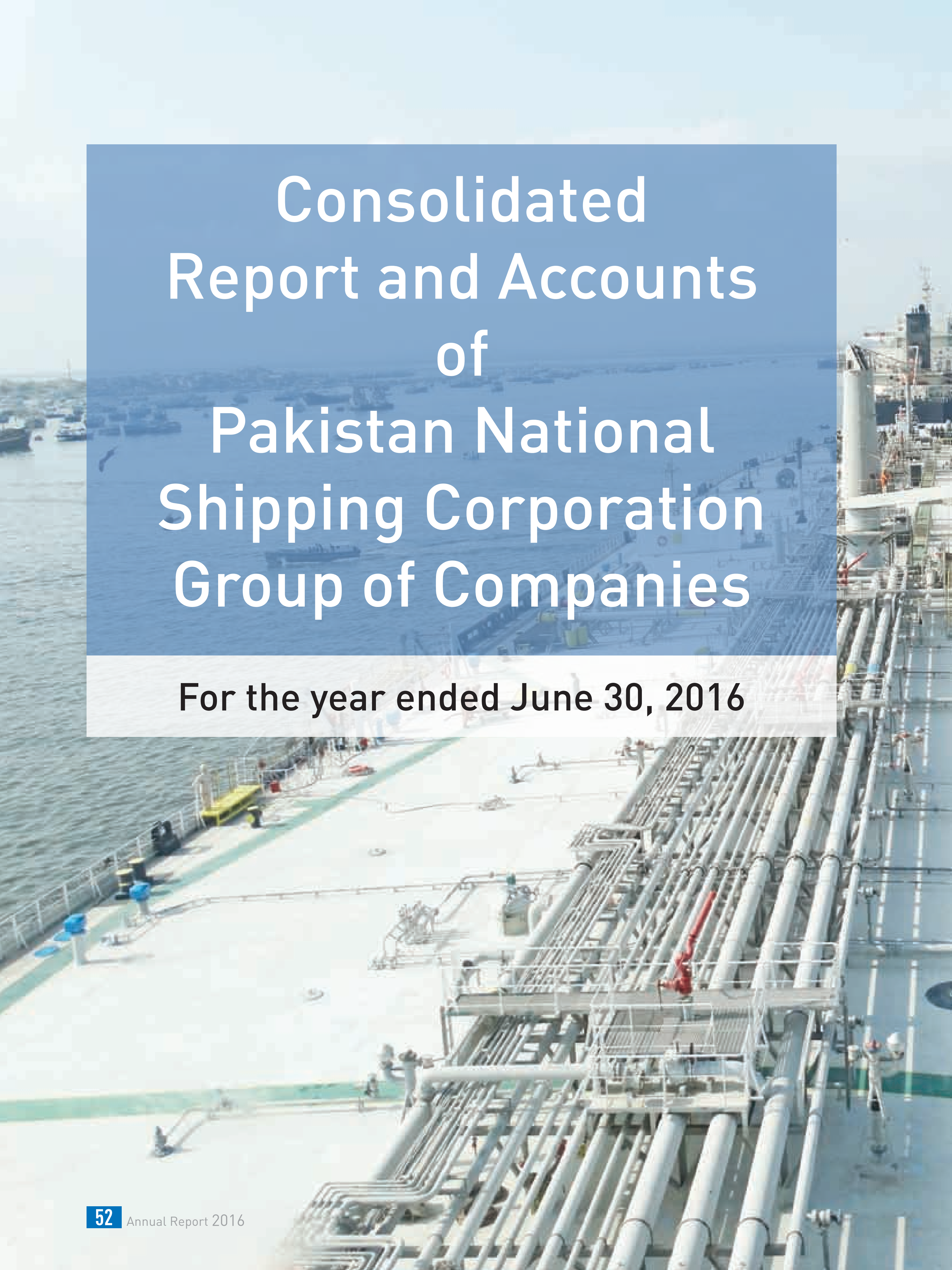
A-Elahi.

Arif Elahi
Chairman / CEO
Dated: September 21, 2016



PATH TO SUSTAINABLE GROWTH

"Sustainability is about Ecology, Economy & Equity. PNSC's Sustainable Business built on Management's efficient strategy"



Consolidated Report and Accounts of Pakistan National Shipping Corporation Group of Companies

For the year ended June 30, 2016

Auditors' Report to the Members

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

EY FORD RHODES
CHARTERED ACCOUNTANTS
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PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan National Shipping Corporation and its subsidiary companies as at June 30, 2016 and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of Pakistan National Shipping Corporation and its subsidiary companies. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these statements based on our audit.

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

In our opinion the consolidated financial statements present fairly the financial position of Pakistan National Shipping Corporation and its subsidiary companies as at June 30, 2016 and the results of their operations for the year then ended.

A. F. Ferguson & Co

A. F. FERGUSON & CO.
Chartered Accountants
Karachi, September 21, 2016

Audit Engagement Partner : Khurshid Hasan

Ey Ford Rhodes

EY FORD RHODES
Chartered Accountants
Karachi, September 21, 2016

Audit Engagement Partner : Riaz A. Rehman Chamdia

Consolidated Balance Sheet
As at June 30, 2016

	Note	2016	2015
		----------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	24,215,418	25,178,610
Intangible asset	5	-	-
Investment properties	6	2,191,683	1,767,473
Long-term investments in:			
- Related party (associate)	7	-	-
- Listed companies and another entity	8	50,304	53,434
Long-term loans and advances		58	58
Long-term deposits		90	90
Deferred taxation	9	84,651	97,669
		26,542,204	27,097,334
CURRENT ASSETS			
Stores and spares	10	619,960	624,542
Trade debts - unsecured	11	609,646	1,010,048
Agents' and owners' balances - unsecured	12	11,371	18,065
Loans and advances	13	91,004	102,562
Trade deposits and short-term prepayments	14	38,915	54,754
Interest accrued on bank deposits and investments		35,652	38,271
Other receivables	15	1,343,748	1,530,771
Incomplete voyages	16	88,678	-
Insurance claims	17	38,574	393
Taxation-net		1,196,720	1,019,637
Short-term investments	18	3,921,504	1,961,375
Cash and bank balances	19	2,000,069	2,812,430
		9,995,841	9,172,848
TOTAL ASSETS		36,538,045	36,270,182
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital	20	1,320,634	1,320,634
Reserves	21	25,095,821	22,952,012
		26,416,455	24,272,646
NON-CONTROLLING INTEREST	22	3,316	2,961
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		26,419,771	24,275,607
Surplus on revaluation of property, plant and equipment - net of tax	23	1,161,826	1,131,132
NON-CURRENT LIABILITIES			
Long-term financing - secured	24	4,141,525	5,748,035
Deferred liabilities	25	612,767	851,561
		4,754,292	6,599,596
CURRENT LIABILITIES			
Trade and other payables	26	2,922,314	2,440,420
Provision against damage claims	27	23,078	20,223
Current portion of long-term financing	24	1,210,172	1,702,054
Incomplete voyages	16	-	18,452
Accrued mark-up on long term financing		46,592	82,698
		4,202,156	4,263,847
TOTAL EQUITY AND LIABILITIES		36,538,045	36,270,182
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Consolidated Profit and Loss Account
For the year ended June 30, 2016

	Note	2016	2015
		----------(Rupees in '000)----------	
REVENUE			
Income from shipping business	30	12,367,841	15,381,351
Rental income		176,144	154,937
		12,543,985	15,536,288
EXPENDITURE			
Fleet expenses - direct	31	(8,845,053)	(12,281,897)
Fleet expenses - indirect	32	(32,125)	(30,277)
Real estate expenses	33	(112,630)	(98,843)
		(8,989,808)	(12,411,017)
GROSS PROFIT		3,554,177	3,125,271
Administrative expenses	34	(925,909)	(997,072)
Other expenses	35	(1,181,349)	(1,367,320)
Other income	36	1,627,014	2,122,118
		(480,244)	(242,274)
OPERATING PROFIT		3,073,933	2,882,997
Finance costs	37	(558,581)	(669,949)
PROFIT BEFORE TAXATION		2,515,352	2,213,048
Taxation	38	(192,298)	(96,638)
PROFIT FOR THE YEAR		2,323,054	2,116,410
Attributable to:			
Equity holders of the Holding Company		2,322,699	2,115,964
Non-controlling interest	22	355	446
		2,323,054	2,116,410
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		47,901	(131,004)
Tax on remeasurement of post-retirement benefits obligation		(14,805)	14,621
		33,096	(116,383)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,356,150	2,000,027
		--------------(Rupees) -------------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	39	17.59	16.02

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

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Consolidated Statement of Changes in Equity
For the year ended June 30, 2016

	Attributable to the share holders of the Holding Company							
			Revenue reserves					
	Issued, subscribed and paid-up share capital (Note 20)	Capital reserve	General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Total	Non-controlling interest	Total
	-----(Rupees in '000)-----							
Balance as at July 1, 2014	1,320,634	131,344	129,307	(226,522)	21,109,889	21,012,674	2,515	22,467,167
Final cash dividend for the year ended June 30, 2014 paid to shareholders of the Holding Company @ Rs 1.5 per ordinary share	-	-	-	-	(198,095)	(198,095)	-	(198,095)
Profit for the year	-	-	-	-	2,115,964	2,115,964	446	2,116,410
Other comprehensive income for the year	-	-	-	(116,383)	-	(116,383)	-	(116,383)
Total comprehensive income for the year	-	-	-	(116,383)	2,115,964	1,999,581	446	2,000,027
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 23)	-	-	-	-	6,508	6,508	-	6,508
Balance as at June 30, 2015	1,320,634	131,344	129,307	(342,905)	23,034,266	22,820,668	2,961	24,275,607
Final cash dividend for the year ended June 30, 2015 paid to shareholders of the Holding Company @ Rs 1.5 per ordinary share	-	-	-	-	(198,095)	(198,095)	-	(198,095)
								-
Transaction cost incurred for issue of further share capital of a subsidiary	-	-	-	-	(27,126)	(27,126)	-	(27,126)
Profit for the year	-	-	-	-	2,322,699	2,322,699	355	2,323,054
Other comprehensive income for the year	-	-	-	33,096	-	33,096	-	33,096
Total comprehensive income for the year	-	-	-	33,096	2,322,699	2,355,795	355	2,356,150
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 23)	-	-	-	-	13,235	13,235	-	13,235
Balance as at June 30, 2016	1,320,634	131,344	129,307	(309,809)	25,144,979	24,964,477	3,316	26,419,771

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Consolidated Cash Flow Statement
For the year ended June 30, 2016

	Note	2016	2015
		---------(Rupees in '000)---------	
Cash flows from operating activities			
Cash generated from operations	40	4,776,112	3,351,122
Employees' gratuity paid		(163,035)	(57,015)
Employees' compensated absences paid		(108,900)	(85,475)
Post-retirement medical benefits paid		(38,628)	(32,401)
Finance costs paid		(523,604)	(850,326)
(Payment) / receipt under cross currency interest rate swap		(25,559)	211,069
Taxes paid		(327,256)	(452,521)
Net cash generated from operating activities		3,589,130	2,084,453
Cash flows from investing activities			
Purchase of property, plant and equipment		(363,971)	(3,643,869)
Proceeds from disposal of operating fixed assets		8,297	481,236
Short term investments (made) / redeemed		(2,316,820)	36,065
Interest received		248,996	298,913
Dividends received		1,108	2,024
Net cash used in investing activities		(2,422,390)	(2,825,631)
Cash flows from financing activities			
Long-term financing obtained		3,300,000	3,081,375
Long-term financing repaid		(5,413,024)	(1,482,700)
Transaction costs paid for issuance of shares		(27,126)	-
Dividends paid		(195,642)	(194,948)
Net cash (used in) / generated from financing activities		(2,335,792)	1,403,727
Net (decrease) / increase in cash and cash equivalents		(1,169,052)	662,549
Cash and cash equivalents at the beginning of year		3,312,430	2,649,881
Cash and cash equivalents at the end of year	41	2,143,378	3,312,430

The annexed notes 1 to 53 form an integral part of these consolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2016

1. GENERAL INFORMATION

Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979 and the Companies Ordinance, 1984, respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under lease agreements. The Group's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi.

The Group consists of:

Holding company
- Pakistan National Shipping Corporation

Subsidiary companies
- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Islamabad Shipping (Private) Limited
- Johar Shipping (Private) Limited
- Kaghan Shipping (Private) Limited
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

Associate
- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (2015: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2015: 100%) of the share capital of the remaining eighteen subsidiary companies. All the wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Kaghan Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and statement of compliance

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

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 3 of these consolidated financial statements.

2.2 New standards, amendments to published approved accounting standards and interpretations

2.2.1 New amendments to approved accounting standards which became effective during the year ended June 30, 2016

There were certain new amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements except for IFRS 12 'Disclosures of interest in other entities'. This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off-balance-sheet vehicles. The Group's accounting policy is in line with the requirements of this standard.

2.2.2 New standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Group

There are certain new amendments to the approved accounting standards that are mandatory for the Group's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

2.3 Basis of consolidation

2.3.1 Subsidiaries

These consolidated financial statements comprise the financial statements of the Holding Company and all of its subsidiary companies as at June 30 each year.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

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

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

The Group treats transactions with non-controlling interest that do not result in loss of control as transactions with equity owners of the Group. For purchase of interest from non-controlling interests, the difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in the profit and loss account. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect to that entity are accounted for as if the Group had directly disposed off the related assets and liabilities.

2.3.2 Associates

Associates are all entities over which the Group has significant influence but no control. Investments in associate is accounted for using the equity method of accounting and are initially recognised at cost.

2.4 Property, plant and equipment

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

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

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

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

Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

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

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

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them during more than one year.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

2.5 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.

2.6 Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged to profit and loss account by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Group. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

2.7 Investment properties

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

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit and loss account.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

2.8 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit and loss account except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of any other asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.9 Financial instruments

2.9.1 Financial assets

The Group classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale financial assets

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

d) Held to maturity

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

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

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

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

2.9.2 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.9.3 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.9.4 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate and cross currency swaps to manage its risks associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in 'other receivables' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the balance sheet. Any gains or losses arising from changes in fair value of derivatives are recognised directly to the profit and loss account.

2.9.5 Off-setting of financial assets and financial liabilities

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

2.10 Stores and spares

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

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

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

2.11 Trade debts and other receivables

Trade debts and other receivables are recognised at the fair value of consideration to be received against goods and services. Provision is made in respect of doubtful debts and other receivables, if any. Debts, considered irrecoverable, are written off, as and when identified.

2.12 Taxation

2.12.1 Current

Consistent with prior years provision for current taxation is based on taxable income for the year at corporate tax or alternative corporate tax, whichever is higher.

Corporate tax means tax payable by the group at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover, whichever is higher.

Alternative corporate tax means the tax payable by the group at prescribed rate applied on accounting profit before tax.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in pervious years arising from assessments framed during the year for such years.

For the Holding Company, the charge for current taxation in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001 (ITO, 2001). Further, for certain subsidiaries owning and operating vessels, the charge for current taxation is based on Final Tax Regime (FTR) under section 7A of the ITO, 2001.

2.12.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the balance sheet date, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

2.13 Insurance claims

Hull claims and other claimable expenses relating to hull are charged to profit and loss account currently and claims filed there-against are taken to profit and loss account when such claims are accepted by the underwriters.

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

2.14 Trade and other payables

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

2.15 Provisions

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

2.16 Dividend and appropriations

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

2.17 Staff retirement benefits

2.17.1 Provident funds scheme

The Group operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10 percent of the basic salaries of employees.

2.17.2 Defined benefit gratuity scheme

The Group operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Group on or after October 16, 1984. Further, the Group also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

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

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

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

2.17.3 Post-retirement medical benefits

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

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

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

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

2.18 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to profit and loss account currently. The remeasurement of defined benefit obligation arising at each valuation date is recognised immediately.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances, deposits held with banks and other short-term highly liquid investments with maturities of three months or less.

2.20 Foreign currency translation

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

Transactions in foreign currencies are recorded in Pakistani Rupee at the exchange rates approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani Rupee at the exchange rates approximating those prevalent at the balance sheet date. Gains and losses on translation are recognised to profit and loss account.

2.21 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the balance sheet date. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the balance sheet as 'Incomplete voyages'. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days to the balance sheet date.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Group 's right to receive the dividend is established.

- Profit from bank accounts and return on investments is recognised on a time proportion basis.

- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

2.22 Contingent liabilities

Contingent liability is disclosed when:

- there is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

- there is present obligation that arises from past events but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

2.23 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises (non-SOEs) where GoP holds significant investments. The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective trust fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of SOEs need to be accounted for by the covered entities, including the Group, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

During the year ended June 30, 2016, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatisation (Privatisation Commission). The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2015: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2015: Rs 631.142 million) based on the independent actuarial valuations conducted as on June 30, 2014. However, the impact of staff cost and profit for the year is not material for the purpose of these consolidated financial statements.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of these consolidated financial statements requires management to make estimates, judgments 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 estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

(a) Valuation of certain property, plant and equipment and investment properties;

(b) Recognition of demurrage income;

(c) Determination of the residual values and useful lives of property, plant and equipment;

(d) Recognition of taxation and deferred taxation;

(e) Accounting for provision against doubtful loans and advances, trade debts, agents' and owners' balances, deposits and other receivables;

(f) Accounting for provision against damage claims;

(g) Accounting for defined benefit plans;

(h) Measuring fair value of cross currency swap and interest rate swap;

(i) Recoverable amount of investment in related parties; and

(j) Determination of contingent assets and liabilities.

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

	Note	2016	2015
		---------(Rupees in '000)---------	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	23,474,089	24,480,366
- Major spare parts and stand-by equipment	4.6	285,282	221,523
- Capital work-in-progress - buildings on leasehold land	4.8	456,047	476,721
		24,215,418	25,178,610

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2016

4.1 The following is a statement of operating fixed assets:

	Leasehold land (note 4.2 and 4.3)	Buildings on leasehold land (note 4.2 and 4.3)	Vessel fleet: Cost (note 4.4)	Vessel fleet: Dry docking	Vessel fleet: Total	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 4.2 and 4.3)	Workshop machinery and equipment (note 4.3)	Computer equipment	Total
	(Rupees in '000)												
As at June 30, 2014													
Cost or revalued amount	649,060	586,676	24,472,702	1,132,778	25,605,480	68,045	50,396	31,447	20,938	14,988	15,290	42,128	27,084,448
Less: Accumulated depreciation	-	101,820	4,116,303	796,547	4,912,850	66,223	29,121	20,491	10,588	2,697	10,885	35,416	5,190,091
Net book value	649,060	484,856	20,356,399	336,231	20,692,630	1,822	21,275	10,956	10,350	12,291	4,405	6,712	21,894,357
Year ended June 30, 2015													
Opening net book value	649,060	484,856	20,356,399	336,231	20,692,630	1,822	21,275	10,956	10,350	12,291	4,405	6,712	21,894,357
Additions	-	3,481	3,417,752	130,382	3,548,134	-	2,361	203	7,322	-	68	10,750	3,572,319
Transfers from CWIP - note 4.8	-	10,038	-	-	-	-	-	-	-	-	-	-	10,038
Disposals													
Cost or revalued amount	-	-	(772,636)	(228,678)	(1,001,314)	-	(281)	(11)	(4,872)	-	-	-	(1,006,478)
Accumulated depreciation	-	-	419,638	228,678	648,316	-	265	8	4,193	-	-	-	652,782
	-	-	(352,998)	-	(352,998)	-	(16)	(3)	(679)	-	-	-	(353,696)
Surplus on revaluation - note 23	213,292	243,938	-	-	-	-	-	-	-	3,038	-	-	460,268
Write off													
Cost or revalued amount	-	(6,221)	(11,425)	-	(11,425)	-	-	-	-	-	-	-	(17,646)
Accumulated depreciation	-	-	1,704	-	1,704	-	-	-	-	-	-	-	1,704
	-	(6,221)	(9,721)	-	(9,721)	-	-	-	-	-	-	-	(15,942)
Depreciation charge for the year - note 4.7	-	(27,366)	(888,492)	(151,636)	(1,040,128)	(880)	(6,351)	(3,382)	(2,931)	(1,416)	(499)	(4,025)	(1,086,978)
Closing net book value	862,352	708,726	22,522,940	314,977	22,837,917	942	17,269	7,774	14,062	13,913	3,974	13,437	24,480,366
As at June 30, 2015													
Cost or revalued amount	862,352	712,596	27,106,393	1,034,482	28,140,875	68,045	52,476	31,639	23,388	13,913	15,358	52,878	29,973,520
Less: Accumulated depreciation	-	3,870	4,583,453	719,505	5,302,958	67,103	35,207	23,865	9,326	-	11,384	39,441	5,493,154
Net book value	862,352	708,726	22,522,940	314,977	22,837,917	942	17,269	7,774	14,062	13,913	3,974	13,437	24,480,366
Year ended June 30, 2016													
Opening net book value	862,352	708,726	22,522,940	314,977	22,837,917	942	17,269	7,774	14,062	13,913	3,974	13,437	24,480,366
Additions	-	1,079	-	238,041	238,041	30,204	3,362	411	1,690	-	271	4,909	279,967
Transfer from CWIP - note 4.8	-	27,271	-	-	-	-	-	-	-	-	-	-	27,271
Transfer / disposal - note 4.5& 6.1													
Cost or revalued amount	(87,040)	(13,200)	-	-	-	(13,992)	-	-	-	-	-	-	(114,232)
Accumulated depreciation	-	-	-	-	-	13,992	-	-	-	-	-	-	13,992
	(87,040)	(13,200)	-	-	-	-	-	-	-	-	-	-	(100,240)
Depreciation charge for the year - note 4.7	-	(30,832)	(991,721)	(161,217)	(1,152,938)	(6,871)	(6,469)	(3,330)	(3,851)	(1,393)	(491)	(7,100)	(1,213,275)
Closing net book value	775,312	693,044	21,531,219	391,801	21,923,020	24,275	14,162	4,855	11,901	12,520	3,754	11,246	23,474,089
As at June 30, 2016													
Cost or revalued amount	775,312	727,746	27,106,393	1,272,523	28,378,916	84,257	55,838	32,050	25,078	13,913	15,629	57,787	30,166,526
Less: Accumulated depreciation	-	34,702	5,575,174	880,722	6,455,896	59,982	41,676	27,195	13,177	1,393	11,875	46,541	6,692,437
Net book value	775,312	693,044	21,531,219	391,801	21,923,020	24,275	14,162	4,855	11,901	12,520	3,754	11,246	23,474,089
Annual rate of depreciation (%)													
2016	-	3 to 20	3.33 to 4	20 to 40	-	20	15	10 to 15	10 to 15	10	5 to 10	33	
Annual rate of depreciation (%)													
2015	-	3 to 20	3.33 to 4	20 to 40	-	20	15	10 to 15	10 to 15	10	5 to 10	33	

4.2 The revaluation of the 'leasehold land', 'buildings on leasehold land' and 'beach huts' was carried out as of June 30, 2015 by Fair Water Property Valuers & Surveyors (Private) Limited on the basis of their professional assessment of present market values. The revaluation resulted in a surplus of Rs 460.268 million on the written down values of Rs 1,121.228 million which were incorporated in the books of the Holding Company as at June 30, 2015. Out of the total revaluation surplus, Rs 1,240.932 million (2015: Rs 1,257.662 million) remains undepreciated as at June 30, 2016.

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

	2016	2015
	---------(Rupees in '000)---------	
Leasehold land, buildings on leasehold land and beach huts	288,253	275,426
Workshop machinery and equipment	3,532	3,864
	291,785	279,290

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

4.5 No operating fixed asset with a net book value exceeding Rs 50,000 were disposed off during the year.

		Note	2016	2015
			---------(Rupees in '000)---------	
4.6	Major spare parts and standby equipment			
	Opening net book value		221,523	218,731
	Additions during the year		77,407	39,271
	Disposals made during the year		-	(24,233)
			298,930	233,769
	Depreciation	4.7	(13,648)	(12,246)
	Closing net book value		285,282	221,523
4.7	The depreciation charge for the year has been allocated as follows:			
	Fleet expenses - direct	31	1,146,782	1,025,416
	Fleet expenses - indirect	32	492	499
	Real estate expenses	33	25,115	21,973
	Administrative expenses	34	31,051	21,612
	Incomplete voyages	16	23,483	29,724
			1,226,923	1,099,224
4.8	Capital work-in-progress - buildings on leasehold land			
	Balance at beginning of the year		476,721	454,480
	Additions during the year		6,597	32,279
	Transferred to operating fixed assets during the year	4.1	(27,271)	(10,038)
	Balance at end of the year		456,047	476,721

5. INTANGIBLE ASSET

This represents cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

6. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		-----------------(Rupees in '000)------------------		
Balance as at July 1, 2015		1,725,990	41,483	1,767,473
Transfers from operating fixed assets	6.1	87,040	13,200	100,240
Gain / (loss) on revaluation	6.2	325,714	(1,744)	323,970
Balance as at June 30, 2016		2,138,744	52,939	2,191,683

6.1 During the year ended June 30, 2016, NTC land and building having fair values of Rs 87.040 million and Rs 13.200 million respectively have been transferred from property, plant and equipment to investment properties.

6.2 The revaluation of the Group's investment properties was carried out by Fair Water Property Valuers and Surveyors (Pvt.) Limited, an independendent valuer as of June 30, 2016 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 325.714 million was determined in respect of leasehold land whereas a revaluation loss amounting to Rs 1.744 million was determined on bulildings on leasehold land.

7. LONG-TERM INVESTMENTS IN RELATED PARTY (ASSOCIATE)

Equity method

No. of shares - ordinary 2016	No. of shares - ordinary 2015	Name of the company	Country of incorporation	Share of net assets 2016	Share of net assets 2015	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2016	2015
				(Rupees in '000)			%	(Rupees)	---(Rupees '000)---	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited Pakistan		1,600	1,600	December 31, 1982 (unaudited)	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

	Note	2016	2015
		---------(Rupees in '000)---------	
8. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND ANOTHER ENTITY			
Financial assets 'At fair value through profit or loss'			
Listed companies			
Siemens (Pakistan) Engineering Limited. 6,930 (2015: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2016 Rs 994.58 (2015: Rs 1,274.23).	8.1	6,892	8,830
Pakistan State Oil Company Limited. 115,358 (2015: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2016 Rs 375.46 (2015: Rs 385.79).	8.2	43,312	44,504
		50,204	53,334
Available-for-sale			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited. 10,000 (2015: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		50,304	53,434

8.1 The Group holds 0.084% (2015: 0.084%) of the investee's share capital.

	Note	2016	2015
Opening balance		8,830	8,711
Change in fair value	35	(1,938)	119
Closing balance		6,892	8,830

8.2 The Group holds 0.04246% (2015: 0.04246%) of the investee's share capital.

	Note	2016	2015
Opening balance		44,504	44,858
Change in fair value	35	(1,192)	(354)
Closing balance		43,312	44,504

		2016	2015
		---------(Rupees in '000)----------	

9. DEFERRED TAXATION

Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		167,932	232,676
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment	23	79,106	126,530
- accelerated depreciation		4,175	8,477
		83,281	135,007
		84,651	97,669

9.1 The management of the Group is confident that sufficient future taxable profits will be available against which deferred tax asset will be adjusted.

	Note	2016	2015
		---------(Rupees in '000)----------	

10. STORES AND SPARES

Stores			
- at depot		10,155	11,343
- at buildings		742	742
- on board		26,799	26,693
		37,696	38,778
Spares			
- at buildings		937	1,063
- in transit		3,865	169
- on board		280,383	264,164
		285,185	265,396
Bunker on board		297,079	320,368
		619,960	624,542

11. TRADE DEBTS - unsecured

Considered good	11.1 & 49	609,646	1,010,008
Considered doubtful	49	217,629	236,304
		827,275	1,246,312
Less: Provision for doubtful debts	11.2 & 49	217,629	236,264
		609,646	1,010,048

11.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

	Note	2016	2015
		----------(Rupees in '000)---------	
Upto 1 month		279,404	464,808
1 to 6 months		71,855	230,132
More than 6 months		258,387	315,068
		609,646	1,010,008

	Note	2016	2015
		----------(Rupees in '000)---------	
11.2 Provision for doubtful debts			
Balance at beginning of the year		236,264	246,550
Provision made during the year	35	7,809	2,543
Provision reversed during the year	36	(26,444)	-
Amount written off during the year		-	(12,829)
Balance at end of the year	11.3	217,629	236,264

11.3 As at June 30, 2016, trade debts amounting Rs 217.629 million (2015: Rs 232.463 million) were impaired and provided for.

12. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	2016	2015
		----------(Rupees in '000)---------	
Considered good	12.1	11,371	18,065
Considered doubtful		4,453	4,453
		15,824	22,518
Less: Provision for doubtful balances		4,453	4,453
		11,371	18,065

12.1 The ageing analysis of these agents' and owners' balances that are past due but not impaired is as follows:

	Note	2016	2015
		----------(Rupees in '000)---------	
Upto 1 month		2,847	3,528
1 to 6 months		1,176	8,256
More than 6 months		7,348	6,281
		11,371	18,065

13. LOANS AND ADVANCES - unsecured, considered good

	Note	2016	2015
Loans			
- employees		1	1
Advances			
- employees		34,571	40,731
- contractors and suppliers		7,767	38,124
- others	13.1	48,665	23,706
		91,004	102,562

13.1 This represents advances made to Port Qasim Authority amounting to Rs 48.665 million (2015: Rs 19.706 million).

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2016	2015
		---------(Rupees in '000)---------	
Trade deposits			
- considered good		19,627	15,960
- considered doubtful		369	369
		19,996	16,329
Less: Provision for doubtful deposits		369	369
		19,627	15,960
Short-term prepayments		19,288	38,794
		38,915	54,754

15. OTHER RECEIVABLES

	Note	2016	2015
Amount held by lawyer in respect of a guarantee provided to the court		4,953	4,952
Others			
- considered good	15.1 & 49	1,338,795	1,462,828
- considered doubtful		231,190	10,832
	15.2	1,569,985	1,473,660
Less: Provision for doubtful receivables	15.3	231,190	10,832
		1,338,795	1,462,828
Derivative cross currency interest rate swap	15.5 & 15.6	-	62,991
		1,343,748	1,530,771

15.1 As at June 30, 2016, amounts aggregating Rs 1,338.795 million (2015: Rs 1,462.828 million) that are past due but not impaired. These receivables have been outstanding for less than one year.

15.2 This includes the following:

	Note	2016	2015
		---------(Rupees in '000)---------	
Demurrage receivable		1,375,102	1,264,784
Receivable from sundry debtors		166,266	177,127
Sales tax refund claims		26,109	25,865
Insurance claims receivable		946	-
Others		1,562	5884
		1,569,985	1,473,660

	Note	2016	2015
		---------(Rupees in '000)---------	
15.3 Provision for doubtful receivables			
Balance at beginning of the year		10,832	12,659
Provision made during the year	35	220,358	-
Provision reversed during the year		-	(1,827)
Balance at end of the year		231,190	10,832

15.4 As at June 30, 2016, other receivables of Rs 231.190 million (2015: Rs 10.832 million) were impaired and provided for. These receivables have been outstanding for more than three years.

15.5 The Holding Company had entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing from Standard Chartered Bank (SCB). Under the terms of the cross currency swap arrangement, the Holding Company was required to pay LIBOR plus 3.75% to the SCB on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the SCB. Further, the Holding Company was also required to pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. The Holding Company had also entered into an interest rate swap. Under the terms of the interest rate swap the Holding Company received a fixed interest of 13% per annum, whereas the Holding Company had to pay 3 months KIBOR for each quarter. On November 23, 2015, the above derivative arrangements with SCB extinguished due to completion of its tenure.

15.6 The net fair value of cross currency interest rate swap and interest rate swap as determined by the bank were Rs Nil (June 30, 2015: Rs 30.048 million) (favourable) and Rs Nil (2015: Rs. 9.022 million) (favourable) respectively to the Holding Company as of the balance sheet. Therefore, net mark-up receivable and exchange gain / (loss) has been settled at Rs Nil (2015: receivable Rs 23.920 million) as at June 30, 2016. All these arrangements have been settled during current year.

	Note	2016	2015
		---------(Rupees in '000)---------	
16. INCOMPLETE VOYAGES			
Net freight		17,194	136,844
Salaries and allowances		17,330	15,944
Diesel, fuel and lubricants		32,220	48,778
Stores and spares consumed		8,942	17,335
Insurance		4,564	5,370
Charter hire and related expenses		17,915	-
Depreciation	4.7	23,483	29,724
Victualling		1,418	1,241
		105,872	118,392
		88,678	(18,452)
17. INSURANCE CLAIMS			
- Considered good	17.1	38,574	393

17.1 General average claims aggregating to Rs Nil (2015: Rs 0.393 million) are receivable from cargo owners and charterers. These amounts are determined on the basis of adjustment book received from independent adjuster.

18. SHORT-TERM INVESTMENTS

	Note	2016	2015
		---------(Rupees in '000)---------	
Term deposits with banks having maturity of			
- more than six months but upto twelve months	18.1	57,000	300,000
- three to six months	18.2	3,721,195	1,161,375
- three months or less	18.3	143,309	500,000
		3,921,504	1,961,375

18.1 The mark-up on these term deposits denominated in local currency ranges from 6.75 % to 8.80% (2015: 8.5% to 8.75%) per annum.

18.2 The mark-up on these term deposits denominated in local currency ranges from 6.50% to 7.05% (2015: 8.10% to 8.80%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.10% to 2.25% (2015: 2.05% to 2.10%) per annum.

18.3 The mark-up on these term deposits denominated in local currency ranges from 6.70 % to 9.80% (2015: 6.70% to 7.00%) per annum.

19. CASH AND BANK BALANCES

	Note	2016	2015
		---------(Rupees in '000)---------	
Cash in hand		1,322	548
Cash at bank			
- in current accounts			
- local currency		5,437	783,996
- foreign currency		177,289	516,021
		182,726	1,300,017
- in saving accounts			
- local currency	19.1 & 19.2	1,809,310	1,510,442
- foreign currency	19.3	6,711	1,423
		1,816,021	1,511,865
		2,000,069	2,812,430

19.1 The mark-up on savings account in local currency ranges from 3.75% to 6.05% (2015:4.5% to 6.75%) per annum.

19.2 This includes Rs 2.126 million (2015: 2.126 million), Rs 3 million (2015: 3 million) and Rs 3 million (2015: Nil) held as security by Habib Bank Limited, P.N.S.C branch, Soneri Bank, AKU branch and Silk Bank, Saima tower branch respectively against guarantees issued on behalf of the Holding Company.

19.3 The mark-up on savings account in foreign currency ranges from 0.15% to 0.50% (2015:0.15% to 0.5%) per annum.

20. SHARE CAPITAL

20.1 Issued, subscribed and paid-up

2016	2015		2016	2015
---------(No. of Shares)---------			--------(Rupees in '000)--------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as paid to the GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as paid to the GoP on the financial restructuring of the Holding Company in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

20.2 As at June 30, 2016, the GoP held 112,468,455 (2015: 109,919,234) ordinary shares of the Holding Company.

21. RESERVES

	Note	2016	2015
		--------(Rupees in '000)--------	
Capital reserves	21.1	131,344	131,344
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(309,809)	(342,905)
- unappropriated profit (including general reserves)		25,274,286	23,163,573
		25,095,821	22,952,012

21.1 This includes amount transferred from shareholders' equity at the time of merger of former NSC and PSC.

22. NON-CONTROLLING INTEREST

	Note	2016	2015
		--------(Rupees in '000)--------	
Share of non-controlling interest in:			
- share capital		59	59
- general reserve		10	10
- unappropriated profit		2,892	2,446
- profit for the year		355	446
		3,316	2,961

	Note	2016	2015
		--------(Rupees in '000)--------	
23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Balance at beginning of the year		1,257,662	806,965
Add: Surplus arising on revaluation of fixed assets during the current year	4.1	-	460,268
Less: Transferred to unappropriated profit:			
- Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		13,235	6,508
- Related deferred tax liability		3,495	3,063
		16,730	9,571
		1,240,932	1,257,662
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		126,530	35,892
- Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(3,495)	(3,063)
- Surplus arising on revaluation of fixed assets during the current year		-	79,032
- Effect of change in statutory tax rate for next year		(7,908)	(3,076)
- Effect of allocation of revenue between presumptive tax regime and normal tax regime		(36,021)	17,745
	9	79,106	126,530
Balance at end of the year		1,161,826	1,131,132
24. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	24.1 & 24.2	1,648,705	5,907,129
Less: Current portion		256,781	1,407,455
		1,391,924	4,499,674
Financing under term finance certificates agreement		-	580,030
Less: Current portion		-	166,208
		-	413,822
Financing under musharika agreement	24.2	3,702,992	962,930
Less: Current portion		953,391	128,391
		2,749,601	834,539
		4,141,525	5,748,035

24.1 During the year ended June 30, 2015, the Holding Company obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). This financing was obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a Musharika agreement. The Holding Company has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and Musharika respectively.

The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.5%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels owned by a subsidiary company of the Holding Company.

24.2 The Holding Company had entered into a cross currency interest rate swap and interest rate swap for its syndicated term finance facility with SCB which were settled as explained in note 15.6. On November 23, 2015, the Holding Company repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new musharika facility obtained from Faysal Bank limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. The loan along with the mark-up is repayable on a quarterly basis with the first installment payable on February 23, 2016 while last repayment date is November 23, 2019.

The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies. The Holding Company has also paid loan arrangement fee amounting to Rs 12.540 million which was included fully in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

25. DEFERRED LIABILITIES

	Note	2016	2015
		--------(Rupees in '000)--------	
Employees' gratuity			
- funded	25.1.3	47,771	142,289
- unfunded	25.1.3	156,610	167,304
		204,381	309,593
Post-retirement medical benefits	25.1.3	165,223	200,989
Employees' compensated absences	25.2.3	243,163	340,979
		612,767	851,561

25.1 Retirement benefit schemes

25.1.1 The disclosures made in notes 25.1.2 to 25.1.15 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2016.

25.1.2 As stated in notes 2.17.2 and 2.17.3 of these consolidated financial statements, the Group operates a funded retirement gratuity scheme for those permanent employees who joined the Group before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	2016			2015		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	7.25%	10.50%	7.25%	9.75%	10.50%	9.75%
Future salary increases						
- for permanent employees						
For the year 2015-16	-	-	-	2.00%	-	-
For the year 2016-17	40.00%	-	-	40.00%	-	-
For the year 2017-18	2.00%	-	-	2.00%	-	-
For the year 2018-19	40.00%	-	-	40.00%	-	-
For the year 2019-20	2.00%	-	-	2.00%	-	-
For the year 2020-21	40.00%	-	-	40.00%	-	-
For the year 2021-22	2.00%					
For the year 2022-23 and onwards	7.25%	-	-	9.75%	-	-
Future salary increases						
- for contractual employees						
For the year 2015-16	-	-	-	-	15.00%	-
For the year 2016-17	-	10.00%	-	-	15.00%	-
For the year 2017-18	-	10.00%	-	-	15.00%	-
For the year 2018-19	-	10.00%	-	-	15.00%	-
For the year 2019-20	-	9.00%	-	-	15.00%	-
For the year 2020-21	-	9.00%	-	-	10.50%	-
For the year 2022- and onwards	-	9.00%	-	-	10.50%	-
Medical escalation rate	-	-	7.25%	-	-	9.75%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

	2016			2015		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	----------(Rupees in '000)----------					
25.1.3 Balance sheet reconciliation						
Present value of defined benefit obligation	333,295	156,610	165,223	432,113	167,304	200,989
Fair value of plan assets	(285,524)	-	-	(289,824)	-	-
Net liability in the balance sheet	47,771	156,610	165,223	142,289	167,304	200,989
25.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	432,113	167,304	200,989	397,045	100,995	194,581
Current service cost	11,269	38,987	8,052	9,256	20,648	7,717
Interest cost	36,178	19,248	17,786	47,025	14,407	23,671
Benefits paid	(159,540)	(21,035)	(38,628)	(93,763)	(7,015)	(32,401)
Remeasurements on obligation	13,275	(47,894)	(22,976)	72,550	38,269	7,421
Balance at end of the year	333,295	156,610	165,223	432,113	167,304	200,989
25.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	289,824	-	-	310,146	-	-
Expected return on plan assets	22,935	-	-	36,205	-	-
Contribution	142,000	-	-	50,000	-	-
Benefits paid	(159,540)	-	-	(93,763)	-	-
Remeasurement on plan asset	(9,695)	-	-	(12,764)	-	-
Balance at end of the year	285,524	-	-	289,824	-	-
25.1.6 Movement in net liability in the balance sheet						
Balance at beginning of the year	142,289	167,304	200,989	86,899	100,995	194,581
Expense recognised for the year	24,512	58,235	25,838	20,076	35,055	31,388
Contributions made by the Holding Company / payments	(142,000)	(21,035)	(38,628)	(50,000)	(7,015)	(32,401)
Remeasurements recognised in other comprehensive income	22,970	(47,894)	(22,976)	85,314	38,269	7,421
	47,771	156,610	165,223	142,289	167,304	200,989
25.1.7 The amounts recognised in the income statement						
Current service cost	11,269	38,987	8,052	9,256	20,648	7,717
Net interest amount	13,243	19,248	17,786	10,820	14,407	23,671
Expense	24,512	58,235	25,838	20,076	35,055	31,388
25.1.8 Remeasurements recognised in other comprehensive income						
Losses / (gains) from changes in financial assumptions	16,090	(22,823)	35,956	45,200	15,902	-
Experience (gains) / losses	(2,815)	(25,071)	(58,932)	27,350	22,367	7,421
Remeasurement of fair value of plan assets	9,695	-	-	12,764	-	-
	22,970	(47,894)	(22,976)	85,314	38,269	7,421

	2016		2015	
	Rupees in '000	%	Rupees in '000	%
25.1.9 Major categories / composition of plan assets				
Cash and cash equivalents	82,018	28.73%	138,133	47.66%
Investment in mutual funds	102,793	36.00%	-	0.00%
Term deposit receipts of private commercial banks (unquoted)	100,714	35.27%	151,691	52.34%
	285,525	100%	289,824	100%

25.1.10 Actual gain on plan assets during the year ended June 30, 2016 was Rs 13.080 million (2015: Rs 23.481 million).

25.1.11 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(326,693)	344,567	(138,029)	179,211
Salary increase rate	1%	336,683	(334,128)	175,282	140,769

25.1.12 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.75 and 13.04 years respectively.

25.1.13 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(127,490)	134,845	(29,252)	40,265
Medical cost escalation rate	1%	135,058	(127,224)	40,296	(29,142)

25.1.14 The weighted average duration of the defined benefit obligations post medical retirement benefit scheme for permanent and contractual employees is 6.11 years.

25.1.15 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Group to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service/age distribution and the benefit.

Medical cost escalation risks: The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

25.2 Employees' compensated absences

25.2.1 The disclosures made in notes 25.2.2 to 25.2.8 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2016.

25.2.2 As stated in note 2.18 of these consolidated financial statements, the Group operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	2016	2015
Discount rate	7.25%	9.75%
Future salary increases - for permanent employees		
For the year 2015-16	-	-
For the year 2016-17	40.00%	40.00%
For the year 2017-18	2.00%	2.00%
For the year 2018-19	40.00%	40.00%
For the year 2019-20	2.00%	2.00%
For the year 2020-21	40.00%	40.00%
For the year 2021-22 and onwards	2.00%	2.00%
For the year 2023 and onwards	7.25%	13.25%
Future salary increases - for contractual employees		
For the year 2016-17 till 2017-18	10.00%	15.00%
For the year 2018-19	10.00%	15.00%
For the year 2019-20	7.25%	15.00%
For the year 2020-21	7.25%	15.00%
For the year 2022-23 and onwards	7.25%	9.75%

	2016	2015
	-------(Rupees in '000)------	
25.2.3 Balance sheet reconciliation		
Present value of defined benefit obligation (recognised)	243,163	340,979
25.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	340,979	235,008
Current service cost	92,296	57,227
Interest cost	34,461	32,277
Remeasurements of obligation	(115,673)	101,942
Benefits paid	(108,900)	(85,475)
Balance at end of the year	243,163	340,979

	2016	2015
	-------(Rupees in '000)------	
25.2.5 Expense		
Current service cost	92,296	57,227
Interest cost	34,461	32,277
Remeasurements of obligation	(115,673)	101,942
Expense	11,084	191,446

25.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	2016	2015
	-------(Rupees in '000)------	
Present value of defined benefit obligation	243,163	340,979
Experience gain on defined benefit obligation	(115,673)	101,942

25.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employees' compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of Employees' Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(155,222)	166,882	(71,978)	94,965
Salary growth rate	1%	161,899	(159,840)	92,731	(73,521)

25.2.8 The risks to which the scheme exposes the Group are disclosed in note 25.1.15.

25.3 Expected retirement benefits costs for the year ending June 30, 2017 are as follows:

	(Rupees in '000)
Gratuity	
- funded	11,831
- unfunded	45,337
Post-retirement medical benefits	22,119
Compensated absences	105,457

25.4 During the year, the Group contributed Rs 10.348 million (2015: Rs 12.550 million) to the provident fund.

26. TRADE AND OTHER PAYABLES

	Note	2016	2015
		-------(Rupees in '000)------	
Creditors		336,942	157,468
Agents' and owners' balances		358,783	396,500
Accrued liabilities		1,787,557	1,523,053
Deposits	26.1	47,630	38,187
Unclaimed dividends		35,516	33,063
Bills payable		4,182	762
Withholding tax payable		720	-
Advance from customers		233,126	110,899
Other liabilities			
- amounts retained from contractors		25,398	27,411
- others		92,460	153,077
		117,858	180,488
		2,922,314	2,440,420

26.1 These deposits are mark-up free and are repayable on demand or on completion of specific contracts.

27. PROVISION AGAINST DAMAGE CLAIMS

	Note	2016	2015
		-------(Rupees in '000)------	
Balance at beginning of the year		20,223	31,973
Charged during the year	35	6,776	4,615
Reversed during the year		(3,921)	(16,365)
Balance at end of the year		23,078	20,223

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2016 aggregated to Rs 194.453 million (2015: Rs 201.116 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.324 million (2015: Rs 2.285 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 171.375 million (2015: Rs 180.887 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 23.078 million (2015: Rs 20.223 million) against the aforementioned claims in these consolidated financial statements.

28.2 The Holding Company has not accepted liability in respect of customs duty approximating Rs 2.500 million (2015: Rs 2.500 million) relating to the sale of the vessel M.V. Bhambore during the year ended June 30, 1978. The duty was claimed from the Holding Company and the matter has been taken up with the appropriate Government agencies.

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

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2015: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Corporation liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Holding Company.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2015: Rs 1.300 million) and Rs 66.800 million (2015: Rs 66.800 million) respectively.

The Holding Company disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

28.4 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 97.817 million (2015: Rs 97.817 million). These cases are pending and the management is confident that the outcome of these cases will be in the Holding Company's favour and accordingly no provision for above claims has been made in these consolidated financial statements.

28.5 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal government under the scheme of financial restructuring of the Holding Company. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Holding Company and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Holding Company. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Holding Company on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Holding Company. The leave to appeal filed by the Holding Company has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal is pending in the Honourable Supreme Court of Pakistan.

28.6 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Holding Company paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Holding Company on certain matters resulting in refund of Rs 90.579 million. The management had provided for all the matters that were decided against the Holding Company, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Holding Company had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. The Holding Company has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order. The management of the Holding Company is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Holding Company.

28.7 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company had paid Rs 160.513 million (2015: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 15.068 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Holding Company is confident that the subject matters in respect of tax year 2011 will eventually be decided in favour of the Holding Company.

28.8 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order the has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 24.022 million. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Holding Company is confident that the subject matters in respect of tax year 2012 will eventually be decided in favour of the Holding Company.

28.9 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Holding Company has paid Rs 288.265 million under protest and adjusted Rs 15.068 million against refunds available for the tax year 2011. Further the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and worked out a Nil demand. The Holding Company and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Holding Company is confident that the subject matters in respect of tax year 2013 will eventually be decided in favour of the Holding Company.

28.10 During the year ended June 30, 2015, Additional Commissioner Inland Revenue (ACIR) issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 170.436 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Holding Company paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009, 2010 and 2013. The Holding Company had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Holding Company had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management of the Holding Company is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Holding Company.

28.11 During the year ended June 30, 2014, the Holding Company received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Holding Company is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Holding Company becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Holding Company filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue and consequently an appeal was filed before the ATIR. The ATIR, in the appellate order, has held that the payments made by the Holding Company to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 per cent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Holding Company lodged rectification applications in respect of the orders passed by ATIR. However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Holding Company has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the aforementioned matter. The Holding Company took up the matter to the Honourable High Court and the Court has suspended the show cause notice till further notice. The management of the Holding Company is confident that the subject matter in respect of tax years 2008 to 2013 will eventually be decided in favour of the Holding Company, and hence no provision has been made in the unconsolidated financial statements in respect of the said matter.

28.12 During the year ended June 30, 2014, the Assistant Commissioner Sindh Revenue Board (AC) has passed an order under Sindh Sales Tax on Services Act, 2011 for the tax period July 2011 to June 2012. The AC has held the Holding Company liable to pay sales tax on 'Administrative and Financial Services' provided to its subsidiaries and has also levied sales tax on the services that are provided by the Holding Company outside Sindh. By virtue of above order an additional tax demand of Rs 12.654 million, alongwith default surcharge of Rs 1.012 million was raised by the taxation authorities. The Holding Company paid the amount under protest and filed Appeal with Commissioner Appeals - SRB (CA) which was decided against the Holding Company. The Holding Company has filed another appeal against the decision of CA with the Appellate Tribunal, SRB which is pending for hearing. The management of the Holding Company is confident that the subject matters in respect of tax period July 2011 to June 2012 will eventually be decided in favour of the Holding Company.

28.13 The Taxation Officer (TO) issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2003 against Karachi Shipping (Private) Limited (KSPL). According to the amended order, TO made additions to taxable income of KSPL aggregating to Rs 163.523 million mainly on account of interest income and gain on sale of fixed assets, which have been taxed separately. KSPL made payment of Rs 70.315 million under protest, being the additional tax demand raised by the TO in his order and filed an appeal against the subject order with CIT(A). Consequently, KSPL filed a petition to Alternate Dispute Resolution Committee (ADRC) with respect to the said matter. During the year ended June 30, 2009, the ADRC upheld the decision of TO and decided the matter against KSPL. As KSPL was not satisfied with the order, KSPL continued to pursue its remedy against CIT(A) which is, at present, pending for hearing.

The management of KSPL is confident that the matter in the appeal shall eventually be decided in its favour. Without prejudice to the contentions of the management, the management has as a matter of prudence provided for amount aggregating Rs 70.315 million as payment under protest in these consolidated financial statements.

28.14 While framing tax assessment for income of the year ended June 30, 2005, the TO issued an order under section 122(5A) of the ITO, 2001 whereby demand of Rs 139.118 million was raised by the tax department against Lalazar Shipping (Private) Limited (LSPL). According to the order, the TO is of the view that the income appearing under the head 'other income' in the annual audited financial statements for the said year is taxable under Normal Tax Regime with reference to section 39 of the ITO, 2001. LSPL had filed appeals with the CIT (A) and ITAT, however, the appeals were decided in favour of the tax department.

During the year ended June 30, 2011, the Honourable High Court had heard the appeal filed by LSPL and reduced the tax demand raised by TO to Rs 68.284 million. LSPL had paid the reduced tax demand under protest and filed an appeal with the Honourable Supreme Court for which leave to appeal was granted to the Company. Further, the tax department had also filed an appeal with the Honourable Supreme Court against the order and the matter is at present pending for hearing. The management of LSPL is confident that the matter shall eventually be decided in favour of LSPL.

Commitments

28.15 Commitments in respect of capital expenditure amount to Rs 32.571 million (2015: 86.023 million).

28.16 Outstanding letters of guarantee amount to Rs 8.126 million (2015: Rs 5.126 million).

29. FINANCING STRUCTURE / MODE

	Note	2016	2015
		---------(Rupees in '000)-------	
Conventional mode:			
Assets			
Cash and bank balances		1,802,558	2,812,050
Short-term investments		3,921,504	1,961,375
Mark-up accrued on bank deposits and investments		35,652	38,271
		5,759,714	4,811,696
Shariah compliant mode:			
Assets			
Cash and bank balances		197,511	380
Loans and advances		91,062	102,620
Trade deposits and short-term prepayments		39,005	54,844
		327,578	157,844

	Note	2016	2015
		---------(Rupees in '000)-------	
30. INCOME FROM SHIPPING BUSINESS			
Owned vessels			
- bulk carriers		1,500,327	2,099,858
- oil tankers		5,517,032	5,267,928
		7,017,359	7,367,786
Chartered vessels			
- voyage charter revenue		2,626,649	2,432,556
- slot charter revenue		2,723,833	5,581,009
		5,350,482	8,013,565
		12,367,841	15,381,351
31. FLEET EXPENSES - DIRECT			
Diesel, fuel and lubricants consumed		1,306,467	2,053,987
Stevedoring and transhipment expenses		37,165	22,969
Ocean loss		18,886	16,092
Port, light, canal and customs dues		748,936	797,407
Salaries and allowances		637,506	594,281
Charter hire and related expenses	31.1	3,944,567	6,766,067
Fleet communication expenses		20,501	25,281
Agency commission and brokerage		87,397	120,728
Victualling expenses		79,639	63,089
Insurance		254,027	257,603
Claim charges		5,309	16,753
Stores and spares consumed		254,991	203,128
Repairs, maintenance and special surveys		146,717	184,415
Depreciation on opening incomplete voyage	16	29,815	4,714
Depreciation	4.7	1,146,782	1,025,416
		1,176,597	1,030,130
Exchange loss	49	36,110	7,962
Services sales tax expense		5,432	7,928
Additional war risk		5,673	14,923
Travelling and conveyance	49	39,821	40,838
Sundry expenses		39,312	58,316
		8,845,053	12,281,897
31.1 Charter hire and related expenses			
Foreign flag vessels			
- voyage charter expenses		2,693,007	5,510,305
- slot charter expenses		1,251,560	1,255,762
		3,944,567	6,766,067
32. FLEET EXPENSES - INDIRECT			
Salaries and allowances	32.1	18,103	19,599
Agents' and other general expenses	32.2	5,940	7,279
Legal and professional charges		6,802	2,130
Depreciation	4.7	492	499
General establishment expenses		788	770
		32,125	30,277

32.1 This includes Rs 0.670 million (2015: Rs 2.081 million) in respect of provident fund contribution.

	Note	2016	2015
		---------(Rupees in '000)-------	
32.2 Agents' and other general expenses			
Legal and professional charges		706	8
Printing and stationery		11	1,163
Advertisement and publicity		958	1,157
Telephone, telex and postage		2,812	3,204
Air freight		1,178	1,396
Bank charges and commission		275	342
Sundry expenses		-	9
		5,940	7,279

33. REAL ESTATE EXPENSES

	Note	2016	2015
Salaries and allowances	33.1	45,619	39,723
General establishment expenses	33.2	29,123	26,358
Rent, rates and taxes		9,078	6,015
Insurance		3,353	4,024
Depreciation	4.7	25,115	21,973
Legal and professional charges		342	750
		112,630	98,843

33.1 This includes Rs 0.707 million (2015: Rs 0.292 million) in respect of provident fund contribution.

	Note	2016	2015
		---------(Rupees in '000)-------	
33.2 General establishment expenses			
Repairs and maintenance		11,514	9,581
Security charges		9,739	9,797
Light, power and water		7,704	6,810
Vehicle running, repairs and maintenance expenses		166	170
		29,123	26,358

34. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Workshop management expense		69,241	77,713
Salaries and allowances	34.1	578,097	609,421
General establishment expenses	34.2	174,728	175,292
Rent, rates and taxes		13,924	16,200
Scholarship and training expenses		776	4,069
Insurance		5,781	3,221
Depreciation	4.7	31,051	21,612
Directors' fee	42.2	1,400	1,770
Legal and professional charges		21,609	53,662
Sales tax expenses		24,430	33,985
Sundry expenses		4,872	127
		925,909	997,072

34.1 This includes Rs 8.968 million (2015: Rs 10.177 million) in respect of provident fund contribution.

	Note	2016	2015
		---------(Rupees in '000)-------	
34.2 General establishment expenses			
Repairs and maintenance		15,107	11,206
Medical expenses		45,405	45,063
Contribution to employees' welfare fund		6	8
Contribution to group term insurance		1,603	1,631
Security charges		3,091	3,653
Travelling and conveyance	49	14,423	15,458
Entertainment and canteen subsidy		10,045	8,489
Books, periodicals and subscription		7,284	6,119
Uniform and liveries		1,679	1,283
Hajj expenses		1,593	2,297
Printing and stationery		4,868	6,037
Telephone, telex and postage		9,422	9,190
Light, power and water		13,626	11,471
Computer expenses		8,275	8,966
Advertisement and publicity		12,400	11,337
Vehicle running, repairs and maintenance expenses		16,737	16,668
Ship inspection expenses		180	3,024
Sundry expenses	49	8,984	13,392
		174,728	175,292

35. OTHER EXPENSES

	Note	2016	2015
Donations	35.1	50	1,000
Auditors' remuneration	35.2	12,112	12,551
Demurrage expenses		533,881	961,381
Employees' gratuity			
- funded	25.1.7	24,512	20,076
- unfunded	25.1.7	58,235	35,055
		82,747	55,131
Post-retirement medical benefits	25.1.7	25,838	31,388
Employees' compensated absences	25.2.5	11,084	191,446
Loss on revaluation of long-term investments in listed companies	8 & 35.3	3,130	235
Loss on revaluation of derivative instruments	35.4	39,070	61,797
Provision for doubtful trade debts and other receivables	11.2 & 15.3	228,167	2,543
Demurrage receivable written off		210,982	-
Fixed assets written off		-	9,721
Loss on disposal of stores		27,313	35,349
Provision in respect of damage claims	27	6,776	4,615
Sindh sales tax	49	199	163
		1,181,349	1,367,320

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

35.2 Auditors' remuneration

	2016			2015		
	A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhodes	Total
	----(Rupees in '000)----					
Audit fee - the Holding Company	1,178	1,178	2,356	1,115	1,115	2,230
Audit fee - subsidiaries	1,677	1,676	3,353	1,576	1,576	3,152
Fee for review of half yearly financial statements	411	411	822	385	385	770
Fee for review of compliance with the best practices of the code of corporate governance	127	127	254	118	118	236
Fee for audit of the consolidated financial statements	149	149	298	139	139	278
Tax advisory services	4,382	-	4,382	4,828	-	4,828
Central Depository Company certification fees	15	-	15	15	-	15
Out of pocket expenses	332	300	632	521	521	1,042
	8,271	3,841	12,112	8,697	3,854	12,551

35.3 This represents loss on revaluation of long term investments amounting Rs 3.130 million (2015: Rs 0.235 million and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

35.4 This represents loss on revaluation of derivative instruments amounting Rs 39.070 million (2015: Rs 61.797 million) and Rs Nil (2015: Rs Nil) held under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36. OTHER INCOME

	Note	**2016**	2015
		--------(Rupees in '000)-------	
Income from financial assets			
Income from saving account and term deposits	36.1	246,377	302,175
Dividend income from investment in listed companies	36.2	1,108	2,024
Agency fee		19,837	46,894
Gain on revaluation of investment properties	6	323,970	686,877
Cargo claim		826	1,042
Liability no longer payable written back		-	5,804
Demurrage income		848,836	863,444
Exchange gain	36.3 & 49	27,211	13,883
		1,468,165	1,922,143
Income from non-financial assets			
Gain on disposal of operating fixed assets		8,297	103,307
Provisions no longer required written back		6,636	19,011
Reversal of provision for doubtful debt	11.2	26,444	-
Insurance claims	36.4	50,677	20,736
War risk income		2,241	-
Sundry income	36.5	64,554	56,921
		158,849	199,975
		1,627,014	2,122,118

36.1 This represents income from saving accounts and term deposits amounting Rs 246.377 million (2015: Rs 302.175 million) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.2 This represents dividend income amounting Rs 1.108 million (2015: Rs 2.024) and Rs Nil (2015: Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.3 This represents exchange gain amounting Rs 27.211 million (2015: Rs 13.883 million) and Rs Nil (2015: Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.4 This represents recoveries from hull, cargo and other claims according to the insurance policies.

36.5 This includes the following:

	Note	2016	2015
		---------(Rupees in '000)-------	
Documentation charges		1,716	1,583
Income earned by PNSC Work Shop		15,555	23,003
Stale cheques		90	310
Cost of Tender document		313	246
Others		46,880	31,779
		64,554	56,921

37. FINANCE COSTS

	Note	2016	2015
Mark-up on long-term financing		504,772	854,509
Loss / (gain) on cross currency interest rate swap derivative	37.1 & 37.2	49,480	(188,648)
Bank charges		4,329	4,088
		558,581	669,949

37.1 This represents loss / (gain) on cross currency interest rate swap derivative amounting Rs 49.480 million (2015: Rs (188.648) million) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

37.2 This relates to the amount received during the year on account of quarterly exchanges and terminations under the swap arrangement as explained in note 15.6 of these consolidated financial statements.

38. TAXATION

	Note	2016	2015
		---------(Rupees in '000)-------	
Tax charge for:			
- current year		290,681	212,272
- prior years		(140,508)	(29,662)
	38.2	150,173	182,610
Deferred		42,125	(85,972)
		192,298	96,638

	Note	2016	2015
		---------(Rupees in '000)--------	
38.1 Relationship between tax expense and accounting profit			
Accounting profit before tax		2,515,352	2,213,048
Tax rate		32%	33%
Tax on accounting profit		804,913	730,306
Tax effect in respect of income / expenses not admissible for calculation of taxable profit		(83,111)	(479,035)
Tax effect of lower tax rates on certain incomes:			
- Tax saving due to lower income tax rates		287,702	274,491
- Tax saving due to lower income tax rates - subsidiaries profit		(753,996)	(379,324)
- Tax on dividend income		(216)	(100,248)
		(466,510)	(205,081)
Effect of charging deferred tax on different rate than current tax		16,131	7,781
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)		61,383	72,329
		(472,107)	(604,006)
		332,806	126,300
Tax effects of adjustments in respect of prior years		(140,508)	(29,662)
Tax expense for the year		192,298	96,638

38.2 During the year ended June 30, 2016, the ATIR has decided the appeals filed by the Holding Company and tax department for the tax years 2003 to 2010. In the aforesaid appellate orders, certain issues have been decided in favour of the Holding Company in respect of which, a provision was duly recognised against the tax demand raised for the respective tax years.

39. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted

	2016	2015
	---------(Rupees in '000)--------	
Profit for the year	2,322,699	2,115,964
	---------(No. of Shares)---------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	------------(Rupees)------------	
Earnings per share - basic and diluted	17.59	16.02

39.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2016 and 2015.

	Note	2016	2015
		---------(Rupees in '000)-------	
40. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,515,352	2,213,048
Adjustments for non-cash charges and other items:			
Depreciation		1,233,255	1,069,500
Gain on disposal of operating fixed assets		(8,297)	(103,307)
Fixed assets written off		-	9,721
Loss on disposal of stores and spares		27,313	35,349
Provision in respect of damage claims		6,776	4,615
Provision for employees' gratuity		82,747	55,131
Provision for employees' compensated absences		11,084	191,446
Provision for post retirement medical benefits		25,838	31,388
Dividend income		(1,108)	(2,024)
Provision for impairment on doubtful debts		7,809	5,086
Provision for impairment on other receivables		220,358	1,827
Reversal of provision against damage claims		(3,921)	(16,365)
Liabilities no payable required written back		-	(5,804)
Provision no longer required written back		(2,715)	-
Reversal of provision for doubtful debt		(26,444)	-
Interest income		(246,377)	(302,175)
Interest expense		504,772	854,509
Loss on revaluation of long-term investments		3,130	235
Loss / (gain) on cross currency interest rate swap derivative		88,550	(126,851)
Gain on revaluation of investment properties		(323,970)	(686,877)
Working capital changes	40.1	661,960	122,670
		4,776,112	3,351,122

40.1 Working capital changes

	2016	2015
(Increase) / decrease in current assets:		
Stores and spares	(22,731)	(22,044)
Trade debts - unsecured	419,037	1,424,435
Agents' and owners' balances - unsecured	6,694	106,759
Loans and advances	11,558	(43,998)
Trade deposits and short-term prepayments	15,839	(41,419)
Other receivables	(96,326)	(1,273,191)
Insurance claims	(38,181)	6,639
	295,890	157,181
Increase / (decrease) in current liabilities:		
Incomplete voyages	(113,371)	36,492
Trade and other payables	479,441	(71,003)
	366,070	(34,511)
	661,960	122,670

	Note	2016	2015
		---------(Rupees in '000)-------	

41. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Short-term investments having maturity of three months or less	18	143,309	500,000
Cash and bank balances	19	2,000,069	2,812,430
		2,143,378	3,312,430

42. REMUNERATION OF CHAIRMAN, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

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

	2016	2015	2016	2015	2016	2015
	Chairman & Chief Executive		Executive Directors		Other Executives	
	--------------------------------(Rupees in '000)--------------------------------					
Managerial remuneration and allowances	1,132	851	18,495	21,796	312,610	349,327
Retirement benefits	-	-	-	-	9,840	12,235
House rent	3,730	39	3,582	4,498	128,934	142,930
Conveyance	636	589	1,473	1,685	16,367	16,845
Entertainment	8	726	117	918	6,186	7,106
Medical	523	421	1,970	1,924	25,770	26,853
Utilities	1,285	468	1,730	2,185	39,824	44,131
Personal staff subsidy	-	-	-	-	238	313
Club membership fee and expenses	247	229	361	366	-	-
Bonus	142	170	3,478	3,722	54,230	69,931
Other allowances	674	776	2,175	2,901	250,247	270,138
	8,377	4,269	33,381	39,995	844,246	939,809
Number of persons	1	2	8	5	301	313

42.1 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Group are entitled to retirement benefits as outlined in note 2.17 and 2.18 to these consolidated financial statements. The Chairman and Chief Executive, Executive Directors and certain Executives are provided with the Group owned and maintained cars.

42.2 The aggregate amount charged in these consolidated financial statements for fee to 6 (2015: 6) non-executive directors was Rs 1.400 million (2015: Rs 1.770 million).

43. FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
	---------(Rupees in '000)-------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	50,204	53,334
Derivative financial instruments	-	62,991
	50,204	116,325
Loans and receivables		
Loans - employees	59	59
Trade debts - unsecured	609,646	2,263,510
Agents' and owners' balances - unsecured	11,371	18,065
Trade deposits	19,627	15,960
Mark-up accrued	35,652	38,271
Other receivables	1,343,748	214,318
Insurance claims	38,574	393
Short-term investments	3,921,504	1,961,375
Cash and bank balances	2,000,069	2,812,430
	7,980,250	7,324,381
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	8,030,554	7,440,806
FINANCIAL LIABILITIES		
Amortised cost		
Long-term financing - unsecured	5,351,697	7,450,089
Trade and other payables	2,689,188	2,329,521
Accrued mark-up on long-term financing	46,592	82,698
	8,087,477	9,862,308

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

The Group finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Group is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Group's principal financial liabilities comprise trade and other payables. The Group also has various financial assets such as long term deposits, trade debts, other receivables and bank balances which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2016. The policies for managing each of these risk are summarised below:

44.1.1 Concentration of credit risk

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

As at June 30, 2016, out of the total financial assets of Rs 8,030.554 million (2015: Rs 7,440.806 million), the financial assets which are subject to credit risk amounted to Rs 8,029.232 million (2015: Rs 7,440.258 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Group relates to amounts due from the Public Sector organisations. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Group.

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

44.1.2 Market Risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group faces foreign currency risk on receivable, payable transactions at foreign ports and the derivative cross currency interest rate swap.

As at June 30, 2016, if the currency had weakened / strengthened by 5% against the US dollar and Japanese Yen with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 60.142 million (2015: Rs 27.363 million), mainly as a result of foreign exchange gains / losses on translation of US dollar and Japanese Yen denominated assets and liabilities.

As at June 30, 2016, the effect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group has a high exposure to interest rate risk due to the long-term financing (note 24). In order to manage its exposure to such risks the management of the Group has entered into a derivative cross currency interest rate swap (note 15) under which the Group receives three months KIBOR on the PKR notional in exchange for payment of three months LIBOR on the USD notional. During the year ended June 30, 2012, to further manage the exposure to such risk, management had obtained interest rate swap under which the Group receives a fixed interest rate of 13% in exchange for payment of KIBOR.

The Group has interest bearing liabilities that have floating interest rates. At June 30, 2016, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 4.553 million (2015: Rs 10.432 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Group, on the future profits are not considered to be material in the overall context of these consolidated financial statements.

44.1.3 Liquidity risk

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

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

Financial liabilities in accordance with their contractual maturities are presented below:

	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
2016	--------------------------(Rupees in '000)				--------------------------
Long term financing	7,371,811	1,131,222	1,546,450	3,737,536	956,603
Trade and other payables	2,689,188	2,689,188	-	-	-
Accrued mark-up on long-term financing	46,592	46,592	-	-	-
	10,107,591	3,867,002	1,546,450	3,737,536	956,603
2015					
Long term financing	9,280,828	2,346,441	2,185,985	2,914,344	1,834,058
Trade and other payables	2,329,521	2,329,521	-	-	-
Accrued mark-up on long-term financing	82,698	82,698	-	-	-
	11,693,047	4,758,660	2,185,985	2,914,344	1,834,058

44.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation techique.

Fair value hierarchy

As at June 30, 2016, the Group's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Group's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2015 was performed by Fair Water Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Group classifies Investment properties measured in the balance sheet at fair value.

The Group classifies long-term investments in listed companies and derivative cross currency interest rate swap measured in the balance sheet at fair value.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

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

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

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

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Group's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

		2016			
	Note	Level 1	Level 2	Level 3	Total
		--------------------(Rupees in '000)-------------------			
Assets carried at fair value					
Fair value through profit or loss	8	50,204	-	-	50,204
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	693,044	-	693,044
Beach huts		-	12,520	-	12,520
Workshop machinery and equipment		-	3,754	-	3,754
Investment properties		-	2,191,683	-	2,191,683
		-	3,676,313	-	3,676,313

		2015			
	Note	Level 1	Level 2	Level 3	Total
		--------------------(Rupees in '000)-------------------			
Assets carried at fair value					
Fair value through profit or loss	8 & 15	53,334	-	62,991	116,325
Leasehold land		-	862,352	-	862,352
Buildings on leasehold land		-	708,726	-	708,726
Beach huts		-	13,913	-	13,913
Workshop machinery and equipment		-	3,974	-	3,974
Investment properties		-	1,767,473	-	1,767,473
		-	3,356,438	-	3,356,438

44.2 Capital risk management

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

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

The Group is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Group's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	-----(Rupees in '000)-----	
Long-term financing (note 24)	5,351,697	7,450,089
Total equity	26,419,771	24,275,607
Total	31,771,468	31,725,696
Debt-to-equity ratio	17:83	23:77

45. ENTITY WIDE INFORMATION

45.1 The Group constitutes a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo and rental income.

45.2 Information about services

The Group's principal classes of services accounted for the following amount of revenue:

	2016	2015
	-----(Rupees in '000)-----	
Transportation of dry cargo	4,126,976	4,532,414
Transportation of liquid cargo	8,240,865	10,848,937
Rental income	176,144	154,937
	12,543,985	15,536,288

45.3 Information about geographical areas

The Group does not hold non-current assets in any foreign country.

45.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	2016 Revenue		2015 Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	3,128,173	25	2,371,821	15
Client 2	2,595,953	21	-	-
Client 3	1,288,536	10	-	-
	7,012,662	56	2,371,821	15

46. RELATED PARTY DISCLOSURES

Related parties comprise of companies affiliated to the Holding Company and the directors, chief executives of the Holding Company and employee funds maintained by the Holding Company. Particulars of remuneration to key personnel are disclosed in note 42 to these consolidated financial statements.

The significant transactions carried out by the Group with related parties are given below:

	Note	2016	2015
		-----(Rupees in '000)-----	
Contributions to Provident Fund		10,349	12,550
Key management personnel compensation	42	41,758	44,264
Directors' fee		1,400	1,770

47. LISTING OF SUBSIDIARY COMPANIES AND ASSOCIATED COMPANIES

Name of Subsidiaries	Financial year end
- Bolan Shipping (Private) Limited	June 30
- Chitral Shipping (Private) Limited	June 30
- Hyderabad Shipping (Private) Limited	June 30
- Islamabad Shipping (Private) Limited	June 30
- Johar Shipping (Private) Limited	June 30
- Kaghan Shipping (Private) Limited	June 30
- Karachi Shipping (Private) Limited	June 30
- Khairpur Shipping (Private) Limited	June 30
- Lahore Shipping (Private) Limited	June 30
- Lalazar Shipping (Private) Limited	June 30
- Makran Shipping (Private) Limited	June 30
- Malakand Shipping (Private) Limited	June 30
- Multan Shipping (Private) Limited	June 30
- Quetta Shipping (Private) Limited	June 30
- Sargodha Shipping (Private) Limited	June 30
- Shalamar Shipping (Private) Limited	June 30
- Sibi Shipping (Private) Limited	June 30
- Swat Shipping (Private) Limited	June 30
- Pakistan Co-operative Ship Stores (Private) Limited	June 30
Name of Associate	
- Muhammadi Engineering Works (Private) Limited	December 31

47.1 Set out below is summarised financial information of Pakistan Co-operative Ship Stores (Private) Limited that has Non-Controlling Interest (NCI). The following amounts are disclosed before inter-company eliminations.

	--(Rupees in '000)--
Total Assets	13,274
Total Liabilities	1,282
Profit for the year	1,313
Profit for the year allocated to NCI	355
Accumulated NCI	3,316
Cash and cash equivalent	3,925
Cash (utilised in) / generated from	
- operating activities	675
- investing activities	7,704
- financing activities	-

48. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Provident Fund (the Fund):

	Note	2016	2015
		-----(Rupees in '000)-----	
		Un-audited	Audited
Size of the Fund - Total assets		735,106	917,339
Cost of investments made		666,128	743,525
Percentage of investments made		90.62%	81.05%
Fair value of investments	48.1	668,545	851,018

48.1 The break-up of fair value of investments is:

	2016		2015	
	(Rs in '000)	%	(Rs in '000)	%
Government securities	421,446	63%	486,909	57%
Mutual funds	146,216	22%	350,383	41%
Shares in listed companies	100,883	15%	13,726	2%
	668,545	100%	851,018	100%

48.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose.

		2015
		-(Rupees in '000)-

49. CORRESPONDING FIGURES

For better presentation th following reclassifications have been made and accordingly, these corresponding figures have been reclassified

From	To	
Other receivable	Trade debts - unsecured	15,123
Provision for doubtful receivables (Other receivable)	Provision for doubtful debts (Trade debts - unsecured)	3,801
Trade debts - unsecured	Other receivable	1,264,784
Administrative expenses	Fleet expenses - direct	40,838
Administrative expenses	Other expenses	163
Fleet expenses - direct	Other income	831

50. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:

	2016	2015
	------(No of employees)------	
Average number of employees during the year	1,062	1,036
Number of employees as at end of the year	1,007	1,117

51. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at the meeting held on September 21, 2016 have proposed for the year ended June 30, 2016, cash dividend of Rs 2 per share (2015: Rs 1.5 per share) amounting to Rs 264.127 million (2015: Rs 198.095 million) subject to the approval of the members at the annual general meeting to be held on October 28, 2016. The consolidated financial statements for the year ended June 30, 2016 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

52. GENERAL

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

53. DATE OF AUTHORISATION

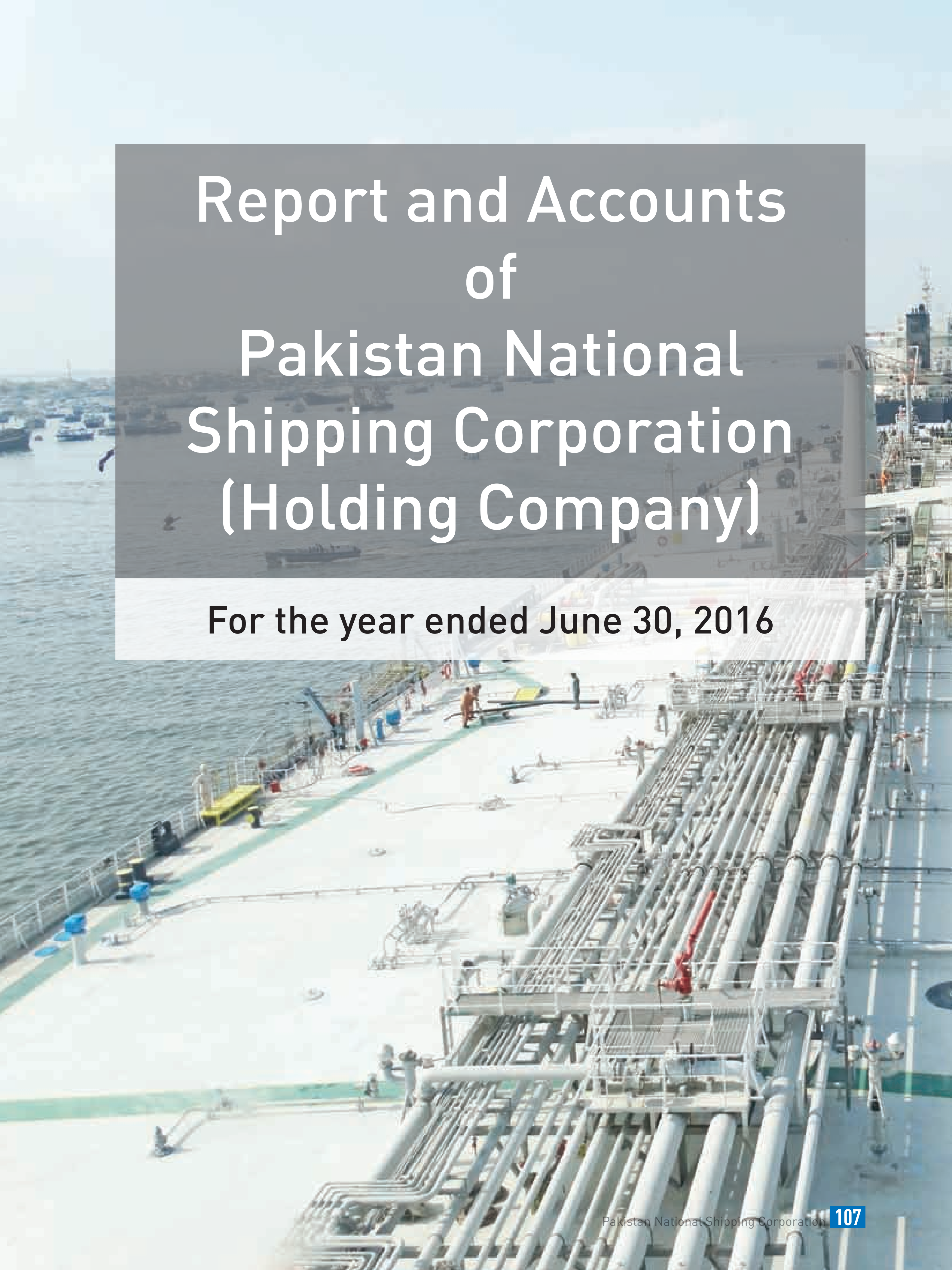
These consolidated financial statements were authorised for issue on September 21, 2016 by the Board of Directors of the Holding Company.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Report and Accounts of Pakistan National Shipping Corporation (Holding Company)

For the year ended June 30, 2016



Auditors' Report to the Members

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

EY FORD RHODES
CHARTERED ACCOUNTANTS
a member firm of Ernst & Young Global Limited
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

We have audited the annexed unconsolidated balance sheet of Pakistan National Shipping Corporation (the Corporation) as at June 30, 2016 and the related unconsolidated profit and loss account, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion-

  (i) the unconsolidated balance sheet and unconsolidated 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;

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

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

(c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of changes in equity and unconsolidated cash flow statement together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at June 30, 2016 and of the loss, its changes in equity and cash flows for the year then ended; and

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

A. F. FERGUSON & CO.
Chartered Accountants
Karachi, September 21, 2016

Audit Engagement Partner : Khurshid Hasan

EY FORD RHODES
Chartered Accountants
Karachi, September 21, 2016

Audit Engagement Partner : Riaz A. Rehman Chamdia

Balance Sheet
As at June 30, 2016

	Note	2016	2015
		----------(Rupees in '000)---------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,992,053	2,102,085
Intangible asset	5	-	-
Investment properties	6	2,191,683	1,767,473
Long-term investments in:			
- Related parties (subsidiaries and an associate)	7	28,591,761	25,189,063
- Listed companies and another entity	8	50,304	53,434
		28,642,065	25,242,497
Long-term loans and advances		58	58
Deferred taxation	9	84,651	97,669
		32,910,510	29,209,782
CURRENT ASSETS			
Stores and spares	10	11,834	13,148
Trade debts - unsecured	11	455,371	568,111
Agents' and owners' balances - unsecured	12	11,371	18,065
Loans and advances	13	91,004	3,505,259
Trade deposits and short-term prepayments	14	27,230	51,326
Interest accrued on bank deposits and investments		34,924	37,445
Other receivables	15	879,642	1,406,653
Incomplete voyages		16,412	-
Taxation-net		1,185,051	1,015,291
Short-term investments	16	3,914,504	1,954,375
Cash and bank balances	17	1,994,632	2,808,371
		8,621,975	11,378,044
TOTAL ASSETS		41,532,485	40,587,826
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised 200,000,000 (2015: 200,000,000) Ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up	18	1,320,634	1,320,634
RESERVES	19	6,630,443	6,898,954
		7,951,077	8,219,588
Surplus on revaluation of property, plant and equipment - net of tax	20	1,159,001	1,128,307
NON-CURRENT LIABILITIES			
Long-term financing - secured	21	4,141,525	5,748,035
Deferred liabilities	22	612,767	851,561
		4,754,292	6,599,596
CURRENT LIABILITIES			
Trade and other payables	23	26,388,273	22,808,212
Provision against damage claims	24	23,078	20,223
Incomplete voyages		-	27,148
Current portion of long-term financing	21	1,210,172	1,702,054
Accrued markup on long-term financing		46,592	82,698
		27,668,115	24,640,335
TOTAL EQUITY AND LIABILITIES		41,532,485	40,587,826
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Profit and Loss Account
For the year ended June 30, 2016

	Note	2016	2015
		----------(Rupees in '000)---------	
REVENUE			
Chartering revenue	27	5,350,482	8,013,565
Service fees - net	28	280,694	294,712
Rental income		175,412	154,272
Dividend income from subsidiaries	29	-	433,836
		5,806,588	8,896,385
EXPENDITURE			
Fleet expenses - direct	30	(3,978,315)	(6,768,109)
Fleet expenses - indirect	31	(24,839)	(26,749)
Vessel management expenses	32	(519,434)	(456,910)
Real estate expenses	33	(112,630)	(98,783)
		(4,635,218)	(7,350,551)
GROSS PROFIT		1,171,370	1,545,834
Administrative expenses	34	(397,534)	(529,187)
Other expenses	35	(1,141,263)	(1,311,099)
Other income	36	958,414	1,914,465
		(580,383)	74,179
OPERATING PROFIT		590,987	1,620,013
Finance costs	37	(555,028)	(667,235)
PROFIT BEFORE TAXATION		35,959	952,778
Taxation	38	(152,706)	(60,005)
(LOSS) / PROFIT FOR THE YEAR		(116,747)	892,773
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		47,901	(131,004)
Tax on remeasurement of post-retirement benefits obligation		(14,805)	14,621
		33,096	(116,383)
TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR		(83,651)	776,390
		-------------(Rupees)-------------	
(LOSS) / EARNINGS PER SHARE - basic and diluted	39	(0.88)	6.76

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Statement of Changes in Equity

For the year ended June 30, 2016

	Issued, subscribed and paid-up share capital	Capital reserves	Revenue reserves: Unappropriated profit	Revenue reserves: Remeasurement of post-retirement benefits obligation - net of tax	Total
	-----(Rupees in '000)-----				
Balance as at July 1, 2014	1,320,634	126,843	6,413,830	(226,522)	7,634,785
Final cash dividend for the year ended June 30, 2014 @ Rs 1.5 per ordinary share	-	-	(198,095)	-	(198,095)
Profit for the year	-	-	892,773	-	892,773
Other comprehensive income for the year	-	-	-	(116,383)	(116,383)
Total comprehensive income for the year	-	-	892,773	(116,383)	776,390
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 20)	-	-	6,508	-	6,508
Balance as at June 30, 2015	1,320,634	126,843	7,115,016	(342,905)	8,219,588
Final cash dividend for the year ended June 30, 2015 @ Rs 1.5 per ordinary share	-	-	(198,095)	-	(198,095)
Loss for the year	-	-	(116,747)	-	(116,747)
Other comprehensive income for the year	-	-	-	33,096	33,096
Total comprehensive income for the year	-	-	(116,747)	33,096	(83,651)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 20)	-	-	13,235	-	13,235
Balance as at June 30, 2016	1,320,634	126,843	6,813,409	(309,809)	7,951,077

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Cash Flow Statement
For the year ended June 30, 2016

	Note	2016	2015
		---------(Rupees in '000)--------	
Cash flows from operating activities			
Cash generated from operations	40	4,384,168	208,896
Employees' gratuity paid		(163,035)	(57,015)
Employees' compensated absences paid		(108,900)	(85,475)
Post-retirement medical benefits paid		(38,628)	(32,401)
Finance costs paid		(526,246)	(850,326)
(Payments) / receipts under cross currency interest rate swap		(25,559)	211,069
Taxes paid		(280,341)	(424,268)
Net cash generated from / (used in) from operating activities		3,241,459	(1,029,520)
Cash flows from investing activities			
Purchase of property, plant and equipment		(46,833)	(49,142)
Proceeds from disposal of operating fixed assets		8,297	58
Short term investments (made) / redeemed		(2,316,820)	43,065
Interest received		248,292	298,188
Dividends received		1,108	2,024
Net cash (used in) / generated from investing activities		(2,105,956)	294,193
Cash flows from financing activities			
Long-term financing obtained		3,300,000	3,081,375
Long-term financing repaid		(5,410,291)	(1,482,700)
Dividends paid		(195,642)	(194,948)
Net cash (used in) / generated from financing activities		(2,305,933)	1,403,727
Net (decrease) / increase in cash and cash equivalents		(1,170,430)	668,400
Cash and cash equivalents at the beginning of year		3,308,371	2,639,971
Cash and cash equivalents at the end of year	41	2,137,941	3,308,371

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Notes to and Forming part of the Financial Statements

For the year ended June 30, 2016

1. GENERAL INFORMATION

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

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation and statement of compliance

These unconsolidated financial statements are the separate financial statements of the Corporation and have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) as are notified under the Companies Ordinance, 1984 (the Ordinance), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail. These unconsolidated financial statements have been prepared under the historical cost convention, unless otherwise specifically stated.

The preparation of unconsolidated financial statements in conformity with approved accounting standards requires the use of certain significant accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 of these unconsolidated financial statements.

2.2 New standards, amendments to published approved accounting standards and interpretations

2.2.1 New amendments to approved accounting standards which became effective during the year ended June 30, 2016

There were certain new amendments to the approved accounting standards which became effective during the year but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in these unconsolidated financial statements.

2.2.2 New standards, amendments to approved accounting standards that are not yet effective and have not been early adopted by the Corporation

There are certain new amendments to the approved accounting standards that are mandatory for the Corporation's accounting periods beginning after July 1, 2016 but are considered not to be relevant or are not expected to have any significant effect on the Corporation's operations and are, therefore, not disclosed in these unconsolidated financial statements.

2.3 Property, plant and equipment

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

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

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

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

Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

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

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

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Corporation expects to use them during more than one year.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

2.4 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.

2.5 Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged to profit and loss account by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Corporation. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

2.6 Investment properties

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

Investment properties are measured initially at cost, including related transaction costs. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gain or loss arising as a result of fair valuation is charged to profit and loss account.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

2.7 Investments in subsidiaries and associate

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any.

2.8 Impairment of non-financial assets

The Corporation assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in profit and loss account except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of any other asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.9 Financial instruments

2.9.1 Financial assets

The Corporation classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale financial assets

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

d) Held to maturity

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

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

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

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

2.9.2 Impairment

The Corporation assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.9.3 Financial liabilities

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.9.4 Derivative financial instruments

The Corporation uses derivative financial instruments such as interest rate and cross currency swaps to manage its risks associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealised gains) are included in 'other receivable' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the balance sheet. Any gains or losses arising from changes in fair value of derivatives are recognised directly to the profit and loss account.

2.9.5 Off-setting of financial assets and financial liabilities

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

2.10 Stores and spares

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

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

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

2.11 Trade debts and other receivables

Trade debts and other receivable are recognised at the fair value of consideration to be received against goods and services. Provision is made in respect of doubtful debts and other receivable, if any. Debts, considered irrecoverable, are written off, as and when identified.

2.12 Taxation

2.12.1 Current

Consistent with prior years, provision for current taxation is based on taxable income for the year at corporate tax or alternative corporate tax, whichever is higher.

Corporate tax means tax payable by the Corporation at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover whichever is higher.

Alternative corporate tax means the tax payable by the Corporation at prescribed rate applied on accounting profit before tax.

The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in pervious years arising from assessments framed during the year for such years.

Current tax in respect of voyage charter is taxable under Final Tax Regime (FTR) under section 7A of the Income Tax Ordinance, 2001.

2.12.2 Deferred

Deferred tax is provided using the liability method for all temporary differences arising at the balance sheet date, between tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which these can be utilised.

2.13 Insurance claims

Hull claims and other claimable expenses relating to hull are charged to profit and loss account currently and claims filed there-against are taken to profit and loss account when such claims are accepted by the underwriters.

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

2.14 Trade and other payables

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

2.15 Provisions

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

2.16 Dividend and appropriations

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

2.17 Staff retirement benefits

2.17.1 Provident funds scheme

The Corporation operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Corporation and its employees, to the fund at the rate of 10 percent of the basic salaries of employees.

2.17.2 Defined benefit gratuity scheme

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation on or after October 16, 1984. Further, the Corporation operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

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

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

2.17.3 Post-retirement medical benefits

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

Provisions are made in the unconsolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

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

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

2.18 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to profit and loss account currently. The remeasurement of defined benefit obligation arising at each valuation date is recognised immediately.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2016 using the projected unit credit method.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances, deposits held with banks and other short-term highly liquid investments with maturities of three months or less.

2.20 Foreign currency translation

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

Transactions in foreign currencies are recorded in Pakistani Rupee at the exchange rates approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani Rupee at the exchange rates approximating those prevalent at the balance sheet date. Gains and losses on translation are recognised to profit and loss account.

2.21 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge and completes discharge of entire cargo on or before the balance sheet date. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the balance sheet as 'Incomplete voyages'. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days to the balance sheet date.
- Fee for technical, commercial, administrative and financial services are recognised as revenue when the services are rendered.
- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.
- Dividend income is recognised when the Corporation's right to receive the dividend is established.
- Profit from bank accounts and return on investments is recognised on a time proportion basis.
- Demurrage income due as per contractual terms is recognised on estimated basis, based on past experience of settlements and recent recovery trends.

2.22 Contingent liabilities

Contingent liability is disclosed when:

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

2.23 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in trust funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard - 2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

During the year ended June 30, 2016, the shares have not been transferred to the respective Trust Fund under the Scheme as the matter is pending with the Ministry of Finance, Revenue, Economic Affairs, Statistics and Privatisation (Privatisation Commission). The Scheme is being revamped by GoP and all claims and disbursements to the employees are kept in abeyance.

Had the exemption not been granted, the retained earnings would have been lower by Rs 631.142 million (2015: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2015: Rs 631.142 million) based on the independent actuarial valuations conducted as on June 30, 2014 . However the impact of staff cost and profit for the year is immaterial for the purpose of these unconsolidated financial statements.

2.24 Transactions with related parties

The Corporations enters into transactions with related parties for providing services on mutually agreed terms.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Corporation's unconsolidated financial statements requires management to make estimates, judgments 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 estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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

(a) Valuation of certain property, plant and equipment and investment properties;

(b) Recognition of demurrage income;

(c) Determination of the residual values and useful lives of property, plant and equipment;

(d) Recognition of taxation and deferred taxation;

(e) Accounting for provision for against doubtful loans and advances, trade debts, agents' and owners' balances, deposits and other receivables;

(f) Accounting for provision against damage claims;

(g) Accounting for defined benefit plans;

(h) Measuring fair value of cross currency swap and interest rate swap;

(i) Recoverable amount of investment in related parties; and

(j) Determination of contingent assets and liabilities.

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

	Note	2016	2015
		---------(Rupees in `000)---------	

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
- Operating fixed assets	4.1	1,536,006	1,625,364
- Capital work-in-progress (CWIP) - buildings on leasehold land	4.7	456,047	476,721
		1,992,053	2,102,085

4.1 The following is a statement of operating fixed assets:

	Leasehold land	Building on leasehold land	Vessel (note 4.4)	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts	Workshop machinery and equipment	Computer equipment	Total
	------------------------------------(Rupees in `000)------------------------------------										
As at June 30, 2014											
Cost or revalued amount	649,060	582,490	1,440	67,777	50,363	31,435	1,736	14,988	15,292	42,128	1,456,709
Less: Accumulated depreciation	-	101,202	1,440	65,955	29,090	20,479	1,129	2,697	10,887	35,416	268,295
Net book value	649,060	481,288	-	1,822	21,273	10,956	607	12,291	4,405	6,712	1,188,414
Year ended June 30, 2015											
Opening net book value	649,060	481,288	-	1,822	21,273	10,956	607	12,291	4,405	6,712	1,188,414
Additions	-	3,481	-	-	2,361	203	-	-	68	10,750	16,863
Transfers from CWIP - note 4.7	-	10,038	-	-	-	-	-	-	-	-	10,038
Disposals - note 4.5											
Cost or revalued amount	-	-	-	-	(281)	(11)	-	-	-	-	(292)
Accumulated depreciation	-	-	-	-	265	8	-	-	-	-	273
	-	-	-	-	(16)	(3)	-	-	-	-	(19)
Surplus on revaluation	213,292	243,938	-	-	-	-	-	3,038	-	-	460,268
Write off											
Cost or revalued amount	-	(6,221)	-	-	-	-	-	-	-	-	(6,221)
Accumulated depreciation	-	-	-	-	-	-	-	-	-	-	-
	-	(6,221)	-	-	-	-	-	-	-	-	(6,221)
Depreciation charge for the year - note 4.6	-	(27,310)	-	(880)	(6,304)	(3,373)	(172)	(1,416)	(499)	(4,025)	(43,979)
Closing net book value	862,352	705,214	-	942	17,314	7,783	435	13,913	3,974	13,437	1,625,364
As at June 30, 2015											
Cost or revalued amount	862,352	708,410	1,440	67,777	52,443	31,627	1,736	13,913	15,360	52,878	1,807,936
Less: Accumulated depreciation	-	3,196	1,440	66,835	35,129	23,844	1,301	-	11,386	39,441	182,572
Net book value	862,352	705,214	-	942	17,314	7,783	435	13,913	3,974	13,437	1,625,364
Year ended June 30, 2016											
Opening net book value	862,352	705,214	-	942	17,314	7,783	435	13,913	3,974	13,437	1,625,364
Additions	-	1,079	-	30,204	3,362	411	-	-	271	4,909	40,236
Transfers from CWIP - note 4.7	-	27,271	-	-	-	-	-	-	-	-	27,271
Transfers / disposals - note 4.5											
Cost or revalued amount	(87,040)	(13,200)	-	(13,992)	-	-	-	-	-	-	(114,232)
Accumulated depreciation	-	-	-	13,992	-	-	-	-	-	-	13,992
	(87,040)	(13,200)	-	-	-	-	-	-	-	-	(100,240)
Depreciation charge for the year - note 4.6	-	(30,799)	-	(6,871)	(6,469)	(3,330)	(172)	(1,393)	(491)	(7,100)	(56,625)
Closing net book value	775,312	689,565	-	24,275	14,207	4,864	263	12,520	3,754	11,246	1,536,006
As at June 30, 2016											
Cost or revalued amount	775,312	723,560	1,440	83,989	55,805	32,038	1,736	13,913	15,631	57,787	1,761,211
Less: Accumulated depreciation	-	33,995	1,440	59,714	41,598	27,174	1,473	1,393	11,877	46,541	225,205
Net book value	775,312	689,565	-	24,275	14,207	4,864	263	12,520	3,754	11,246	1,536,006
Annual rate of depreciation (%) 2016		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	
Annual rate of depreciation (%) 2015		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	

4.2 The revaluation of the 'leasehold land', 'buildings on leasehold land' and 'beach huts' was carried out as of June 30, 2015 by Fair Water Property Valuers & Surveyors (Private) Limited on the basis of their professional assessment of present market values. The revaluation resulted in a surplus of Rs 460.268 million on the written down values of Rs 1,121.228 million which were incorporated in the books of the Corporation as at June 30, 2015. Out of the total revaluation surplus, Rs 1,238.107 million (2015: Rs 1,254.837 million) remains undepreciated as at June 30, 2016.

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

	2016	2015
	----------(Rupees in '000)----------	
Leasehold land, buildings on leasehold land and beach huts	288,253	275,426
Workshop machinery and equipment	3,532	3,864
	291,785	279,290

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

4.5 No operating fixed assets with a net book value exceeding Rs 50,000 were disposed off during the year.

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

	Note	2016	2015
		----------(Rupees in '000)----------	
Fleet expenses - indirect	31	492	499
Vessel management expenses	32	27,916	19,617
Real estate expenses	33	25,115	21,901
Administrative expenses	34	3,102	1,962
		56,625	43,979

4.7 Capital work-in-progress - buildings on leasehold land

	Note	2016	2015
Balance at beginning of the year		476,721	454,480
Additions during the year		6,597	32,279
Transferred to operating fixed assets during the year	4.1	(27,271)	(10,038)
Balance at end of the year		456,047	476,721

5. INTANGIBLE ASSET

This represents cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

6. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		----------------(Rupees in '000)---------------		
Balance as at July 1, 2015		1,725,990	41,483	1,767,473
Transfers from operating fixed assets	6.1	87,040	13,200	100,240
Gain / (loss) on revaluation	6.2	325,714	(1,744)	323,970
Balance as at June 30, 2016		2,138,744	52,939	2,191,683

6.1 During the year ended June 30, 2016, NTC land and building having fair values of Rs 87.040 million and Rs 13.200 million respectively have been transferred from property, plant and equipment to investment properties.

6.2 The revaluation of the Corporation's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2016 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 325.714 million was determined in respect of leasehold land and a revaluation loss was determined on buildings on leasehold land amounting to Rs 1.744 million.

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

No. of shares - ordinary		Name of the company	Country of incorpo-ration	Latest available audited financial statements for the year ended	Percentage holding		Face value per share		
2016	2015				**2016**	2015		**2016**	2015
							(Rupees)	-----(Rupees in '000)------	
(i) Subsidiary companies - unlisted									
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	100,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	3,451,994	3,451,994
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	167,360	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	3,360,167	3,360,167
14,054,750	14,054,750	Multan Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2016	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	69,360	69,360
347,055,800	6,786,000	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	3,470,558	67,860
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	2,540,123	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2016	100	100	10	132,360	132,360
								28,591,761	25,189,063
(ii) Associate - unlisted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982	49	49	100	1,600	1,600
		Less: Accumulated impairment losses		(unaudited)				1,600	1,600
								-	-
								28,591,761	25,189,063

8. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND ANOTHER ENTITY

	Note	2016	2015
Financial assets designated as 'at fair value through profit or loss'		----------(Rupees in '000)	----------
Listed companies			
Siemens (Pakistan) Engineering Limited 6,930 (2015: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2016 Rs 994.58 (2015: Rs 1,274.23).	8.1	6,892	8,830
Pakistan State Oil Company Limited 115,358 (2015: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2016 Rs 375.46 (2015: Rs 385.79).	8.2	43,312	44,504
		50,204	53,334
Available-for-sale financial asset			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited 10,000 (2015: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		50,304	53,434

8.1 The Corporation holds 0.084% (2015: 0.084%) of the investee's share capital.

	2016	2015
Opening balance	8,830	8,711
Change in fair value	(1,938)	119
Closing balance	6,892	8,830

8.2 The Corporation holds 0.04246% (2015: 0.04246%) of the investee's share capital.

	2016	2015
Opening balance	44,504	44,858
Change in fair value	(1,192)	(354)
Closing balance	43,312	44,504

9. DEFERRED TAXATION

	Note	2016	2015
Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		167,932	232,676
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment	20	79,106	126,530
- accelerated depreciation		4,175	8,477
		83,281	135,007
		84,651	97,669

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

10. STORES AND SPARES

	Note	2016	2015
		----------(Rupees in '000)----------	
Stores			
- at depot		10,155	11,343
- at buildings		742	742
		10,897	12,085
Spares			
- at buildings		937	1,063
		11,834	13,148

11. TRADE DEBTS - unsecured

	Note	2016	2015
- considered good	11.1 & 49	455,371	568,111
- considered doubtful	49	23,448	21,808
		478,819	589,919
Less: Provision for doubtful debts	11.2	23,448	21,808
		455,371	568,111

11.1 'The ageing analysis of these trade debts that are past due but not impaired is as follows:

	Note	2016	2015
		----------(Rupees in '000)----------	
Upto 1 month		192,027	267,841
1 to 6 months		30,014	54,454
More than 6 months		233,330	245,816
		455,371	568,111

11.2 Provision for doubtful debts

	Note	2016	2015
Balance at beginning of the year		21,808	17,280
Provision made during the year	35	1,640	4,528
Balance at end of the year		23,448	21,808

As at June 30, 2016, trade debts of Rs 23.448 million (2015: Rs 21.808 million) were impaired and provided for. These balances have been outstanding for more than three years.

12. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	2016	2015
		----------(Rupees in '000)----------	
Considered good	12.1	11,371	18,065
Considered doubtful		4,453	4,453
		15,824	22,518
Less: Provision for impairment		4,453	4,453
		11,371	18,065

12.1 The ageing analysis of these agents' and owners' balances that are past due but not impaired is as follows:

	Note	2016	2015
		(Rupees in '000)	
Upto 1 month		2,847	3,528
1 to 6 months		1,176	8,256
More than 6 months		7,348	6,281
		11,371	18,065

13. LOANS AND ADVANCES - unsecured, considered good

	Note	2016	2015
Loans			
To employees		1	1
Advances			
- a subsidiary		-	3,402,698
- employees		34,571	40,730
- contractors and suppliers		7,767	38,124
- others	13.1	48,665	23,706
		91,003	3,505,258

13.1 This includes advances made to Port Qasim Authority amounting to Rs 48.665 million (2015: Rs 19.706 million).

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2016	2015
		(Rupees in '000)	
Deposits			
- considered good		19,477	15,913
- considered doubtful		369	369
		19,846	16,282
Less: Provision for impairment		369	369
		19,477	15,913
Prepayments		7,753	35,413
		27,230	51,326

15. OTHER RECEIVABLES

	Note	2016	2015
- considered good	15.1 & 49	879,642	1,343,662
- considered doubtful	49	231,190	10,832
	15.2	1,110,832	1,354,494
Less: Provision for doubtful receivables	15.3	231,190	10,832
		879,642	1,343,662
Derivative cross currency interest rate swap	15.5 & 15.6	-	62,991
		879,642	1,406,653

15.1 As at June 30, 2016, amounts aggregating Rs 879.642 million (2015: Rs 1,343.662 million) are past due but not impaired. These receivables have been outstanding for less than one year.

	Note	2016	2015
		---------(Rupees in '000)---------	

15.2 This includes the following:

Demurrage receivable		1,007,221	1,264,784
Receivable from sundry debtors		75,940	57,961
Sales tax refund claims		26,109	25,865
Others		1,562	5,884
		1,110,832	1,354,494

15.3 This includes the following:

Balance at beginning of the year		10,832	12,659
Provision reversed during the year	36	-	(1,827)
Provision made during the year		220,358	-
Balance at end of the year	15.4	231,190	10,832

15.4 As at June 30, 2016, other receivables of Rs 231.190 million (2015: Rs 10.832 million) were impaired and provided for. These receivables have been outstanding for more than three years.

15.5 The Corporation had entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing from Standard Chartered Bank (SCB). Under the terms of the cross currency swap arrangement, the Corporation was required to pay LIBOR plus 3.75% to the SCB on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the SCB. Further, the Corporation was also required to pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. The Corporation had also entered into an interest rate swap. Under the terms of the interest rate swap the Corporation received a fixed interest of 13% per annum, whereas the Corporation had to pay 3 months KIBOR for each quarter. On November 23, 2015, the above derivative arrangements with SCB extinguished due to completion of its tenure.

15.6 The net fair value of cross currency interest rate swap and interest rate swap as determined by the bank were Rs Nil (2015: Rs 30.048 million) (favourable) and Rs Nil (2015: Rs 9.022 million) (favourable) respectively to the Corporation as of the balance sheet . Therefore, net mark-up receivable and exchange gain/ (loss) has been settled to Nil (2015: Rs 23.920 million) as at June 30, 2016. All these arrangements have been settled during current year.

16. SHORT-TERM INVESTMENTS

	Note	2016	2015
		----------(Rupees in '000)----------	
Term deposits with banks having maturity of:			
- more than six months but upto twelve months	16.1	50,000	300,000
- three to six months	16.2	3,721,195	1,154,375
- three months or less	16.3	143,309	500,000
		3,914,504	1,954,375

16.1 The mark-up on these term deposits denominated in local currency ranges from 6.75 % to 8.80% (2015: 8.5% to 8.75%) per annum.

16.2 The mark-up on these term deposits denominated in local currency ranges from 6.50% to 7.05% (2015: 8.10% to 8.80%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.10% to 2.25% (2015: 2.05% to 2.10%) per annum.

16.3 The mark-up on these term deposits denominated in local currency ranges from 6.70 % to 9.80% (2015: 6.70% to 7.00%) per annum.

17. CASH AND BANK BALANCES

	Note	2016	2015
		---------(Rupees in '000)-----------	
Cash at hand		1,322	548
Cash at bank			
- in current accounts			
- local currency		-	779,935
- foreign currency		177,289	516,023
		177,289	1,295,958
- in savings accounts			
- local currency	17.1 & 17.2	1,809,310	1,510,442
- foreign currency	17.3	6,711	1,423
		1,816,021	1,511,865
		1,994,632	2,808,371

17.1 The mark-up on savings account in local currency ranges from 3.75% to 6.05% (2015:4.5% to 6.75%) per annum.

17.2 This includes Rs 2.126 million (2015: Rs 2.126 million), Rs. 3 million (2015: Rs 3 million) and Rs 3 million (2015: Rs Nil) held as security by Habib Bank Limited, P.N.S.C branch, Soneri Bank, AKU branch and Silk Bank, Saima tower branch respectively against guarantees issued on behalf of the Corporation.

17.3 The mark-up on savings account in foreign currency ranges from 0.15% to 0.5% (2015:0.15% to 0.5%) per anum.

18. SHARE CAPITAL

18.1 Issued, subscribed and fully paid-up

2016	2015		2016	2015
----------(No. of Shares)---------			--------(Rupees in '000)--------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

18.2 As at June 30, 2016, GoP held 112,468,455 (2015: 109,919,234) ordinary shares of the Corporation.

19. RESERVES

	Note	2016	2015
		----------(Rupees in '000)----------	
Capital reserves	19.1	126,843	126,843
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(309,809)	(342,905)
- unappropriated profit		6,813,409	7,115,016
		6,630,443	6,898,954

19.1 This includes an amount transferred from shareholders' equity at the time of merger between former NSC and PSC.

20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

	Note	2016	2015
		(Rupees in '000)	
Balance at the beginning of the year		1,254,837	804,140
Add: Surplus arising on revaluation of fixed assets during the current year		-	460,268
Less: Transferred to unappropriated profit:			
- Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		13,235	6,508
- Related deferred tax liability		3,495	3,063
		16,730	9,571
		1,238,107	1,254,837
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		126,530	35,892
- Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(3,495)	(3,063)
- Surplus arising on revaluation of fixed assets during the current year			79,032
- Effect of change in statutory tax rate for next year		(7,908)	(3,076)
- Effect of allocation of revenue between presumptive tax regime and normal tax regime		(36,021)	17,745
	9	79,106	126,530
Balance at the end of the year		1,159,001	1,128,307

21. LONG-TERM FINANCING - secured

	Note	2016	2015
Financing under syndicate term finance agreement	21.1 & 21.2	1,648,705	5,918,572
Less: Current portion		256,781	1,407,455
		1,391,924	4,511,117
Financing under term finance certificates agreement		-	580,030
Less: Current portion		-	166,208
		-	413,822
Financing under musharika agreement	21.2	3,702,992	951,487
Less: Current portion		953,391	128,391
		2,749,601	823,096
		4,141,525	5,748,035

21.1 During the year ended June 30, 2015, the Corporation obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). This financing was obtained in November 2014 in the form of syndicated term finance loan of Rs 3,000 million, with the remaining amount of Rs 1,500 million through a Musharika agreement. The Corporation has drawn Rs 2,054.250 million and Rs 1,027.125 million from syndicated term finance and Musharika respectively.

The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR+0.5%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 6, 2022. The facility is secured by a first mortgage charge over one of the vessels owned by a subsidiary company of the Corporation.

21.2 The Corporation had entered into a cross currency interest rate swap and interest rate swap for its syndicated term finance facility with SCB which were settled as explained in note 15.6 on November 23, 2015, the Corporation repaid the outstanding syndicated term finance facility balance of SCB amounting to Rs 3,254 million bearing mark-up of 3 month KIBOR + 2.2%. The repayment was financed with a new Musharika facility obtained from Faysal Bank Limited (FBL) amounting to Rs 3,300 million bearing mark-up of 3 month KIBOR + 0.40%. The loan along with the mark-up is repayable on a quarterly basis with the first installment payable on February 23, 2016 while last repayment date is November 23, 2019. The facility is secured by first mortgage charge over two vessels owned by the subsidiary companies of the Corporation. The Corporation has also paid loan arrangement fee amounting to Rs 12.540 million which was included in the amortised cost of the long term financing, whereas an amount of Rs 3.300 million was expensed out at the time of agreement.

	Note	2016	2015
		----------(Rupees in '000)----------	
22. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	22.1.3	47,771	142,289
- unfunded	22.1.3	156,610	167,304
		204,381	309,593
Post-retirement medical benefits	22.1.3	165,223	200,989
Employees' compensated absences	22.2.3	243,163	340,979
		612,767	851,561

22.1 Retirement benefit schemes

22.1.1 The disclosures made in notes 22.1.2 to 22.1.16 of these unconsolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2016.

22.1.2 As stated in notes 2.17.2 and 2.17.3 of these unconsolidated financial statements, the Corporation operates a funded retirement gratuity scheme for those permanent employees who joined the Corporation before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	2016			2015		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	7.25%	10.50%	7.25%	9.75%	10.50%	9.75%
Future salary increases - for permanent employees						
For the year 2015-16	-	-	-	2.00%	-	-
For the year 2016-17	40.00%	-	-	40.00%	-	-
For the year 2017-18	2.00%	-	-	2.00%	-	-
For the year 2018-19	40.00%	-	-	40.00%	-	-
For the year 2019-20	2.00%	-	-	2.00%	-	-
For the year 2020-21	40.00%	-	-	40.00%	-	-
For the year 2021-22	2.00%			9.75%		
For the year 2022-23 and onwards	7.25%	-	-	9.75%	-	-
Future salary increases - for contractual employees						
For the year 2014-15	-	-	-	-	-	-
For the year 2015-16	-	-	-	-	15.00%	-
For the year 2016-17	-	10.00%	-	-	15.00%	-
For the year 2017-18	-	10.00%	-	-	15.00%	-
For the year 2018-19	-	10.00%	-	-	15.00%	-
For the year 2019-20	-	9.00%	-	-	15.00%	-
For the year 2020-21	-	9.00%	-	-	10.50%	-
For the year 2022- and onwards	-	9.00%	-	-	10.50%	-
Medical escalation rate	-	-	7.25%	-	-	9.75%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

	2016			2015		
	Employees' gratuity		Post-retirement medical benefits	Employees' gratuity		Post-retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	------------------------------(Rupees in '000)------------------------------					
22.1.3 Balance sheet reconciliation						
Present value of defined benefit obligation	333,295	156,610	165,223	432,113	167,304	200,989
Fair value of plan assets	(285,524)	-	-	(289,824)	-	-
Net liability in the balance sheet	47,771	156,610	165,223	142,289	167,304	200,989
22.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	432,113	167,304	200,989	397,045	100,995	194,581
Current service cost	11,269	38,987	8,052	9,256	20,648	7,717
Interest cost	36,178	19,248	17,786	47,025	14,407	23,671
Benefits paid	(159,540)	(21,035)	(38,628)	(93,763)	(7,015)	(32,401)
Remeasurement on obligation	13,275	(47,894)	(22,976)	72,550	38,269	7,421
Balance at end of the year	333,295	156,610	165,223	432,113	167,304	200,989
22.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	289,824	-	-	310,146	-	-
Expected return on plan assets	22,935	-	-	36,205	-	-
Contribution	142,000	-	-	50,000	-	-
Benefits paid	(159,540)	-	-	(93,763)	-	-
Remeasurement on plan assets	(9,695)	-	-	(12,764)	-	-
Balance at end of the year	285,524	-	-	289,824	-	-
22.1.6 Movement in net liability in the balance sheet						
Balance at beginning of the year	142,289	167,304	200,989	86,899	100,995	194,581
Expense recognised for the year	24,512	58,235	25,838	20,076	35,055	31,388
Contributions made by the Corporation / payments	(142,000)	(21,035)	(38,628)	(50,000)	(7,015)	(32,401)
Remeasurements recognised in other comprehensive income	22,970	(47,894)	(22,976)	85,314	38,269	7,421
	47,771	156,610	165,223	142,289	167,304	200,989
22.1.7 The amounts recognised in the income statement						
Current service cost	11,269	38,987	8,052	9,256	20,648	7,717
Net interest amount	13,243	19,248	17,786	10,820	14,407	23,671
	24,512	58,235	25,838	20,076	35,055	31,388
Less: Charged to subsidiaries	839	883	307	806	1,020	671
Expense	23,673	57,352	25,531	19,270	34,035	30,717
22.1.8 Remeasurements recognised in other comprehensive income						
Losses / (gains) from changes in financial assumptions	16,090	(22,823)	35,956	45,200	15,902	-
Experience (gains) / losses	(2,815)	(25,071)	(58,932)	27,350	22,367	7,421
Remeasurement of fair value of plan assets	9,695	-	-	12,764	-	-
	22,970	(47,894)	(22,976)	85,314	38,269	7,421

	2016 Rupees in '000	2016 %	2015 Rupees in '000	2015 %
22.1.9 Major categories / composition of plan assets				
Cash and cash equivalents	82,018	28.73%	138,133	47.66%
Investment in mutual funds	102,793	36.00%	-	0.00%
Term deposit receipts of private commercial banks (unquoted)	100,714	35.27%	151,691	52.34%
	285,525	100%	289,824	100%

22.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

22.1.11 Actual gain on plan assets during the year ended June 30, 2016 was Rs 13.080 million (2015:Rs 23.481 million).

22.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Funded Gratuity Scheme		Unfunded Gratuity Scheme	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount Rate	1%	(326,693)	344,567	(138,029)	179,211
Salary increase rate	1%	336,683	(334,128)	175,282	140,769

22.1.13 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.75 and 13.04 years.

22.1.14 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Post Retirement Medical Benefits			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(127,490)	134,845	(29,252)	40,265
Medical Cost Escalation Rate	1%	135,058	(127,224)	40,296	(29,142)

22.1.15 The weighted average duration of the defined benefit obligations post medical retirement benefit scheme for permanent and contractual employees is 6.11 years.

22.1.16 The employee gratuity funded and unfunded scheme and post retirement medical benefit plans exposes the Corporation to the following risks:

Investment risk: The risk of the investment underperforming and not being sufficient to meet the liabilities.

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service/ age distribution and the benefit.

Medical cost escalation risks – The risk that the hospitalisation cost could be higher than what we assumed.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

22.2 Employees' compensated absences

22.2.1 The disclosures made in notes 22.2.2 to 22.2.9 of these unconsolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2016.

22.2.2 As stated in note 2.18, of these unconsolidated financial statements the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	2016	2015
Discount rate	7.25%	9.75%
Future salary increases - for permanent employees		
For the year 2015-16	-	-
For the year 2016-17	40.00%	40.00%
For the year 2017-18	2.00%	2.00%
For the year 2018-19	40.00%	40.00%
For the year 2019-20	2.00%	2.00%
For the year 2020-21	40.00%	40.00%
For the year 2021-22	2.00%	2.00%
For the year 2023 and onwards	7.25%	13.25%
Future salary increases - for contractual employees		
For the year 2016-17 till 2017-18	10.00%	15.00%
For the year 2018-19	10.00%	15.00%
For the year 2019-20	7.25%	15.00%
For the year 2020-21	7.25%	15.00%
For the year 2022-23 and onwards	7.25%	9.75%

	2016	2015
	----------(Rupees in '000)----------	
22.2.3 Balance sheet reconciliation		
Present value of defined benefit obligation (recognised)	243,163	340,979
22.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	340,979	235,008
Current service cost	92,296	57,227
Interest cost	34,461	32,277
Remeasurements of obligation	(115,673)	101,942
Benefits paid	(108,900)	(85,475)
Balance at end of the year	243,163	340,979
22.2.5 Expense		
Current service cost	92,296	57,227
Interest cost	34,461	32,277
Remeasurements of obligation	(115,673)	101,942
	11,084	191,446
Less: Charged to subsidiaries	91	3,123
Expense	10,993	188,323

22.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	2016	2015
	----------(Rupees in '000)----------	
Present value of defined benefit obligation	243,163	340,979
Experience gain on defined benefit obligation	(115,673)	101,942

22.2.7 Assumed future salary increase rate and discount rate have a significant effect on the employee's compensated absences. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

		Increase / (decrease) in defined benefit obligation of`			
		Employees Compensated Absences			
		Permanent Employees		Contractual Employees	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(155,222)	166,882	(71,978)	94,965
Salary growth rate	1%	161,899	(159,840)	92,731	(73,521)

22.2.8 The risks to which the scheme exposes the Corporation are disclosed in note 22.1.16. of these unconsolidated financial statements.

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

22.3 Expected retirement benefits costs for the year ending June 30, 2017 are as follows:

	(Rupees in '000)
Gratuity	
- Funded	11,831
- Unfunded	45,337
Post-retirement medical benefits	22,119
Compensated absences	105,457

22.4 During the year, the Corporation contributed Rs 10.349 million (2015: Rs 12.550 million) to the provident fund.

23. TRADE AND OTHER PAYABLES

	Note	2016	2015
		----------(Rupees in '000)----------	
Creditors		62,821	56,414
Current account balances with subsidiary companies	23.1	24,210,338	20,934,423
Agents' and owners' balances		358,783	396,500
Accrued liabilities		1,322,200	1,091,748
Deposits	23.2	47,630	38,187
Unclaimed dividends		35,516	33,063
Advances from customers		233,126	110,899
Other liabilities			
- amounts retained from contractors		25,398	27,411
- others		92,461	119,567
		117,859	146,978
		26,388,273	22,808,212

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

	Note	2016	2015
		----------(Rupees in '000)----------	
Bolan Shipping (Private) Limited		859,703	861,042
Chitral Shipping (Private) Limited		1,380,229	1,379,567
Hyderabad Shipping (Private) Limited		1,111,315	1,122,272
Islamabad Shipping (Private) Limited		649,417	650,094
Kaghan Shipping (Private) Limited		1,324,860	1,323,946
Khairpur Shipping (Private) Limited		448,127	448,565
Makran Shipping (Private) Limited		315,780	316,629
Malakand Shipping (Private) Limited		625,119	661,116
Multan Shipping (Private) Limited		806,740	830,543
Sargodha Shipping (Private) Limited		197,988	198,332
Sibi Shipping (Private) Limited		586,954	503,824
Shalamar Shipping (Private) Limited		2,479,835	1,662,761
Swat Shipping (Private) Limited		1,168,823	1,168,036
Lalazar Shipping (Private) Limited		745,246	745,646
Johar Shipping (Private) Limited		1,227,993	1,229,936
Lahore Shipping (Private) Limited		3,193,439	2,327,248
Karachi Shipping (Private) Limited		2,935,307	2,230,006
Quetta Shipping (Private) Limited		4,153,463	3,274,860
		24,210,338	20,934,423

23.2 These deposits are mark-up free and are repayable on demand or on completion of specific contracts.

24. PROVISION AGAINST DAMAGE CLAIMS

	Note	2016	2015
		----------(Rupees in '000)----------	
Balance at beginning of the year		20,223	31,973
Charge during the year	35	6,776	4,615
Reversal during the year	36	(3,921)	(16,365)
Balance at end of the year		23,078	20,223

25. CONTINGENCIES AND COMMITMENTS

Contingencies

25.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2016 aggregated to Rs 194.453 million (2015: Rs 201.116 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.324 million (2015: Rs 2.285 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 171.375 million (2015: Rs 180.887 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 23.078 million (2015: Rs 20.223 million) against the aforementioned claims in these unconsolidated financial statements.

25.2 The Corporation has not accepted liability in respect of customs duty approximating Rs 2.500 million (2015: Rs 2.500 million) relating to the sale of the vessel M.V. Bhambore during the year ended June 30, 1978. The duty was claimed from the Corporation and the matter has been taken up with the appropriate Government agencies.

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

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2015: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Corporation liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Corporation.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2015: Rs 1.300 million) and Rs 66.800 million (2015: Rs 66.800 million) respectively.

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

25.4 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs 97.817 million (2015: Rs 97.817 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporation's favour and accordingly no provision for above claims has been made in these unconsolidated financial statements.

25.5 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Corporation. Appellate Tribunal Inland Revenue (ATIR) has given the decision in favour of the Corporation on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court of Sindh against the aforementioned orders of ATIR. The Honourable High Court of Sindh has decided the appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court of Pakistan and the decision of the Honourable High Court of Sindh has been suspended. Hearing of the appeal is pending in the Honourable Supreme Court of Pakistan.

25.6 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR had disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to the approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Corporation paid Rs 170 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). The Commissioner of Inland Revenue (Appeals) in his order upheld certain additions and had given decision in favour of the Corporation on certain matters resulting in refund of Rs 90.579 million. The management had provided for all the matters that were decided against the Corporation, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which might have resulted in increase of tax liability by Rs 17.848 million.

The Corporation had filed an appeal with the ATIR in respect of aforementioned disallowances. The aforementioned appeals have been decided by the ATIR through the combined appellate order whereby certain disallowances have been deleted interalia including disallowances of common expenses allocated to profit on debt. The Corporation has filed a reference to Honorable High Court of Sindh in respect of certain disallowances maintained in the aforesaid order. The management of the Corporation is confident that the matter in the Honorable High Court of Sindh will eventually be decided in favour of the Corporation.

25.7 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation had paid Rs 160.513 million (2015: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 15.068 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Corporation is confident that the subject matters in respect of tax year 2011 will eventually be decided in favour of the Corporation.

25.8 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs 65 million under protest and filed an appeal with the Commissioner of Inland Revenue (Appeals). During the year ended June 30, 2015, Commissioner of Inland Revenue (Appeals) in his order the has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 24.022 million. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Corporation is confident that the subject matters in respect of tax year 2012 will eventually be decided in favour of the Corporation.

25.9 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Corporation has paid Rs 288.265 million under protest and adjusted Rs 15.068 million against refunds available for the tax year 2011. Further the management has filed an appeal with the Commissioner of Inland Revenue (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and worked out a Nil demand. The Corporation and the department have filed appeals with the ATIR in respect of aforementioned disallowances. The management of the Corporation is confident that the subject matters in respect of tax year 2013 will eventually be decided in favour of the Corporation.

25.10 During the year ended June 30, 2015, Additional Commissioner Inland Revenue (ACIR) issued assessment order under section 122 (5A) of the ITO, 2001 in respect of tax year 2014. According to the order the ACIR made certain additions and determined additional tax demand of Rs 170.436 million in respect of certain disallowances regarding financial expenses, administrative costs and post-retirement benefits. The Corporation paid Rs 83.438 million under protest and adjusted Rs 86.998 million against refunds available for tax year 2008, 2009, 2010 and 2013. The Corporation had filed an appeal before the Commissioner of Inland Revenue (Appeals) who passed his order and maintained the decision of the ACIR. The Corporation had filed an appeal with the ATIR in respect of aforementioned order of the Commissioner Inland Revenue (Appeals) in respect of aforementioned disallowances. The management of the Corporation is confident that the subject matters in respect of tax year 2014 will eventually be decided in favour of the Corporation.

25.11 During the year ended June 30, 2014, the Corporation received assessment orders from the taxation authorities in respect of tax years 2008-2013. The taxation officer has held that the Corporation is liable to deduct withholding tax under section 152(2) of the ITO, 2001, while making payments to the non-resident shipping companies and in the event of default to do so the Corporation becomes personally liable to pay tax under section 161 along with default surcharge under section 205 of the Ordinance. By virtue of above orders a cumulative tax demand was raised by the taxation authorities amounting to Rs 2,695.496 million. The Corporation filed an appeal with the Commissioner of Inland Revenue (Appeals) who maintained the orders passed by the Deputy Commissioner Inland Revenue and consequently an appeal was filed before the Appellate Tribunal Inland Revenue (ATIR). The ATIR, in the appellate order, has held that the payments made by the Corporation to the non-resident shipping companies are in the nature of "Royalty" and the rate of tax withholding applicable on such payments would be 15 per cent. Accordingly, the tax demand originally raised was reduced to Rs 1,659.485 million. The Corporation lodged rectification applications in respect of the orders passed by ATIR, However, during the year ended June 30, 2016, the said rectification applications have been rejected. Without prejudice to the rectification applications, the Corporation has also filed a petition before the Honourable Sindh High Court in respect of the aforesaid orders passed by ATIR seeking protection from any adverse action. The Honourable Sindh High Court has granted an interim order restraining FBR from taking any coercive action, the said interim order is still operative. Further, the aforementioned cases are still pending with the Honourable Sindh High Court.

Further, during the year ended June 30, 2015, the DCIR had issued show cause notice under section 161 of the ITO, 2001 in respect of tax year 2014 proposing to raise tax demand of Rs 1,324.077 million on the aforementioned matter. The Corporation took up the matter to the Honourable High Court and the Court has suspended the show cause notice till further notice. The management of the Corporation is confident that the subject matter in respect of tax years 2008 to 2013 will eventually be decided in favour of the Corporation, and hence no provision has been made in the unconsolidated financial statements in respect of the said matter.

25.12 During the year ended June 30, 2014, the Assistant Commissioner Sindh Revenue Board (AC) has passed an order under Sindh Sales Tax on Services Act, 2011 for the tax period July 2011 to June 2012. The AC has held the Corporation liable to pay sales tax on 'Administrative and Financial Services' provided to its subsidiaries and has also levied sales tax on the services that are provided by the Corporation outside Sindh. By virtue of above order an additional tax demand of Rs 12.654 million, alongwith default surcharge of Rs 1.012 million was raised by the taxation authorities. The Corporation paid the amount under protest and filed Appeal with Commissioner Appeals - SRB (CA) which was decided against the Corporation. The Corporation has filed another appeal against the decision of CA with the Appellate Tribunal, SRB which is pending for hearing. The management of the Corporation is confident that the subject matters in respect of tax period July 2011 to June 2012 will eventually be decided in favour of the Corporation.

Commitments

25.13 Commitments in respect of capital expenditure amount to Rs 32.571 million (2015: Rs 86.023 million).

25.14 Outstanding letters of guarantee amount to Rs 8.126 million (2015: Rs 5.126 million).

26. FINANCING STRUCTURE / MODE

	2016	2015
	----------(Rupees in '000)----------	
Conventional mode:		
Assets		
Cash and bank balances	1,797,121	2,807,991
Short-term investments	3,914,504	1,954,375
Mark-up accrued on bank deposits and investments	34,924	37,445
	5,746,549	4,799,811
Shariah compliant mode:		
Assets		
Cash and bank balances	197,511	380
Loans and advances	91,062	3,505,317
Trade deposits and short-term prepayments	27,230	51,326
	315,803	3,557,023

27. CHARTERING REVENUE

	2016	2015
Foreign flag vessels		
- voyage charter revenue	2,626,649	5,581,009
- slot charter revenue	2,723,833	2,432,556
	5,350,482	8,013,565

28. SERVICE FEES - NET

	2016	2015
	----------(Rupees in '000)----------	
Technical and commercial services fee	227,362	232,086
Administrative and financial services fee	75,788	77,362
Sales tax	(22,456)	(14,736)
	280,694	294,712

	Note	2016	2015
		----------(Rupees in '000)----------	

29. DIVIDEND INCOME FROM SUBSIDIARIES

	Note	2016	2015
Chitral Shipping (Private) Limited		-	96,370
Hyderabad Shipping (Private) Limited		-	79,389
Multan Shipping (Private) Limited		-	49,192
Malakand Shipping (Private) Limited		-	117,606
Shalamar Shipping (Private) Limited		-	2,375
Sibi Shipping (Private) Limited		-	88,904
		-	433,836

30. FLEET EXPENSES - DIRECT

	Note	2016	2015
Charter, hire and related expenses	30.1	3,944,567	6,766,060
Exchange loss		33,748	2,049
		3,978,315	6,768,109

30.1 Charter, hire and related expenses

	Note	2016	2015
Foreign flag vessels			
- voyage charter expenses		2,693,007	5,510,301
- slot charter expenses		1,251,560	1,255,759
		3,944,567	6,766,060

31. FLEET EXPENSES - INDIRECT

	Note	2016	2015
Salaries and allowances	31.1	18,103	19,599
Agents' and other general expenses	31.2	5,456	5,881
Depreciation	4.6	492	499
General establishment expenses		788	770
		24,839	26,749

31.1 This includes Rs 0.670 million (2015: Rs 2.081 million) in respect of provident fund contribution.

31.2 Agents' and other general expenses

	Note	2016	2015
		----------(Rupees in '000)----------	
Printing and stationary		11	53
Advertisement and publicity		958	1,136
Telephone, telex and postage		2,812	2,946
Commission charges		189	342
Legal and professional charges		308	8
Air freight		1,178	1,396
		5,456	5,881

32. VESSEL MANAGEMENT EXPENSES

	Note	2016	2015
Workshop management expenses		69,241	77,713
Salaries and allowances	32.1	323,969	278,425
General establishment expenses	32.2	80,166	62,938
Rent, rates and taxes		12,939	15,289
Insurance		5,203	2,928
Depreciation	4.6	27,916	19,617
		519,434	456,910

32.1 This includes Rs 5.026 million (2015: Rs 5.417 million) in respect of provident fund contribution.

32.2 General establishment expenses

	Note	2016	2015
		----------(Rupees in '000)----------	
Repairs and maintenance		8,466	5,119
Medical expenses		25,328	20,487
Security charges		1,732	1,669
Travelling and conveyance		8,083	6,878
Entertainment and canteen subsidy		5,629	3,878
Uniform and liveries		1,511	1,166
Printing and stationery		2,701	2,709
Telephone, telex and postage		5,214	4,171
Light, power and water		7,622	5,234
Computer expenses		4,500	4,012
Vehicle running, repairs and maintenance expenses		9,380	7,615
		80,166	62,938

33. REAL ESTATE EXPENSES

	Note	2016	2015
Salaries and allowances	33.1	45,619	39,722
General establishment expenses	33.2	29,123	26,357
Rent, rates and taxes		9,078	5,970
Insurance		3,353	4,038
Depreciation	4.6	25,115	21,901
Legal and professional charges		342	795
		112,630	98,783

33.1 This includes Rs 0.707 million (2015: Rs 0.292 million) in respect of provident fund contribution.

33.2 General establishment expenses

	Note	2016	2015
		----------(Rupees in '000)----------	
Repairs and maintenance		11,514	9,591
Security charges		9,739	9,797
Light, power and water		7,704	6,810
Vehicle running, repairs and maintenance		166	159
		29,123	26,357

34. ADMINISTRATIVE EXPENSES

	Note	2016	2015
Salaries and allowances	34.1	254,128	330,995
General establishment expenses	34.2	92,609	105,867
Rent, rates and taxes		1,438	1,529
Scholarship and training expenses		776	4,070
Insurance		578	293
Depreciation	4.6	3,102	1,962
Directors' fee	42.2	1,400	1,770
Legal and professional charges		19,073	48,840
Sales tax expenses		24,430	33,861
		397,534	529,187

34.1 This includes Rs 3.942 million (2015: Rs 4.760 million) in respect of provident fund contribution.

34.2 General establishment expenses

	Note	2016	2015
		----------(Rupees in '000)----------	
Repairs and maintenance		6,641	6,086
Medical expenses		19,868	24,355
Contribution to employees welfare fund		6	8
Contribution to group term insurance		1,603	1,631
Hajj expenses		1,593	2,298
Security charges		1,359	1,985
Travelling and conveyance		6,340	8,177
Entertainment and canteen subsidy		4,416	4,611
Books, periodicals and subscription		6,773	5,863
Uniform and liveries		168	117
Printing and stationery		2,120	3,220
Telephone, telex and postage		4,090	4,959
Light, power and water		5,979	6,222
Computer expenses		3,530	4,769
Advertisement and publicity		11,778	10,599
Vehicle running, repairs and maintenance expenses		7,357	9,053
Ship inspection expenses		4	1,798
Sundry expenses		8,984	10,116
		92,609	105,867

35. OTHER EXPENSES

	Note	2016	2015
Donations	35.1	50	1,000
Auditors' remuneration	35.2	7,827	8,999
Demurrage expenses		533,881	961,381
Employees' gratuity			
- funded	22.1.7	23,673	19,270
- unfunded	22.1.7	57,352	34,035
		81,025	53,305
Post-retirement medical benefits	22.1.7	25,531	30,717
Employees' compensated absences	22.2.5	10,993	188,323
Loss on revaluation of long-term investments in listed companies	35.3	3,130	235
Loss on revaluation of derivative instruments	35.4	39,070	61,797
Provision for doubtful debts and other receivables		221,998	727
Demurrage receivable written off		210,982	-
Provision in respect of damage claims	24	6,776	4,615
		1,141,263	1,311,099

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

35.2 Auditors' remuneration

	2016			2015		
	A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhode	Total
	-----------------------------(Rupees in '000)-----------------------------					
Audit fee	1,178	1,178	2,356	1,115	1,115	2,230
Fee for review of half yearly financial statements	411	411	822	385	385	770
Fee for review report on the code of corporate governance	127	127	254	118	118	236
Fee for audit of consolidated financial statements	149	149	298	139	139	278
Tax advisory services fee	3,482	-	3,482	4,428	-	4,428
Central Depository Company certification fees	15	-	15	15	-	15
Out of pocket expenses	300	300	600	521	521	1,042
	5,662	2,165	7,827	6,721	2,278	8,999

35.3 This represents loss on revaluation of long term investments amounting Rs 3.130 million (2015:Rs 0.235 million and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

35.4 This represents loss on revaluation of derivative instruments amounting Rs 39.070 million (2015:Rs 61.797 million) and Rs Nil (2015: Rs Nil) held under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36. OTHER INCOME

	Note	2016	2015
		----------(Rupees in '000)----------	
Income from financial assets			
Income from saving accounts and term deposits	36.1	245,771	301,094
Agency fee		19,837	46,894
Dividend income from investment in listed companies and another entity	36.2	1,108	2,024
Exchange gain	36.3	21,648	13,052
Gain on revaluation of investment properties	6	323,970	686,877
Liabilities no longer payable written back		-	6,597
Demurrage income		306,688	796,144
		919,022	1,852,682
Income from non - financial assets			
Gain on disposal of operating fixed assets		8,297	39
Provisions no longer required written back	11.2, 15.3 & 24	6,636	18,192
Sundry income	36.4	24,459	43,552
		39,392	61,783
		958,414	1,914,465

36.1 This represents income from saving accounts and term deposits amounting Rs 245.771 million (2015: Rs 301.094 million) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.2 This represents dividend income amounting Rs 1.108 million (2015: Rs 2.204) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.3 This represents exchange gain amounting Rs 21.648 million (2015: Rs 13.052 million) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements respectively.

36.4 This includes the following:

	Note	2016	2015
		----------(Rupees in '000)----------	
Documentation charges		1,716	1,583
Income earned by PNSC Work Shop		15,555	23,003
Stale cheques		90	310
Cost of Tender document		313	246
Others		6,785	18,410
		24,459	43,552

37. FINANCE COSTS

	Note	2016	2015
Mark-up on long-term financing		504,772	854,509
Loss / (gain) on cross currency interest rate swap derivative	37.1 & 37.2	49,480	(188,648)
Bank charges		776	1,374
		555,028	667,235

37.1 This represents loss / (gain) on cross currency interest rate swap derivative amounting Rs 49.480 million (2015: Rs (188.648) million) and Rs Nil (2015: Rs Nil) under sharia non-compliant arrangements and sharia compliant arrangements, respectively.

37.2 This relates to the amount received during the year on account of quarterly exchanges and terminations under the swap arrangement as explained in note 15.6.

38. TAXATION

	Note	2016	2015
		----------(Rupees in '000)---------	
Tax charge for:			
- current year		251,271	175,707
- prior years	38.2	(140,690)	(29,730)
		110,581	145,977
Deferred		42,125	(85,972)
		152,706	60,005

38.1 Relationship between tax expense and accounting profit

	2016	2015
	----------(Rupees in '000)---------	
Accounting profit before tax	35,959	952,778
Tax rate	32%	33%
Tax on accounting profit	11,507	314,417
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	(83,111)	(479,035)
Tax saving due to lower tax rates Income under Section 7A	287,702	274,491
Dividend income	(216)	(100,248)
Effect of charging deferred tax on different rate than current tax	16,131	7,781
Effect of prior year	(140,690)	(29,730)
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	61,383	72,329
	141,199	(254,412)
Tax expense for the year	152,706	60,005

38.2 During the year ended June 30, 2016, the ATIR has decided the appeals filed by the Corporation and tax department for the tax years 2003 to 2010. In the aforesaid appellate orders, certain issues have been decided in favour of the Corporation in respect of which, a provision was duly recognised against the tax demand raised for the respective tax years.

39. (LOSS) / EARNINGS PER SHARE - basic and diluted

	2016	2015
	----------(Rupees in '000)----------	
(Loss) / profit for the year attributable to ordinary shareholders	(116,747)	892,773
	---------(No. of Shares)----------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	------------(Rupees)------------	
(Loss) / earnings per share - basic and diluted	(0.88)	6.76

39.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2016 and 2015.

	Note	2016	2015
		----------(Rupees in '000)----------	

40. CASH GENERATED FROM OPERATIONS

	Note	2016	2015
Profit before taxation		35,959	952,778
Adjustments for non-cash charges and other items:			
Depreciation	4.6	56,625	43,979
Gain on disposal of operating fixed assets	36	(8,297)	(39)
Provision in respect of damage claims	24	6,776	4,615
Provision for employees' gratuity	22.1.7	81,025	53,305
Provision for post-retirement medical benefits	22.1.7	25,531	30,717
Provision for employees' compensated absences	22.2.5	10,993	188,323
Dividend income	29 & 36	(1,108)	(435,860)
Provision for doubtful debts and other receivables	35	221,998	727
Provisions no longer required written back	36	(6,636)	(18,192)
Liabilities no longer payable written back	36	-	(6,597)
Intrest income	36	(245,771)	(301,094)
Intrest expense	37	504,772	854,509
Gain on revaluation of investment properties	36	(323,970)	(686,877)
Loss on revaluation of long-term investments	35	3,130	235
Loss / (gain) on cross currency interest rate swap derivative	37	49,480	(188,648)
Loss on revaluation of swap derivatives	35	39,070	61,797
Working capital changes	40.1	3,934,591	(344,782)
		4,384,168	208,896

40.1 Working capital changes

	2016	2015
Decrease / (Increase) in current assets		
Stores and spares	1,314	(42,145)
Trade debts - unsecured	111,100	1,419,155
Agents' and owners' balances - unsecured	6,694	106,759
Loans and advances	11,557	(3,446,695)
Trade deposits and short-term prepayments	24,096	(40,051)
Other receivables	243,662	(1,249,289)
Incomplete voyages	(43,560)	33,140
	354,863	(3,219,126)
Increase in current liabilities		
Trade and other payables	3,579,728	2,874,344
	3,934,591	(344,782)

41. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Short-term investments having maturity of three months or less	16	143,309	500,000
Cash and bank balances	17	1,994,632	2,808,371
		2,137,941	3,308,371

42. REMUNERATION OF CHAIRMAN, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

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

	2016	2015	2016	2015	2016	2015
	Chairman & Chief Executive		Executive Directors		Other Executives	
	------------------------------(Rupees in '000)------------------------------					
Managerial remuneration and allowances	1,132	851	18,495	21,796	312,610	349,327
Retirement benefits	-	-	-	-	9,840	12,235
House rent	3,730	39	3,582	4,498	128,934	142,930
Conveyance	636	589	1,473	1,685	16,367	16,845
Entertainment	8	726	117	918	6,186	7,106
Medical	523	421	1,970	1,924	25,770	26,853
Utilities	1,285	468	1,730	2,185	39,824	44,131
Personal staff subsidy	-	-	-	-	238	313
Club membership fee and expenses	247	229	361	366	-	-
Bonus	142	170	3,478	3,722	54,230	69,931
Other allowances	674	776	2,175	2,901	250,247	270,138
	8,377	4,269	33,381	39,995	844,246	939,809
Number of persons	1	2	8	5	301	313

42.1 Retirement benefits represent amount contributed towards various retirement benefit plans. The Executives of the Corporation are entitled to retirement benefits as outlined in note 2.17 and 2.18 to these unconsolidated financial statements. The Chairman and Chief Executive, Executive Directors and certain Executives are provided with the Corporation owned and maintained cars.

42.2 The aggregate amount charged in the unconsolidated financial statements for fee to 6 (2015: 6) non-executive directors was Rs 1.400 million (2015: Rs 1.770 million).

43. FINANCIAL INSTRUMENTS BY CATEGORY

	2016	2015
	----------(Rupees in '000)----------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long term investments - listed companies	50,204	53,334
Derivative financial instruments	-	62,991
	50,204	116,325
Loans and receivables		
Loans - employees	59	59
Trade debts - unsecured	455,371	568,111
Agents' and owners' balances - unsecured	11,371	18,065
Trade deposits	19,477	15,913
Mark-up accrued	34,924	37,445
Other receivables	879,642	1,343,662
Short-term investments	3,914,504	1,954,375
Cash and bank balances	1,994,632	2,808,371
	7,309,980	6,746,001
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	7,360,284	6,862,426
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	26,155,147	22,697,313
Long-term financing	5,351,697	7,450,089
Accrued mark-up on long-term financing	46,592	82,698
	31,553,436	30,230,100

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

The Corporation finances its operations through equity and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk. Taken as a whole, the Corporation is exposed to market risk (including interest rate risk, currency risk and other price risk), credit risk and liquidity risk. The Corporation's principal financial liabilities comprise trade and other payables. The Corporation also has various financial assets such as long term deposits, trade debts, other receivables and bank balances which are directly related to its operations. No changes were made in the objectives, policies or processes and assumptions during the year ended June 30, 2016. The policies for managing each of these risk are summarised below:

44.1.1 Concentration of credit risk

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

As at June 30, 2016, out of the total financial assets of Rs 7,360.284 million (2015: Rs 6,862.426 million) the financial assets which are subject to credit risk amounted to Rs 7,358.962 million (2015: Rs 6,861.878 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Corporation relates to amounts due from the Public Sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Corporation.

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

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

	2016	2015
	----------(Rupees in '000)----------	
Public Sector	478,819	1,839,699
Private Sector	35,670	38,800
	514,489	1,878,499

Out of Rs 514.489 million (2015: Rs 1,878.499 million), the Corporation has provided Rs 28.270 million (2015: Rs 22.829 million) as the amounts being doubtful to be recovered from them.

44.1.2 Market risk

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign currency rates. The Corporation faces foreign currency risk on receivable, payable transactions at foreign ports and the derivative cross currency interest rate swap.

As at June 30, 2016, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 35.621 million (2015: Rs 29.02 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2016, the affect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Corporation has a high exposure to interest rate risk due to the long term financing (note 21). In order to manage its exposure to such risks the management of the Corporation has entered into a derivative cross currency interest rate swap (note 15) under which the Corporation receives three months KIBOR on the PKR notional in exchange for payment of three months LIBOR on the USD notional. During the year ended June 30, 2012, to further manage the exposure to such risk, the management has obtained interest rate swap under which the Corporation receives a fixed interest rate of 13% in exchange for payment of KIBOR.

The Corporation has interest bearing liabilities and have floating interest rates. At June 30, 2016, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs 4.553 million (2015: Rs 10.432 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The effects of changes in fair value of investments made by the Corporation, on the future profits are not considered to be material in the overall context of these unconsolidated financial statements.

44.1.3 Liquidity risk

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

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

Financial liabilities in accordance with their contractual maturities are presented below:

	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
2016	(Rupees in '000)				
Long term financing	7,371,811	1,131,222	1,546,450	3,737,536	956,603
Trade and other payables	26,155,147	26,155,147	-	-	-
Accrued mark-up on long-term financing	46,592	46,592	-	-	-
	33,573,550	27,332,961	1,546,450	3,737,536	956,603
2015					
Long term financing	9,280,828	2,346,441	2,185,985	2,914,344	1,834,058
Trade and other payables	22,697,313	22,697,313	-	-	-
Accrued mark-up on long-term financing	82,698	82,698	-	-	-
	32,060,839	25,126,452	2,185,985	2,914,344	1,834,058

44.1.4 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value hierarchy

As at June 30, 2016, the Corporation's all assets and liabilities are carried at amortised cost except for those mentioned below:

The Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment are stated at revalued amounts, being the fair value at the date of revaluation, less any subsequent depreciation and subsequent accumulated impairment losses, if any. The fair value measurements of the Corporation's leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment as at June 30, 2015 was performed by Fairwater Property Valuers & Surveyors (Private) Limited (an independent valuer).

The Corporation classifies Investment properties measured in the balance sheet at fair values.

The Corporation classifies long-term investments in listed companies and derivative cross currency interest rate swap measured in the balance sheet at fair value.

The valuation techniques and inputs used to develop fair value measurements of aforementioned assets are as follows:

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

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

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

There were no transfers between level 1, 2 or 3 of the fair value hierarchy during the year.

Details of fair value hierarchy and information relating to fair value of Corporation's leasehold land, buildings on leasehold land, beach huts, workshop machinery and equipment, investment categorised as fair value through profit or loss and investment properties are as follows:

		2016			
	Note	Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Fair value through profit or loss	8	50,204	-	-	50,204
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	689,565	-	689,565
Beach huts		-	12,520	-	12,520
Workshop machinery and equipment		-	4,017	-	4,017
Investment properties		-	2,191,683	-	2,191,683
		-	3,673,097	-	3,673,097

		2015			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Fair value through profit or loss	8 & 15	53,334	-	62,991	116,325
Leasehold land		-	862,352	-	862,352
Buildings on leasehold land		-	705,214	-	705,214
Beach huts		-	13,913	-	13,913
Workshop machinery and equipment		-	4,409	-	4,409
Investment properties		-	1,767,473	-	1,767,473
		-	3,353,361	-	3,353,361

45. CAPITAL RISK MANAGEMENT

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

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

The Corporation is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Corporation's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2016 and 2015 were as follows:

	2016	2015
	----------(Rupees in '000)----------	
Long-term financing - secured (note 21)	5,351,697	7,450,089
Total equity	7,951,077	8,219,588
Total	13,302,774	15,669,677
Debt-to-equity ratio	41:59	48:52

46. ENTITY WIDE INFORMATION

46.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo, rental income and service fees through chartered vessels.

46.2 Information about services

The Corporation's principal classes of services accounted for the following amount of revenue:

	2016	2015
	----------(Rupees in '000)----------	
Transportation of dry cargo	2,723,833	2,432,556
Transportation of liquid cargo	2,626,649	5,581,009
Rental income	175,412	154,272
Services fee	280,694	294,712
	5,806,588	8,462,549

46.3 Information about geographical areas

The Corporation does not hold non-current assets in any foreign country.

46.4 Information about major customers

The Corporation has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	2016		2015	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	2,132,025	37	3,015,690	34
Client 2	1,090,223	19	1,387,562	16
Client 3	620,018	11	-	-
	3,842,266	67	4,403,252	50

47. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, service fees charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fees charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Balances with related parties have been disclosed in note 23 to these unconsolidated financial statements. Particulars of remuneration to key management personnel are disclosed in note 42 of these unconsolidated financial statements. Investments in related parties are disclosed in note 7 of these unconsolidated financial statements.

Related party	Relationship with the Corporation	2016	2015
		----------(Rupees in '000)----------	
Service fee charged			
Chitral Shipping (Private) Limited	Subsidiary	17,924	34,850
Hyderabad Shipping (Private) Limited	Subsidiary	11,116	13,877
Kaghan Shipping (Private) Limited	Subsidiary	-	-
Karachi Shipping (Private) Limited	Subsidiary	51,947	64,822
Lahore Shipping (Private) Limited	Subsidiary	55,505	61,020
Malakand Shipping (Private) Limited	Subsidiary	10,717	11,578
Multan Shipping (Private) Limited	Subsidiary	8,886	12,261
Quetta Shipping (Private) Limited	Subsidiary	57,260	53,708
Sibi Shipping (Private) Limited	Subsidiary	11,368	11,428
Shalamar Shipping (Private) Limited	Subsidiary	55,968	31,168
		280,691	294,712
Rental expense			
Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	750	682

Related party	Relationship with the Corporation	Note	2016	2015
			----------(Rupees in '000)----------	
Transfer of stores				
Chitral Shipping (Private) Limited	Subsidiary		178	122
Hyderabad Shipping (Private) Limited	Subsidiary		187	919
Kaghan Shipping (Private) Limited	Subsidiary		-	-
Karachi Shipping (Private) Limited	Subsidiary		9,183	5,987
Lahore Shipping (Private) Limited	Subsidiary		8,484	8,519
Malakand Shipping (Private) Limited	Subsidiary		2,628	229
Multan Shipping (Private) Limited	Subsidiary		173	163
Quetta Shipping (Private) Limited	Subsidiary		7,319	6,706
Sibi Shipping (Private) Limited	Subsidiary		135	207
Shalamar Shipping (Private) Limited	Subsidiary		9,706	3,392
			37,993	26,244
Retirement benefit costs charged				
Chitral Shipping (Private) Limited	Subsidiary		321	603
Hyderabad Shipping (Private) Limited	Subsidiary		178	1,046
Kaghan Shipping (Private) Limited	Subsidiary		-	1,612
Karachi Shipping (Private) Limited	Subsidiary		177	129
Lahore Shipping (Private) Limited	Subsidiary		102	149
Malakand Shipping (Private) Limited	Subsidiary		607	386
Multan Shipping (Private) Limited	Subsidiary		85	891
Quetta Shipping (Private) Limited	Subsidiary		154	167
Shalamar Shipping (Private) Limited	Subsidiary		50	-
Sibi Shipping (Private) Limited	Subsidiary		446	637
			2,120	5,620
Contribution to provident fund			10,349	12,550
Key management personnel compensation		42	41,758	44,264
Advance to subsidiary against issue of shares			-	3,402,698

47.1 Outstanding balances due from / due to related parties have been disclosed in the respective notes to these unconsolidated financial statements.

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

48. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Provident Fund (the Fund):

	Note	2016	2015
		----------(Rupees in '000)----------	
		Un-Audited	Audited
Size of the Fund - Total assets		735,106	917,339
Cost of investments made		666,128	743,525
Percentage of investments made		90.62%	81.05%
Fair value of investments	48.1	668,545	851,018

48.1 The break-up of fair value of investments is:

	2016		2015	
	(Rupees in '000)	----%----	(Rupees in '000)	----%----
Government securities	421,446	63%	486,909	57%
Mutual funds	146,216	22%	350,383	41%
Shares in listed companies	100,883	15%	13,726	2%
	668,545	100%	851,018	100%

48.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose.

49. CORRESPONDING FIGURES

For better presentation the following reclassifications have been made and accordingly, these corresponding figures have been reclassified:

From	To	2015 Rupees in '000
Other receivable	Trade debts	15,004
Provision for doubtful receivables	Provision for doubtful debts	3,801
Trade debts	Other receivable	1,264,784

50. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:

	2016	2015
	--------(No of employees)-------	
Average number of employees during the year	1,062	1,036
Number of employees as at the end of the year	1,007	1,117

51. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at their meeting held on September 21, 2016 have proposed for the year ended June 30, 2016 cash dividend of Rs 2 per share (2015: Rs 1.5 per share), amounting to Rs 264.127 million (2015: Rs 198.095 million) subject to the approval of the members at the annual general meeting to be held on October 28, 2016. The unconsolidated financial statement for the year ended June 30, 2016 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

52. GENERAL

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

53. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on September 21, 2016 by the Board of Directors of the Corporation.

Arif Elahi P.A.S.
Chairman & Chief Executive

Khowaja Obaid Imran Ilyas
Director

Pattern of Shareholding

No. of Shareholders	Shareholdings				Total Shares Held
11202	Shareholding From	1	To	100	365,454
3092	Shareholding From	101	To	500	722,499
821	Shareholding From	501	To	1000	602,433
681	Shareholding From	1001	To	5000	1,457,173
79	Shareholding From	5001	To	10000	557,628
27	Shareholding From	10001	To	15000	344,974
17	Shareholding From	15001	To	20000	308,533
7	Shareholding From	20001	To	25000	152,903
7	Shareholding From	25001	To	30000	196,962
3	Shareholding From	35001	To	40000	114,575
2	Shareholding From	40001	To	45000	85,500
2	Shareholding From	45001	To	50000	96,500
2	Shareholding From	50001	To	55000	109,400
1	Shareholding From	55001	To	60000	59,865
1	Shareholding From	60001	To	65000	63,400
1	Shareholding From	65001	To	70000	68,000
4	Shareholding From	70001	To	75000	288,300
4	Shareholding From	75001	To	80000	315,600
1	Shareholding From	90001	To	95000	93,000
2	Shareholding From	95001	To	100000	196,000
1	Shareholding From	155001	To	160000	158,812
1	Shareholding From	160001	To	165000	161,700
2	Shareholding From	170001	To	175000	349,200
2	Shareholding From	195001	To	200000	400,000
1	Shareholding From	220001	To	225000	224,000
1	Shareholding From	280001	To	285000	282,000
1	Shareholding From	435001	To	440000	436,564
1	Shareholding From	515001	To	520000	519,100
1	Shareholding From	605001	To	610000	608,707
1	Shareholding From	1230001	To	1235000	1,230,173
1	Shareholding From	1495001	To	1500000	1,500,000
1	Shareholding From	2285001	To	2290000	2,287,700
1	Shareholding From	5235001	To	5240000	5,238,269
1	Shareholding From	112465001	To	112470000	112,468,455
15,972					132,063,379

Categories of Shareholders
For The Year Ended June 30, 2016

Categories of Shareholders	No.	Shares Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	78	3,293,425	2.50
INSURANCE COMPANIES	15	1,496,154	1.13
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
KHOWAJA OBAID IMRAN ILYAS	1	2,299	
MISS. AVA ARDESHIR COWASJEE	1	4,359	
MR. ANWAR SHAH	1	100	
KHOWAJA OBAID IMRAN ILYAS	1	115	
Sub-Totals :		6,873	0.01
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	5,238,269	
MOHAMMADI ENGG. WORKS LTD	1	4,766	
Sub-Totals :		5,243,035	3.97
MODARABAS AND MUTUAL FUNDS	15	1,138,226	0.86
NIT AND ICP	13	77,987	0.06
FOREIGN INVESTORS	8	6,286	0.005
DIRECTOR GENERAL PORT & SHIPPING	1	112,468,455	85.16
OTHERS	75	1,261,325	0.96
Individuals*	15,761	7,071,613	5.35
G-Totals :	15,972	132,063,379	100.00

*Including 3656 shareholders whose current domicile is not known

N.B.:- The above two statements include 1685 shareholders holding 11,585,751 Shares through Central Depository Company of Pakistan Limited.

Notice of Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting of the shareholders of Pakistan National Shipping Corporation will be held at the Navy Welfare Centre (Pakistan Navy Fleet Club), near Lucky Star Hotel, Saddar, Karachi on 28th October, 2016 at 11:00 a.m. to transact the following business.

ORDINARY BUSINESS:

1. To confirm the minutes of 37th Annual General Meeting of the Shareholders held on 28th October, 2015.
2. To consider and adopt the Audited Accounts of the Corporation and the Consolidated Accounts of the PNSC Group together with the reports of Auditors and Directors for the year ended 30th June, 2016.
3. To consider and approve Board's recommendation to pay 20% Cash Dividend (i.e.) Rs.2/- per share to the shareholders.
4. To elect two directors for a period of three years in accordance with the provisions of section 14 (1) (b) of the Pakistan National Shipping Corporation Ordinance,1979 (XX of 1979) in place of the following retiring directors, who are eligible for re-election:
    a. Mr. Khowaja Obaid Imran Ilyas
    b. Capt. Anwar Shah
5. To consider Board's recommendation to re-appoint the retiring auditors A. F. Ferguson & Co., Chartered Accountants and EY Ford Rhodes, Chartered Accountants, as joint auditors of the Corporation for the year 2016-2017 and to fix their remuneration.
6. To solicit / obtain consent of the shareholders in terms of SRO 470 (I) 2016 of the Securities and Exchange Commission of Pakistan (SECP) for transmitting to them the annual audited accounts through CD/DVD/USB. The Corporation, however, shall place on its website a Standard Request Form for the convenience of those shareholders who require hard copies of the annual audited accounts.
7. To transact any other business that may be placed before the meeting with the permission of the chair.

By Order of the Board

ZAINAB SULEMAN
CORPORATION SECRETARY
Dated: October 6, 2016

Note:

1. The Share Transfer Books of the Corporation will remain closed from 21st October, 2016 to 28th October, 2016 (both day inclusive).
2. A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Corporation not less than 48 hours before the time of holding the meeting.
3. CDC accounts holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC accounts numbers at the meeting. However, if any, proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the computerized National Identity Cards of the grantors, and the signature on the proxy form has to be the same as appearing on the computerized national identity card.
4. The shareholders are requested to immediately notify change, if any, in their mailing addresses.
5. The shareholders who have not yet submitted photocopies of their valid computerized National Identity Card (CNIC) to the Corporation are once again requested to send the same at the earliest to the Corporation's Share Registrar, Technology Trade (Pvt.) Ltd., Dagia House 241-C,Block-2,P.E.C.H.S Off Shahrah-e-Quaideen, Karachi. Phone: 021-34391316-17, 34387960-61

Form of Proxy

The Company Secretary,
Pakistan National Shipping Corporation,
Moulvi Tamizuddin Road,
Karachi

Please quote your
Folio No./ CDC Account No.

I/We ______________________________

of ______________________________

being shareholder of Pakistan National Shipping Corporation holding ______________

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

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

of ______________________________

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

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

of ______________________________

as my/ our proxy to vote for me/ us and on my/ our behalf at the meeting of the shareholders of the Corporation to be held at Karachi on the 28th day of October 2016 at 11:00 a.m. and at any adjournment thereof.

Dated this ______________ day of ______________ 2016.

Revenue Stamp

of

Rs 5

Signature of the Shareholder ______________

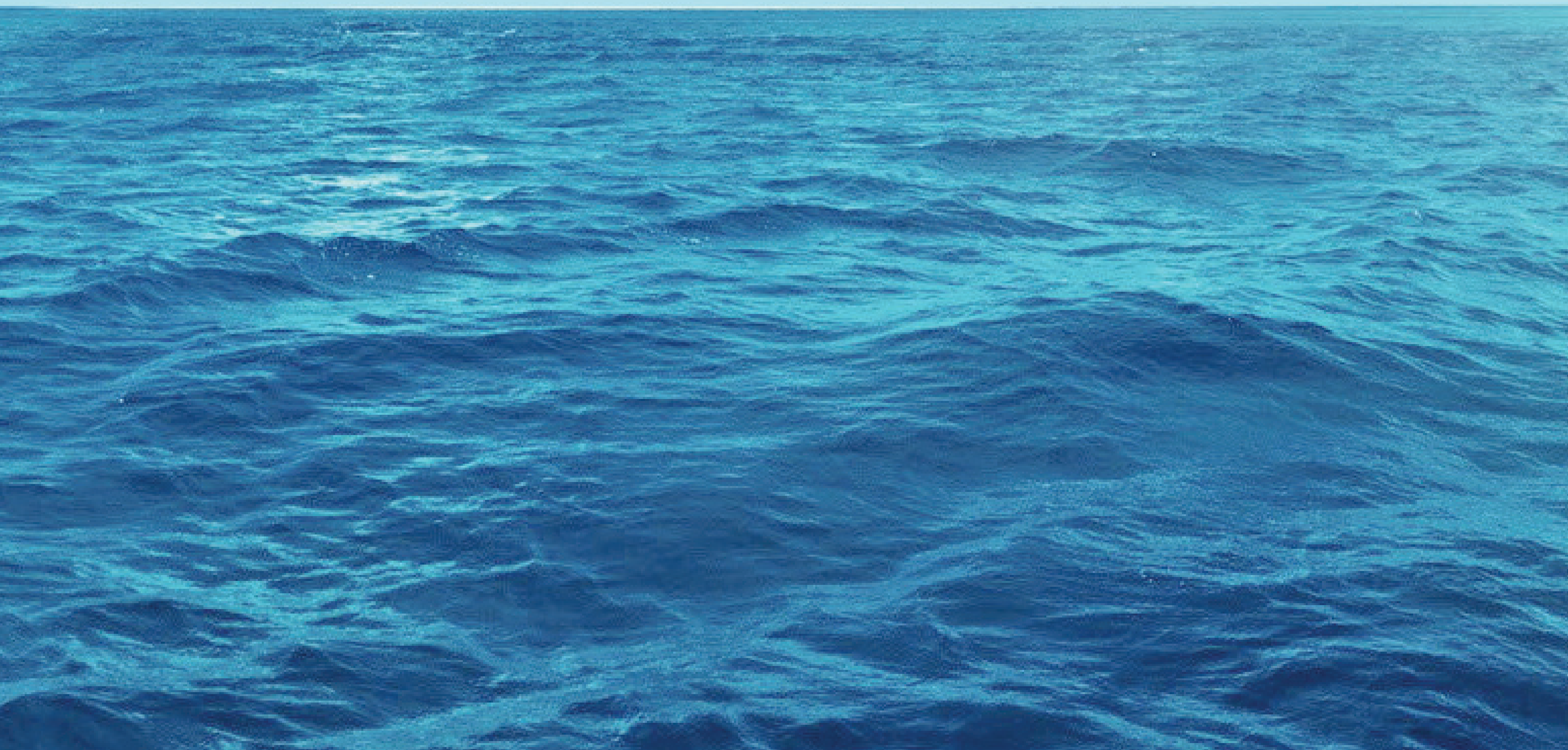
Address ______________________________

____

Folio No./CDC Account No. ______________

Transfer Receipt No. ______________

P.N.S.C Building Moulvi Tamizuddin Khan Road,
P.O.Box No.5350, Karachi-Pakistan.
Phone: (92-21) 99203980-99 (20 Lines)
Fax: (92-21) 99203974, 35636658
Email: communication@pnsc.com.pk
www.pnsc.com.pk



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