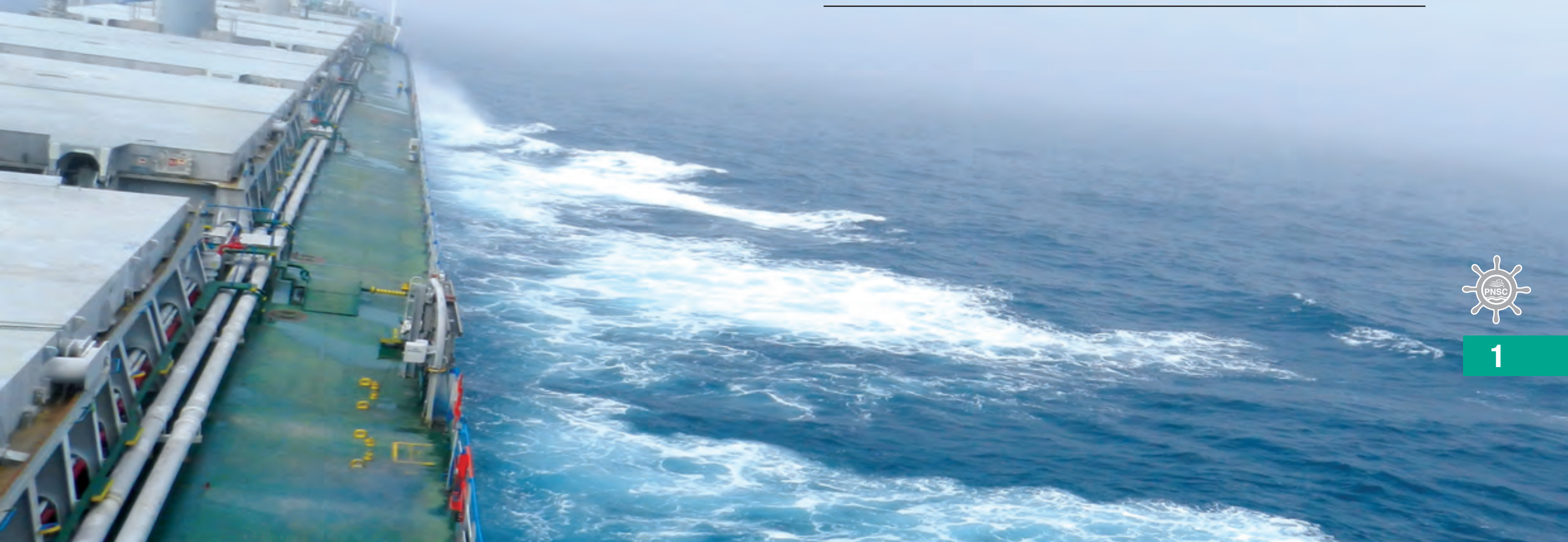
Pakistan National Shipping Corporation

Annual Report
2017

MOVING FORWARD
SUCCESSFULLY

Contents



Chairman's Message

By the Grace of Allah, PNSC has so far not only remained in profit, but its profitability showed improvement year by year. This year PNSC achieved the highest profitability as compared to last 10 years.

Financial standing and credibility of PNSC also improved and this year Pakistan Credit Rating Agency (PACRA) has up-graded the credit rating from 'AA-' to 'AA' for long term and maintained the credit rating at 'A1+' for short term. PNSC has a very good debt servicing and its gearing ratio is decreasing year by year showing sound financial position of the Corporation.

With good rating and sound gearing, we are ready to expand more, both vertically and horizontally. Our vertical integration focuses on fleet development program where we plan to increase number of vessels in our fleet. At present plan of induction of two new modern aframax tankers with cargo capacity over 100,000 tons is in advanced stages.

Considering seasonal cyclic impacts in shipping sector, to ensure better management of shareholders' wealth we plan to grow horizontally by involving in other profitable business avenues. Marine workshop at Gwadar, passenger ferry service and enhanced transit oil storage are our some major under consideration projects. Specially in case of ferry service, we have obtained relevant license from Ministry of Ports and Shipping and project is in very advanced stages.

Three projects of PNSC i.e. Land for oil storage construction at Gwadar, land acquisition and construction of ship workshop at Gwadar and oil storage and construction at Keamari, Karachi have been selected by Government of Pakistan in Public Sector Development Program (PSDP).

PNSC is actively participating towards national prosperity by participating in Government treasury through taxes as well as dividends. Further, PNSC is also providing training opportunities to young generation and participates actively in various welfare and charitable events with the approval of Government of Pakistan. We are endeavouring our best to increase our contribution towards the country to ensure a prosperous Pakistan.

Arif Elahi P.A.S
Chairman & Chief Executive

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. Haque Nawaz	(upto May 19, 2017)	Member
3.	Mr. Sa'ad Fazil Abbasi	(upto October 19, 2016)	Member
4.	Ms. Ava A. Cowasjee	(upto May 19, 2017)	Member
5.	Mr. Akbar Adil	(upto May 19, 2017)	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.	Mr. Akbar Adil	(upto May 19, 2017)	Member
3.	Capt. Anwar Shah		Member
4.	Ms. Zainab Suleman		Secretary

HR Committee

1.	Capt. Anwar Shah		Chairman
2.	Ms. Ava A. Cowasjee	(upto May 19, 2017)	Member
3.	Mr. Akbar Adil	(upto May 19, 2017)	Member
4.	Ms. Zainab Suleman		Secretary

Commercial Committee

1.	Mr. Akbar Adil	(upto May 19, 2017)	Member
2.	Ms. Ava A. Cowasjee	(upto May 19, 2017)	Member
3.	Capt. Anwar Shah		Member
4.	Ms. Zainab Suleman		Secretary

Chief Financial Officer

Mr. S. Jarar Haider Kazmi

Corporation & Board 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 Alfalah Limited
Bank Alfalah Limited, Bahrain
Bank Al Habib, Bahrain
Dubai Islamic Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
Habib Bank Limited, New York
Meezan Bank Limited
MCB Bank Limited
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
National Bank of Pakistan
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank (Pakistan) Limited
Summit Bank Limited
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. Elahi is a Science graduate from DJ Science College and Master in Business Administration from IBA. He joined Civil service in 1984, DMG group, now known as PAS. Before joining the civil services, he was part of a private organization doing international trade. He served at various stations as AC, Mirpur Matelo, AC, Eidgah, AC, Saddar etc and also as:

- Deputy Commissioner Karachi – South – Sindh &
- Deputy Commissioner Quetta – Balochistan.

He headed the Excise & Taxation Department of Balochistan where he established a new Excise Secretariat and changed the revenue collection system, introduced new number plates, registration books and computerized record keeping resulting in increase in revenue manifolds and facilitation to the tax payer.

Managed the entire relief operation in the worst ever drought in 2000 as the Addl. Relief Commissioner - Balochistan.

Served as the Director General of the Federal Board of Investments and also established the Sindh Board of Investment and introduced various investment attractive schemes in the rural areas of Sindh.

Mr. Arif Elahi has had the honour of representing Pakistan and read papers at many national and international conferences, seminars, exhibitions and even as Manager of Pakistan National Boxing Team at the Pre-Olympics winning two Gold medals for Pakistan.

He organized the 21st Islamic Foreign Ministers conference, the Pakistan vs Zimbabwe Series, many national and international Investment conferences, labour related conferences, managed many more local, national and international events, exhibitions, conferences and also conducted numerous foreign potential investment delegations.

His other assignments were:

- Secretary Investment, Government of Sindh.
- Secretary Labour – Chairman Sindh Workers Welfare Board, Government of Sindh.
- Secretary Tourism, Government of Sindh.
- Secretary Industries & Commerce – Chairman Site, Government of Sindh.
- Chairman Export Processing Zone Authority - Government of Pakistan

He joined PNSC as its CEO and Chairman two and a half years back, and during his tenure has turned around the organization into a success story showing record profit and closing the year with Rs. 2,476 million as net profit at a time when International Shipping was facing severe crisis. This was achieved due to effective and efficient management, reduction of costs, renegotiating financial loans and introducing HR changes at all levels of the Corporation. During his tenure, PNSC rating upgraded to AA.

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 35 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.

Mr. Khowaja Obaid Imran Ilyas

Mr. 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.

PNSC Managed Fleet

Vessel: **M.T QUETTA** Built: Japan 2003

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

Vessel: **M.V CHITRAL** Built: Japan 2003

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

Vessel: **M.T LAHORE** Built: Japan 2003

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

Vessel: **M.V MALAKAND** Built: Japan 2004

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

Vessel: **M.T KARACHI** Built: Japan 2003

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

Vessel: **M.V HYDERABAD** Built: Japan 2004

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

Vessel: **M.T SHALAMAR** Built: Japan 2006

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

Vessel: **M.V SIBI** 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

PNSC Leadership Team

From left to right:

Capt. Muhammad Shakil	Executive Director (Commercial)
Mr. Tariq Majeed	Executive Director (Ship Management)
Mr. Arif Elahi	Chairman & Chief Executive
Brig (R) Rashid Siddiqi, SI (M)	Executive Director (Administration)
Mr. S. Jarar Haider Kazmi	Executive Director (Finance)
Mr. Khurrum Mirza	Executive Director (Special Projects and Planning)

PNSC Leadership Team

Chairman / CEO

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Executive Director (Finance)/CFO

Mr. S. Jarar Haider Kazmi

Mr. S. 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 key positions in Finance Department since October 2005.

He is also on the Board of Directors of various subsidiary companies of the Group. He oversees the functioning of Finance, Corporation Secretariat, Corporate Affairs & Shares and Insurance & Claims Departments. He has been a Member on various functional Committees.

He has developed and implemented Financial Systems, Strategies, processes and control 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. S. Jarar Haider Kazmi is a team player and leader, participated in various professional training programmes, workshops, conferences and seminars including Derivative & Commodity Swaps, Treasury and on International Shipping Finance at international level from recognized institutes.

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 (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.

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 role 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 (Special Projects and Planning)

Mr. Khurrum Mirza

Mr. Khurrum Mirza is a Certified Management Accountant (CMA) from the Institute of Management Accountants (IMA), USA. He assumed the office of Executive Director (Special Projects & Planning) at Pakistan National Shipping Corporation (PNSC) in March 2017.

He has done his Master in Business Administration (MBA) from the Institute of Business Administration (IBA), Karachi and has been actively involved in various business development projects in Pakistan and internationally. Mr. Khurrum Mirza was an integral part of the team responsible for setting up a major green field container terminal project at the Pakistan Deep Water Container Port. This project was successfully delivered and it commenced operations in 2016.

His professional interests include project planning & execution, relationship building, financial modeling, strategy formulation and capacity building.

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 had gained a vast experience on the corporate side.

She has also attended a number of workshops and conferences locally and abroad, which include the Director's Training Program at PICG.

Chief Accountant
Mr. Zeeshan Taqvi

Mr. 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 16 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.

Directors' Report
For the year ended June 30, 2017

The Board of Directors of Pakistan National Shipping Corporation Group (the Group / PNSC) is pleased to submit the thirty-ninth Annual Report along with the audited financial statements for the year ended June 30, 2017.

PRINCIPAL ACTIVITIES

Being a national flag carrier, Pakistan National Shipping Corporation has a wealthy history in global shipping. Over the years, PNSC's lines of business has grown from basic shipping to include Non-Vessel Operating Common Carrier "NVOCC" business, maritime engineering works and real estate. Consequently, PNSC has evolved into an industrial provider of maritime freight services.

As far as maritime operations are concerned, the Group is mainly engaged in sea transportation trades of dry-bulk and liquid-bulk cargo as well as providing slot chartering services for dry-bulk cargo. Strategic cargo includes crude oil, petroleum products, raw materials and equipment of Defence Organizations. Majority of the crude oil and petroleum products are being brought from Arabian Gulf to Karachi through combination of PNSC's own crude oil tankers and chartered tankers.

PERFORMANCE REVIEW

PNSC management's strategies and objectives have shown impressive results during the past years in terms of maintaining profitability since 2002 as well as significant contribution to national economy despite decline in Baltic Dry index and various unfavorable factors countenance by shipping industry.

PNSC has successfully transported crude oil to fulfill the national requirement of the country. The utilization of national flag carrier for the purpose has been saving substantial foreign currency reserves for government in terms of freights.

During the FY 2017, PNSC arranged the shipment for various public sector organizations. Major strategic shipments were transported from USA, China, Russia and Korea coupled with small shipments from various parts of the world.

CREDIT RATING

The management strove their best to improve the overall credit rating and reputation of the Group. Accordingly, the Group's profile has gained significant strength in recent years as a result of sincere efforts made in this area. The annual review of Group's credit worthiness conducted by Pakistan Credit Rating Agency (PACRA) has concluded in the up gradation for credit rating from 'AA-' to 'AA' for long term and maintenance of credit rating at 'A1+' for short term. These ratings reflect the financial and management strength of Group, effective and proficient management of risks, consistent historical performance and optimal capital structure.

MARKET REVIEW

Shipping, as a global transportation industry in the world playing a vital role in world economies caters for about 90% of world trade volume at lowest transportation costs.

The markets are inherently cyclical and prone to volatility and as a consequence charter rates, vessel values and in turn operational results are directly affected by the prevailing changes in the ship demand and supply balance.

FY 2017 has been also a difficult year for Dry Bulk industry. The year started with historically low freight rates and second hand values in free fall as demand slowed and the inflow of new vessels continued.

Meanwhile the industry has appeared to be struggling to take steady path of recovery with considerable number of demolition activities and limited deliveries in second half of FY 2017, which has jointly supported the increase of freight rates and Baltic Dry Index. Hence, modest recovery in dry bulk trade is imminent in future subject to continuous growth in demolition activities and bulk commodities trade. Iron ore trade also showed a significant recovery as Chinese government launched a new round of financial stimuli by continuing its imports of iron ore in order to boost economic growth.

The combination of gradually rising oil prices, limited expansion in refinery capacity, high oil inventories and sluggish economic growth has led in modest growth in tanker supply, while there were very slight increases in demand for seaborne crude and product transportation. Refiners boosted crude throughputs and increasing oil prices stimulated strategic and commercial stockpiling. At the same time, strong refining margins, coupled with price volatility, supported products trade. As such, crude and clean tanker earnings surged last year to the lowest level since 2007/08.

The industry has long braced itself for rapid growth in the crude and product tanker fleet, following heavy ordering witnessed between 2013 and 2015. Except small product tankers, more deliveries were seen in all tanker sectors during the 1st half of this FY 2017. Even more new tankers had seen trading in the 2nd half of FY 2017. On the other hand, demand side developments are progressively less encouraging as days go by. Recovery may only be possible with corrections in fundamentals and limited deliveries in the tanker segment.

STATUTORY AUDITORS

A.F. Ferguson & Co., Chartered Accountants and EY Ford Rhodes Chartered Accountants being joint auditors retire, and being eligible, offered themselves for re-engagement. The Board on the recommendation of the Board Audit Committee advised the engagement of Messrs A.F. Ferguson & Co, Chartered Accountants and Messrs EY Ford Rhodes Chartered Accountants as joint auditors in last year AGM for the financial year ended 2017.

SEGMENTAL REVIEW OF MARITIME BUSINESS PERFORMANCE

PNSC having a total DWT capacity of 681,806 metric tons has lifted cargo about 14.304 million tons (FY 2016: 13.326 million tons) during the year under review which is equivalent to about 15.92% (FY 2016: 16.00%) of country's total 89.852 million tons (FY 2016: 83.286 million tons) seaborne trade by volume. Bifurcated statistics of Pakistan's seaborne trade for the year 2016-17 and PNSC's share is appended below:

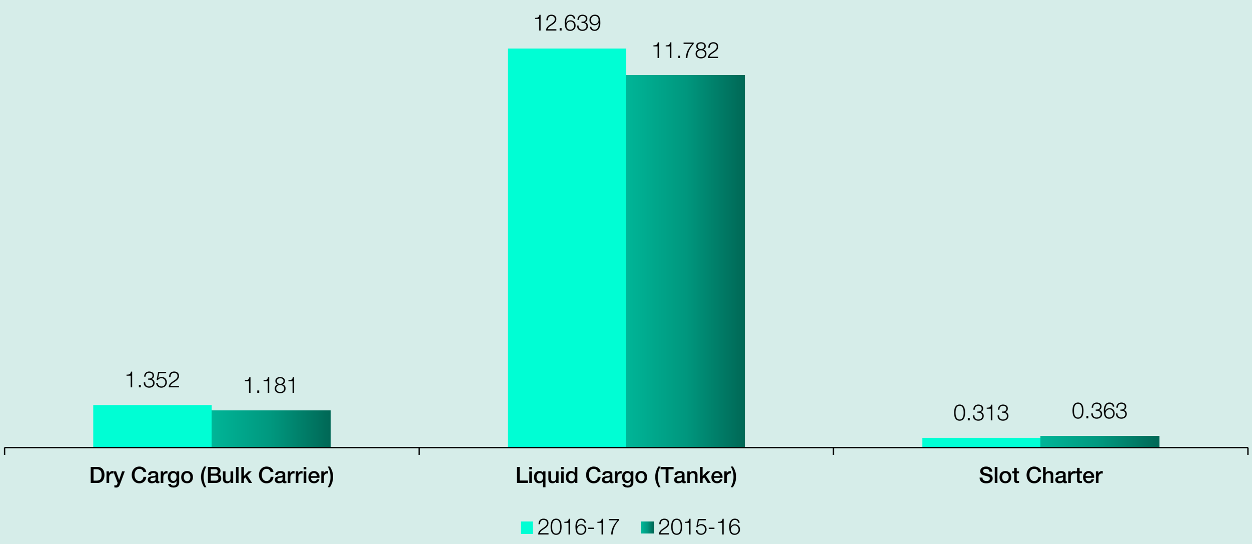
Figures in 'million tons

	Dry		Wet		Total	
	2017	2016	2017	2016	2017	2016
Pakistan Seaborne Trade	42.653	53.867	32.863	29.419	89.852	83.286
PNSC's Share	1.665	1.544	12.639	11.782	14.304	13.326

Nature/arrangement wise bifurcation of total cargo transported by PNSC is tabulated below:

Cargo in 'million metric Tons

	2016-2017	2015-2016
Dry Cargo (Bulk Carrier)	1.352	1.181
Liquid Cargo (Tanker)	12.639	11.782
Slot Charter	0.313	0.363
Total Cargo Lifted	**14.304**	**13.326**



SIGNIFICANT RISKS ASSOCIATED

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 over capacity particularly with subdued freight rates as a significant commercial risk. 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.

There are some risks as well that are integral in the industries we operate in and are therefore accepted as part of our operations and managed accordingly.

These risks may have the potential of adversely impacting our business in the short to medium term, such as,

Litigation Risks as in the course of its activities, the Group 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 Group's operations or financial position. For mitigation of such risk we are exercising pre and post fixture due diligence SOP.

Risk of major accident or oil spillage remains inherent in shipping operations particularly in tanker business. An incident with high severity would trigger a risk to our employees as well as potentially marine environment, wildlife and local community. This would also lead to the severe impact on financials, our reputation and put our license to operate at risk. PNSC is vigilantly sustaining incident free operations to mitigate such risk and always ensure compliance with all health and safety policies and good practices in its vessels.

An interest rate risks affecting cash flow, particularly with financial liabilities based on variable interest rates. In order to minimize the interest rate risk, the Group strives to achieve a balanced combination of assets and liabilities with variable and fixed interest rates.

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. The Group being mindful of such risk takes necessary insurance cover against piracy. To protect Group's Ships, when passing through the risky areas, Best Management practices (BMP-4) promulgated worldwide are being strictly adhered to. PNSC remains in close coordination with Pakistan Navy headquarters when ships are in high risk areas.

Volatility variation in fuel oil costs, which are affected by the global political and economic environment. The Group usually have short term voyage contract for which it takes the current fuel costs into account when assessing contract pricing and therefore typically does not require additional specific coverage.

A serious cyber attack could prove to be vital to our ability to operate and deliver our commitments, as the Group is involved in complex and wider ranging services, making it highly dependent on well functioning IT and communication system. Business disruption due to cyber attack may impact our fleet and off shore operations adversely. In order to eliminate such impacts PNSC has implemented strict data security controls which include Enterprise level controlling antivirus with most updated Firewall and spam controlling softwares.

The risk of counterparty default is very real in present market. 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.

Changes in taxation polices 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.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

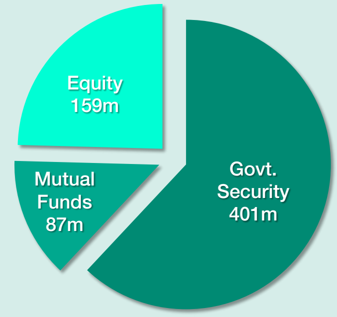
The requirements of the Code of Corporate Governance set out by the Pakistan Stock Exchange in Pakistan Stock Exchange Limited Regulations have been duly complied with. A statement to this effect is annexed with the Report.

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.

FUND INVESTMENTS

Investments made by the Pakistan National Shipping Corporation Group in Employees Contributory Provident Fund, based on the unaudited financial statements for the year ended June 30, 2017 stood at Rs 647 million (2016: Rs 669 million - audited)



whereas investment made in Employees Gratuity Fund Trust based on unaudited financial statements for the year ended June 30, 2017 stood at Rs 154 million (2016: Rs 203 million - audited).

FINANCIAL HIGHLIGHTS

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

	2017	2016	change
	---Rupees in '000---		
Revenue	12,477,685	12,543,985	-1%
Expenses	8,963,790	8,989,808	0%
Gross Profit	3,513,895	3,554,177	-1%
Operating Profit	3,432,174	3,073,933	12%
Profit before tax	3,101,763	2,515,352	23%
Profit after tax	2,476,815	2,323,054	7%
EPS (in Rs.)	18.75	17.59	7%

PNSC Group has declared profit after tax of Rs. 2,477 million, an increment of 7% as compared to last year Rs. 2,323 million. This is the highest profit after tax achieved by the Corporation since last 10 years.

Group has improved revenue from chartered vessels by 34%, while there is 27% decline in revenue from own vessels due to low Bulk Dry Index and AFRA during the year. Revenue from real estate is also increased by 9% in the current year.

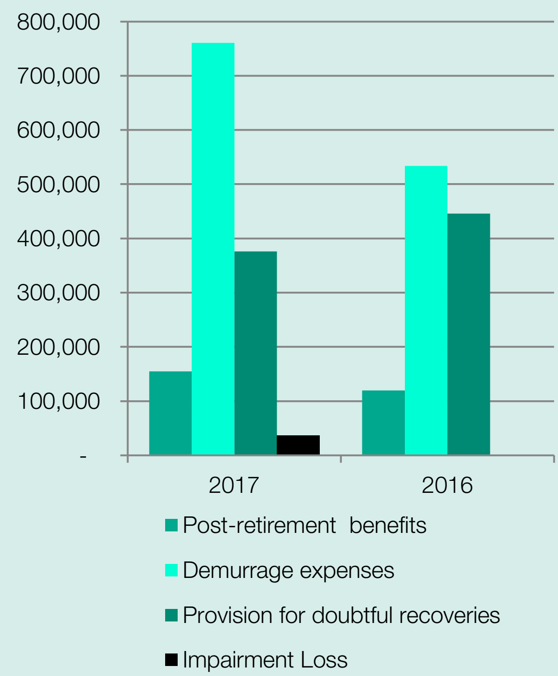
In line with level of shipping activity, there is no significant change in group fleet direct expense, while group fleet indirect expenses significantly reduced by 29%, thereby reinforcing the concept of effective management and efficient operations in the hierarchy of the corporation.

Gross profit of Rs. 3,514 million was achieved as against Rs. 3,554 million last year thereby showing a steady trend.

Earnings per share of the Group Stood at Rs. 18.75 which has shown incline of 7% against previous year EPS of Rs. 17.59, which is highest in last 10 years.

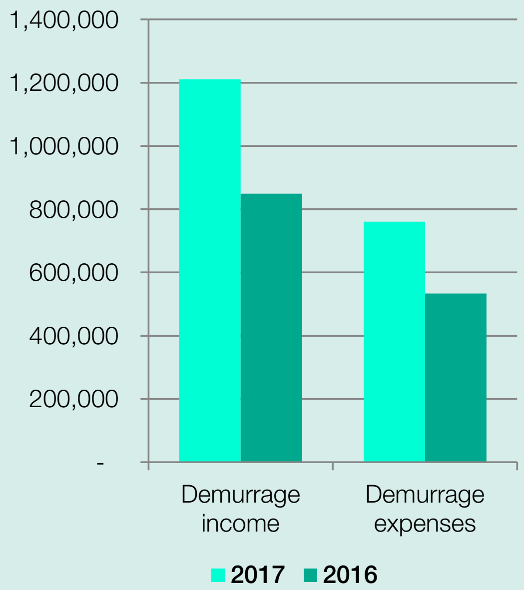
Administration and other operating expenses increased by 12% (i.e. from Rs. 2,107 million to Rs. 2,361 million) during the year under review. The main factor causing such increase in expenses is demurrage which was increased by 43%, however, it is recoverable by PNSC's customer under the Contract of Affreightments. The demurrage recoverable from customer is reflected in other income and an analysis of net earnings from demurrage is presented below in this report.

Another factor contributing increase in expenses is impairment loss booked in one of the vessels owned by the Group. In accordance with applicable financial reporting standards, impairment assessment is undertaken every year in respect of all vessels and recoverable amount is computed using 'value in use' method. Due to subdued demand and depressed market conditions, the management remained cautious and prudently conservative while estimating future revenues to avoid over estimation. As a result of this exercise, an impairment loss of Rs. 36 million is recognized in M.V. Sibi in current year.



Other income increased by 40%, which significantly comprise on demurrage income. A total demurrage income of Rs. 1,211 million, of which Rs. 922 million pertains to foreign chartered vessels and Rs. 289 million to owned vessels, was recorded as against Rs. 849 million, of which Rs. 307 million pertained to foreign chartered vessels and Rs. 542 million to owned vessels, last year. Hence, total demurrage income increased by 44%. Income from heating, insurance and miscellaneous claims also increased by 58% and income from saving accounts increased by 34%, while income from exchange gain reduced by 87% during the year. Further, a significant gain on revaluation of PNSC's investment properties was recorded of Rs. 479 million (48% higher than last year).

Net earnings from demurrage during the year were Rs. 450 million as compared to Rs. 315 million in last year (an increase of 43%).



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 resourceful utilization of new opportunities.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

PNSC intends to diversify its business portfolio by venturing into marine services to support its shipping operations as part of its horizontal integration strategy. The maritime industry of Pakistan is facing an acute shortage of marine related services and supportive infrastructures at ports. This limitation is not only affecting the operational readiness of ports but also add to the cost of doing business.

To cater the requirement of Country's marine transportation, a Fleet development Plan comprising induction of Two Modern Aframax oil tankers, each capable of transporting over 100,000 tons of oil cargo is in process.

Further an Enhance transit oil shore storage capacities at Keemari, (Karachi) and Gawadar in collaboration with other stakeholders is also under consideration. This in turn will reduce vessels turnaround time as well as reduce costs and will help to meet the future energy and fuel transportation demands in the region.

Establishment of marine services is critical for Pakistan's maritime industry especially in the back drop of CPEC and development of Gawadar Port. Establishment of a modern Ship / Marine Workshop in Gwadar is planned to cater future demands of repair and maintenance of ships, crafts etc.

PNSC is also foreseeing to introduce a Ferry Service on a commercially viable basis as a safe, cheaper and secure alternative to land route between Karachi - Port Qasim, Karachi - Gwadar and Karachi - Chabahar (Iran). M/s Swat Shipping (Private) Limited (a subsidiary of PNSC), has been granted a license to operate Ferry Service from Ministry of Ports and Shipping on March 20th, 2017. Initial plan is to purchase two RoPax ferries with a capacity of 200 to 250 passengers which will initially operate between Karachi and Port Qasim. For this purpose certain ferries have been shortlisted for technical evaluation. Ferry service will be extended to other domestic routes and regional ports, including Chabahar (Iran) and Muscat (Oman) depending upon the economical and commercial viability.

PNSC's venture into the said marine services is expected to add value to maritime industry of Pakistan, reduce dependence on foreign services providers and create value proposition for PNSC. PNSC is making all out effort to maintain the smooth supply chain of crude oil and fuel oil into the country through sustainable and echo friendly sea transportation solutions. Recognizing PNSC efforts for diversification and bringing efficiency into the system, Ministry of Ports & Shipping have included three projects of PNSC into Public Sector Development Projects 2017-2018, which are:

i. Land for Oil Storage Construction at Gawadar;
ii. Land acquisition and construction of ship Workshop at Gawadar; and
iii. Oil Storage Construction at OIA Keemari, Karachi.

BOARD STRUCTURE

Five directors are appointed by the Federal Government and two are elected by shareholders in AGM for three years. The term of the appointed directors had expired on May 19, 2017. The Federal Government is in process of nominating directors to be appointed by the Federal Government under the PNSC Ordinance, 1979. 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 AND BOARD COMMITTEES MEETINGS HELD DURING THE PERIOD

(FROM JULY 1, 2016 TO JUNE 30, 2017)

Sr. No	Name of director	Board Meetings		Audit Committee		Human Resource & Remuneration Committee	
		Held	Attended	Held	Attended	Held	Attended
1	Mr. Arif Elahi	6	6	N/A	N/A	N/A	N/A
2	Mr. Sa'ad Fazil Abbasi	6	-	N/A	N/A	N/A	N/A
3	Mr. Haque Nawaz	6	3	N/A	N/A	N/A	N/A
4	Ms. Ava A. Cowasjee	6	3	N/A	N/A	3	3
5	Mr. Akbar Adil	6	5	11	9	3	2
6	Mr. Khowaja Obaid Imran Ilyas	6	6	11	11	N/A	N/A
7	Capt. Anwar Shah	6	6	11	11	3	3

*No meeting of commercial committee was held during the year under review.

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 mentioned:

Names

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

- The financial statements prepared by the management present fairly the Group's 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 Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no material departure from the best practices of corporate governance, as detailed in the Pakistan Stock Exchange Limited Regulations.
- 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 the financial statements.

GOING CONCERN

In light of the Group's liquidity position, balance sheet strength, assets, employment, and continuing cash flows from operations, the Board confirms that the going concern assumption, upon which the Group's accounts are prepared, continues to be valid.

DIVIDEND ANNOUNCEMENT

The Board of Directors are pleased to advise 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 November 13, 2017.

ACKNOWLEDGMENT

The Board expresses gratitude to the officers and staff of the Group for their hard work and the enthusiasm 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 (P.A.S)
Chairman & Chief Executive

Corporate Social Responsibility (CSR)
Highlights of the Year 2016-2017

Pakistan National Shipping Corporation (PNSC) acting as a responsible corporate citizen; is committed to well being of the society through its contribution in the field of education, community and promoting environmental care as one of its highest priority.

EDUCATION

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

- PNSC believes that our youth is future of Pakistan. To support this, under its internship scheme, PNSC provides training to fresh graduates from universities across the country, especially cadets of Pakistan Marine Academy in PNSC Workshop.

COMMUNITY

- PNSC continuously strive to serve the nation by helping the NGOS and welfare organizations in their noble cause. In current year, PNSC participated as a sponsor in noble welfare exhibition-2016 held in Karachi by Pakistan Navy Women Association (PANWA). PANWA is non-profit welfare organization mainly focused on promotion of ethical and economic welfare of common people.

- PNSC provides fully funded support through open balloting program to its employees every year to perform Hajj. As a result of the balloting during April 2017, ten PNSC employees availed the benefit of performing Hajj. This was in continuation of its commitment to its employees.

ENVIRONMENT

- PNSC has also developed Environmental Management Plan for the head office, incorporating the requirements of ISO 14001 in the system.

- PNSC make every effort to protect the environment from marine, atmospheric and other forms of pollution, 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 is continuously striving for energy saving and as a step forward PNSC has installed digital metering system for monitoring and conservation of energy.

- In order to reduce CO2 emissions and mitigating global warming, the International Maritime Organization (IMO), the main regulatory body for shipping has developed a number of technical and operational measures to control Green House Gases (GHG) emissions. PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet.

Pakistan National Shipping Corporation

"PNSC's business profile has gained significant strength in recent years as exhibited by continuous improvement in business margins on account of efficient fleet utilization, better pricing strategy, and cost management measures taken by the management."

Upgraded to

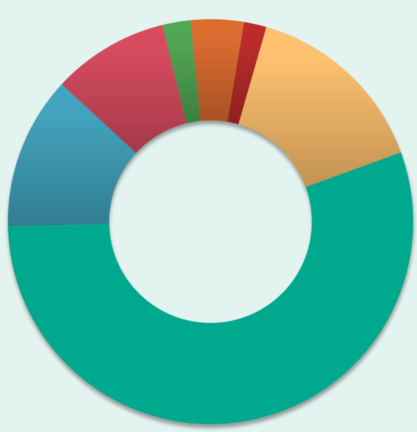
AA!

Stretching the boundaries of success and cruising successfully through formidable tides!

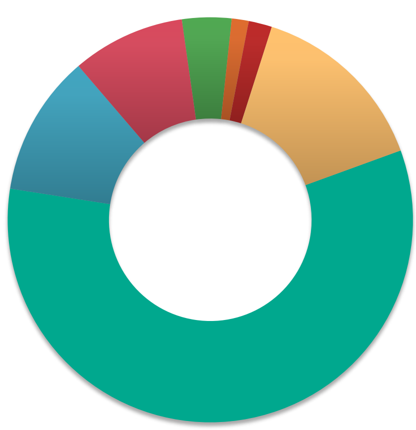
Value Added Statement

	2017		2016	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Income from Shipping Business	12,286,236	83.26%	12,367,841	83.81%
Rental Income	191,449	1.30%	176,144	1.19%
Other operating income	2,279,086	15.44%	1,627,014	11.03%
	14,756,771	100%	14,170,999	100%
Wealth Distributed				
Fleet Expenses	8,147,035	55.21%	8,221,569	58.02%
Administrative and General Expenses	1,802,302	12.21%	1,596,172	11.26%
Salaries	1,375,260	9.32%	1,279,325	9.03%
Finance Cost	330,411	2.24%	558,581	3.94%
Taxes	624,948	4.23%	192,298	1.36%
Dividend	264,127	1.79%	264,127	1.86%
Retained for Business	2,212,688	14.99%	2,058,927	14.53%
	14,756,771	100%	14,170,999	100%

2017



2016



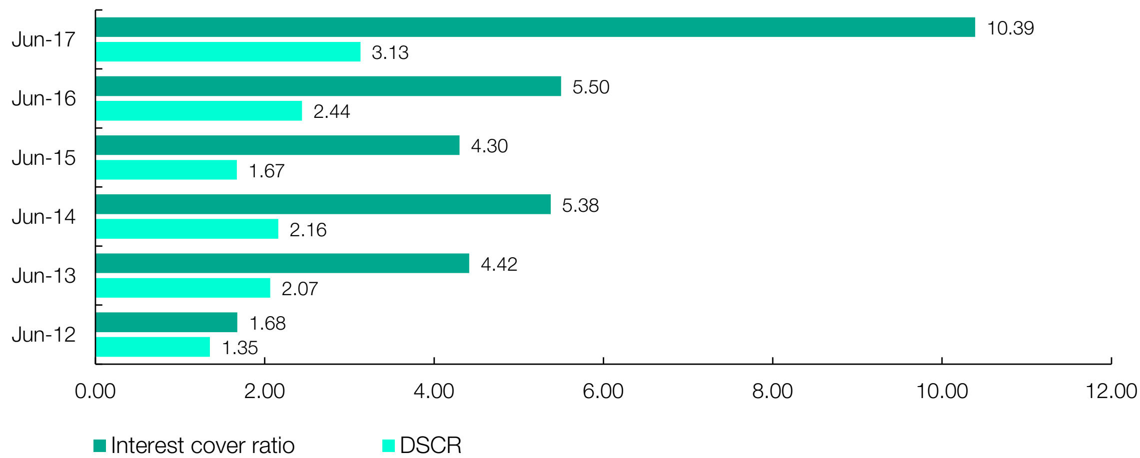
2017		2016
55.21%	Fleet Expenses	58.02%
12.21%	Administrative and General Expenses	11.26%
9.32%	Salaries	9.03%
2.24%	Finance Cost	3.94%
4.23%	Taxes	1.36%
1.79%	Dividend	1.86%
14.99%	Retained for Business	14.53%

Financial Ratios

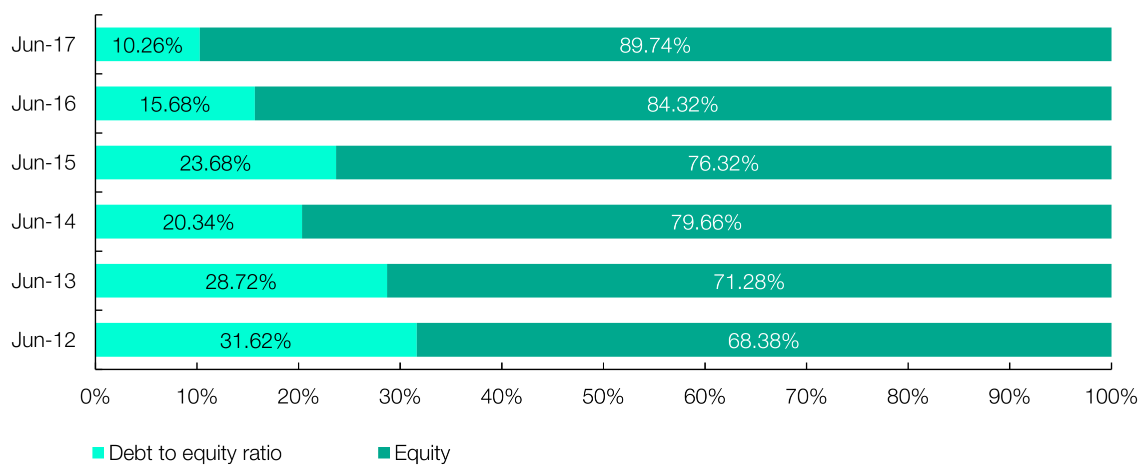
	UOM	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
Profitability Ratios							
Profit before tax	%	24.86	20.05	14.24	15.28	19.93	8.17
GP ratio	%	28.16	28.33	20.12	21.50	26.86	23.61
Profit after tax	%	19.85	18.52	13.62	13.67	16.25	8.49
EBITDA margin to sales	%	38.61	34.34	25.47	25.62	34.25	32.76
Operating leverage ratio	%	-2204.97	-34.39	190.69	-23.02	199.05	479.11
Return on equity	%	8.63	8.79	8.72	9.57	9.74	4.05
Return on capital employed	%	7.42	7.18	6.61	7.56	7.20	2.91
Liquidity Ratios							
Current ratio	%	2.74	2.38	2.15	2.17	1.99	1.73
Cash to current liabilities	Times	1.21	0.51	0.78	0.47	0.54	0.63
Cash flow from operations to sales	Times	0.20	0.29	0.13	0.13	0.13	0.17
Activity/Turnover Ratios							
Debtor turnover ratio	Times	18.89	15.49	9.01	8.70	15.22	16.34
Asset turnover ratio	Times	0.34	0.34	0.45	0.50	0.41	0.31
Fixed assets turnover ratio	Times	0.48	0.47	0.57	0.66	0.50	0.37
Market Ratios							
Earnings per share	Rs.	18.75	17.59	16.02	16.27	15.08	5.70
P/E ratio	Times	6.71	5.33	6.63	4.37	3.05	2.70
Price to book ratio	Times	4.42	3.39	3.87	2.90	1.96	0.71
Dividend yield ratio	%	1.59	2.13	1.41	2.11	2.17	3.24
Dividend payout ratio	Times	0.11	0.11	0.09	0.09	0.07	0.09
Dividend cover ratio	Times	9.38	8.80	10.68	10.85	15.08	11.41
Cash dividend	Rs.	2.00	2.00	1.50	1.50	1.00	0.50
Breakup value/share with surplus	Rs.	225.99	208.85	192.38	175.96	160.73	146.70
Breakup value/share without surplus	Rs.	217.33	200.05	183.82	170.12	154.83	140.79
Share price at year end	Rs.	125.90	93.70	106.25	71.12	46.00	15.41
Share price- High	Rs.	213.00	127.90	187.90	94.57	52.00	25.89
Low	Rs.	90.37	63.01	56.68	46.00	14.41	11.50
Capital Structure Ratio							
Financial leverage ratio	Times	0.14	0.20	0.31	0.26	0.35	0.37
Debt service coverage ratio	Times	3.13	2.44	1.67	2.16	2.07	1.35
Debt to equity ratio	Times	0.10	0.16	0.24	0.20	0.29	0.32
Interest cover ratio	Times	10.39	5.50	4.30	5.38	4.42	1.68

Graphical Analysis

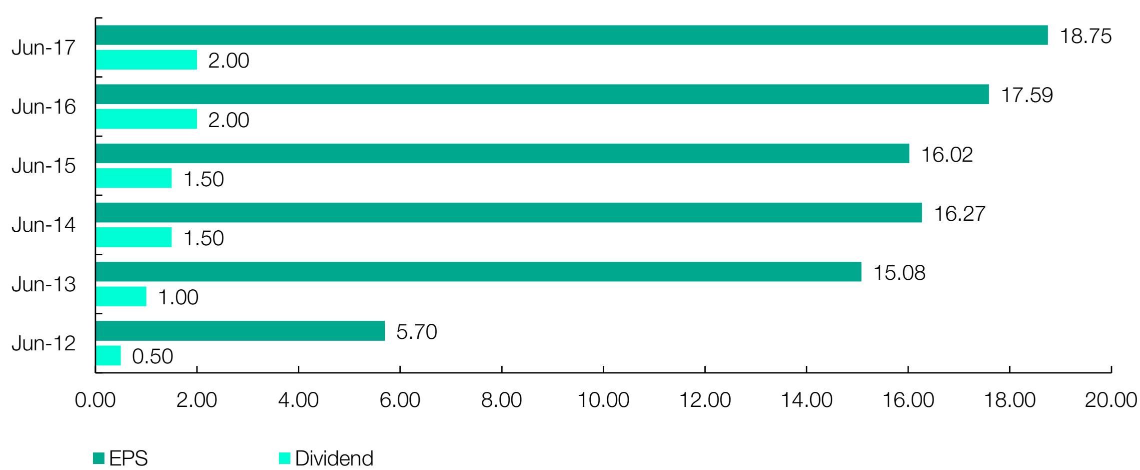
Debt Management



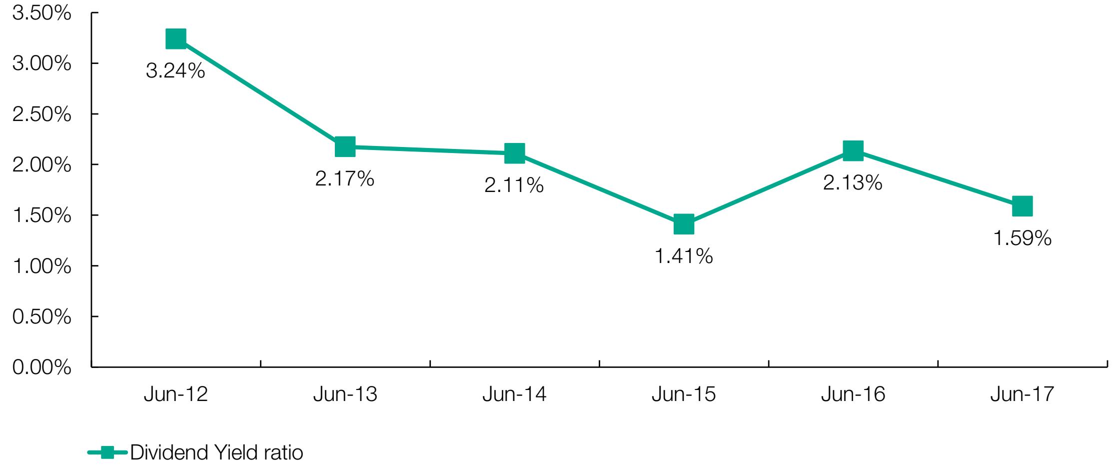
Debt to Equity Ratio



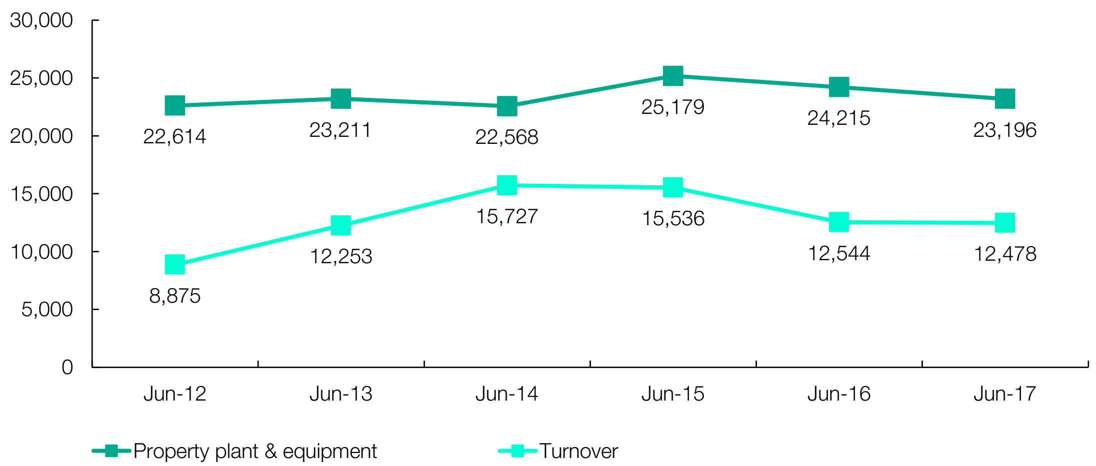
Dividend & EPS



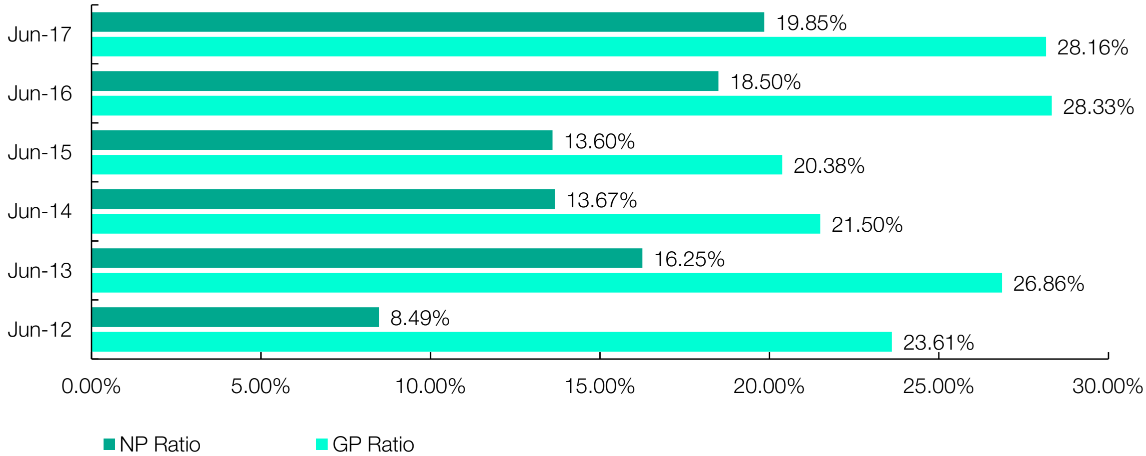
Dividend Yield Ratio



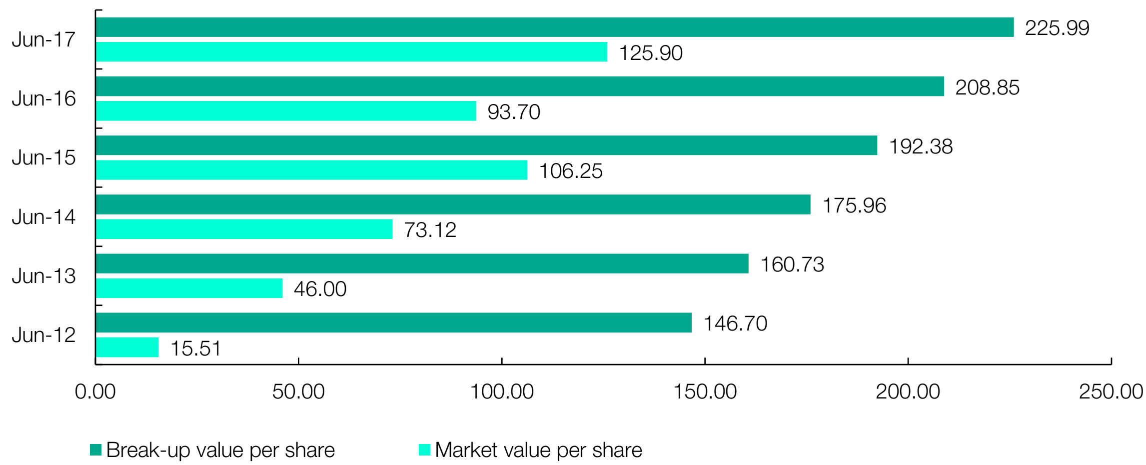
Fixed Assets & Turnover (Rs. in million)



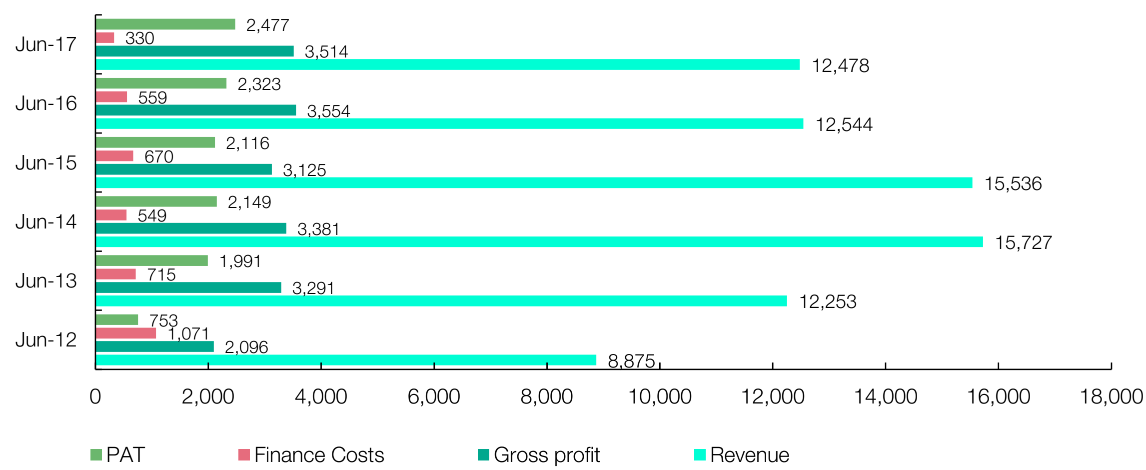
GP & NP Ratio



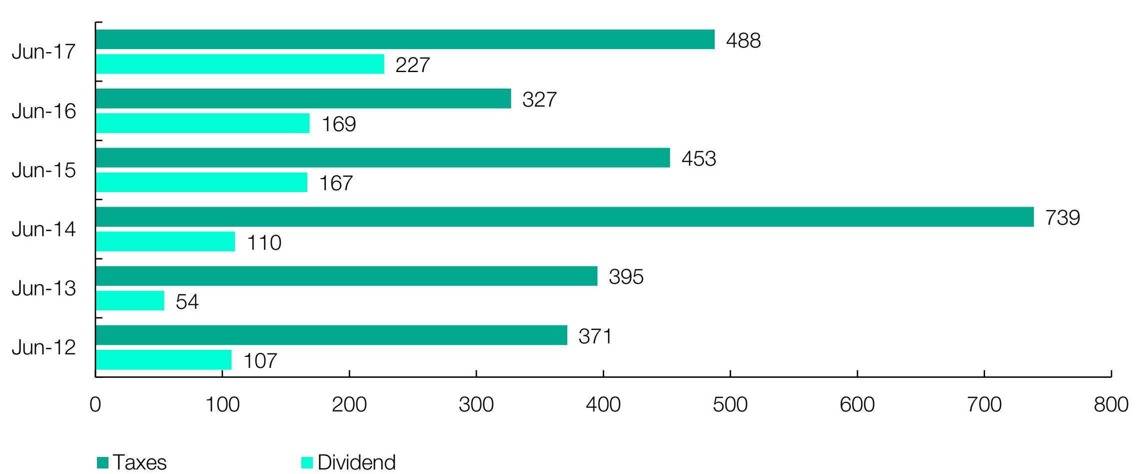
Market / Break-up value per share (Rs./share)



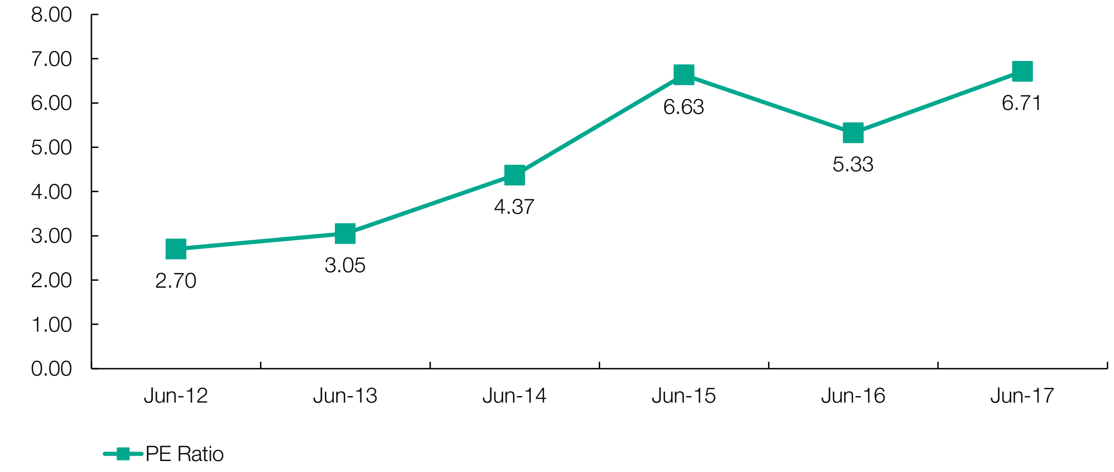
Turnover & Profitability (Rs. in million)



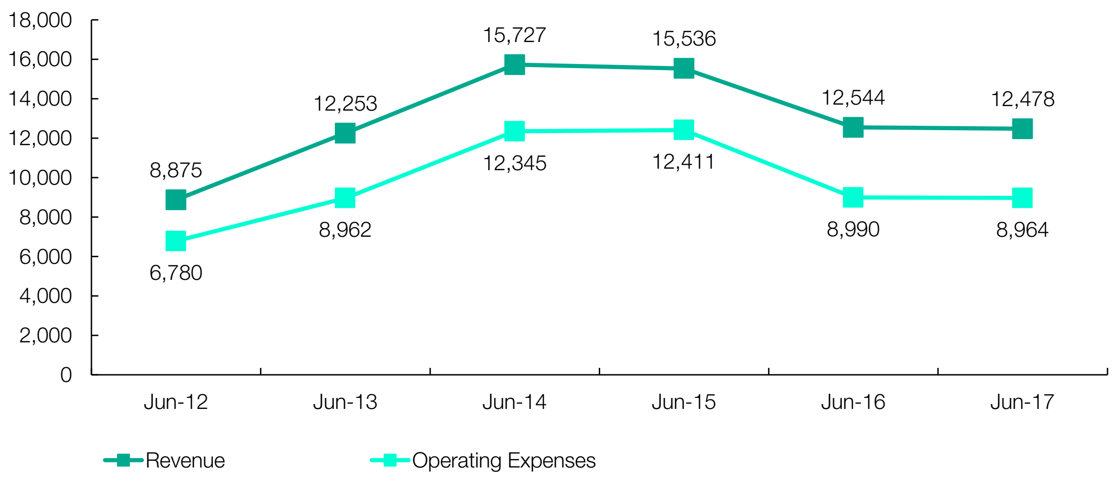
Payments to Federal Government (Rs. in million)



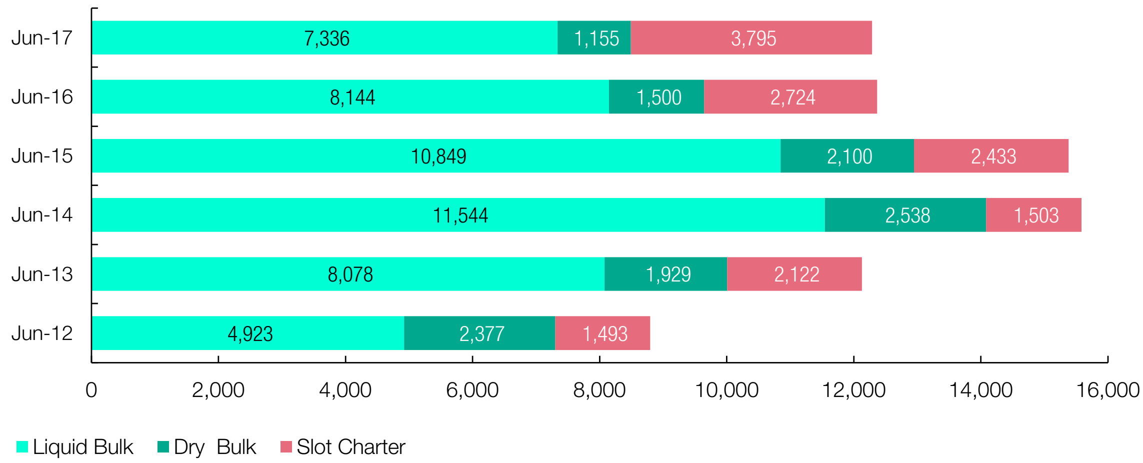
PE Ratio



Revenue & Operating Expenses (Rs. in million)



Sector-wise Revenue (Rs. in million)



Horizontal Analysis (Group)

	2017		2016 (Reclassified)	
	'000	% change	'000	% change
Profit & Loss				
Revenues	12,477,685	-1%	12,543,985	-19%
Expenditure	8,963,790	0%	8,989,808	-28%
Gross Profit	3,513,895	-1%	3,554,177	14%
Administrative Expenses	1,007,062	9%	925,909	-7%
Other expenses	1,353,745	15%	1,181,349	-14%
Finance costs	330,411	-41%	558,581	-17%
Other income	2,279,086	40%	1,627,014	-23%
Profit before Taxation	3,101,763	23%	2,515,352	14%
Taxation	624,948	225%	192,298	99%
Profit after Taxation	2,476,815	7%	2,323,054	10%
Balance Sheet				
Property, plant and equipment	23,195,568	-4%	24,215,418	-4%
Other Non-Current Assets	2,767,260	19%	2,326,786	21%
Trade debts	756,750	34%	564,157	-44%
Cash and bank balances	5,161,772	141%	2,143,378	-35%
Other Current Assets	5,771,029	-21%	7,288,306	50%
Total Assets	37,652,379	3%	36,538,045	1%
Shareholder's Equity	28,701,373	9%	26,419,771	9%
Surplus on Revaluation of Fixed Assets	1,143,350	-2%	1,161,826	3%
Deferred liabilites	592,356	-3%	612,767	-28%
Long Term Financing	2,944,191	-29%	4,141,525	-28%
Other Non-Current Liabilities	-	-	-	-
Current portion of long term financing	1,210,172	0%	1,210,172	-29%
Other Current Liabilities	3,060,937	2%	2,991,984	17%
Total Equity and Liabilities	37,652,379	3%	36,538,045	1%
Cash Flow Statement				
Cash Flows from Operating Activities	2,499,823	-30%	3,589,130	72%
Cash Flows from Investing Activities	1,989,539	-182%	(2,422,390)	-14%
Cash Flows from Financing Activities	(1,470,968)	-37%	(2,335,792)	-266%
Net increase/(decrease) in Cash and cash equivalents	3,018,394	-358%	(1,169,052)	-276%
Others				
Profit before tax	3,101,763	23%	2,515,352	14%
Finance costs	330,411	-41%	558,581	-17%
Depreciation	1,385,461	12%	1,233,255	15%
EBITDA	4,817,635	12%	4,307,188	9%
Profit before tax	3,101,763	23%	2,515,352	14%
Finance costs	330,411	-41%	558,581	-17%
EBIT	3,432,174	12%	3,073,933	7%

2015		2014		2013		2012	
'000	% change	'000	% change	'000	% change	'000	% change
15,536,288	-1%	15,726,546	28%	12,252,934	38%	8,875,322	-4%
12,411,017	1%	12,345,060	38%	8,961,723	32%	6,779,676	-6%
3,125,271	-8%	3,381,486	3%	3,291,211	57%	2,095,646	2%
997,072	22%	816,516	-1%	823,137	35%	608,494	-4%
1,367,320	71%	799,616	277%	211,876	-59%	514,133	162%
669,949	22%	548,845	-23%	714,958	-33%	1,071,405	305%
2,122,118	79%	1,185,721	32%	900,918	9%	823,344	-22%
2,213,048	-8%	2,402,230	-2%	2,442,158	237%	724,958	-64%
96,638	-62%	253,173	-44%	450,819	-1699%	(28,197)	-107%
2,116,410	-2%	2,149,057	8%	1,991,339	164%	753,155	-54%
25,178,610	12%	22,567,568	-3%	23,210,977	3%	22,614,412	-4%
1,918,724	57%	1,225,190	2%	1,199,507	-3%	1,237,337	18%
1,010,048	-59%	2,439,569	107%	1,177,691	173%	432,070	-34%
3,312,430	79%	1,852,441	4%	1,788,301	3%	1,742,306	-17%
4,850,370	13%	4,299,171	20%	3,576,655	39%	2,572,424	70%
36,270,182	12%	32,383,939	5%	30,953,131	8%	28,598,549	-1%
24,275,607	8%	22,467,167	10%	20,447,185	10%	18,593,130	3%
1,131,132	47%	771,073	-1%	778,889	0%	780,110	17%
851,561	38%	617,483	9%	566,574	-3%	583,701	35%
5,748,035	26%	4,568,861	-22%	5,873,286	0%	5,878,871	-15%
-	-		-	-	-	11,349	-
1,702,054	29%	1,316,882	0%	1,316,882	22%	1,079,763	0%
2,561,793	-3%	2,642,473	34%	1,970,315	18%	1,671,626	4%
36,270,182	12%	32,383,939	5%	30,953,131	8%	28,598,549	-1%
2,084,453	4%	2,001,668	22%	1,644,579	6%	1,547,467	-1%
(2,825,631)	69%	(1,675,472)	30%	(1,291,551)	-442%	377,914	-104%
1,403,727	-196%	(1,460,066)	-996%	162,942	-113%	(1,230,297)	-116%
662,549	-158%	(1,133,870)	-320%	515,970	-26%	695,084	1267%
2,213,048	-8%	2,402,230	-2%	2,442,158	237%	724,958	-64%
669,949	22%	548,845	-23%	714,958	-33%	1,071,405	305%
1,074,214	0%	1,078,662	4%	1,040,093	-6%	1,111,501	10%
3,957,211	-2%	4,029,737	-4%	4,197,209	44%	2,907,864	-12%
2,213,048	-8%	2,402,230	-2%	2,442,158	237%	724,958	-64%
669,949	22%	548,845	-23%	714,958	-33%	1,071,405	305%
2,882,997	-2%	2,951,075	-7%	3,157,116	76%	1,796,363	-22%

Vertical Analysis (Group)

	2017		2016 (Reclassified)	
	'000	% change	'000	% change
Profit & Loss				
Revenues	12,477,685	100%	12,543,985	100%
Expenditure	8,963,790	72%	8,989,808	72%
Gross Profit	3,513,895	28%	3,554,177	28%
Administrative Expenses	1,007,062	8%	925,909	7%
Other expenses	1,353,745	11%	1,181,349	9%
Finance costs	330,411	3%	558,581	4%
Other income	2,279,086	18%	1,627,014	13%
Profit before Taxation	3,101,763	25%	2,515,352	20%
Taxation	624,948	5%	192,298	2%
Profit after Taxation	2,476,815	20%	2,323,054	19%
Balance Sheet				
Property, plant and equipment	23,195,568	62%	24,215,418	66%
Other Non-Current Assets	2,767,260	7%	2,326,786	6%
Trade debts	756,750	2%	564,157	2%
Cash and bank balances	5,161,772	14%	2,143,378	6%
Other Current Assets	5,771,029	15%	7,288,306	20%
Total Assets	37,652,379	100%	36,538,045	100%
Shareholder's Equity	28,701,373	76%	26,419,771	72%
Surplus on Revaluation of Fixed Assets	1,143,350	3%	1,161,826	3%
Deferred liabilites	592,356	2%	612,767	2%
Long Term Financing	2,944,191	8%	4,141,525	11%
Other Non-Current Liabilities	-	-	-	-
Current portion of long term financing	1,210,172	3%	1,210,172	3%
Other Current Liabilities	3,060,937	8%	2,991,984	8%
Total Equity and Liabilities	37,652,379	100%	36,538,045	100%
Cash Flow Statement				
Cash Flows from Operating Activities	2,499,823	83%	3,589,130	-307%
Cash Flows from Investing Activities	1,989,539	66%	(2,422,390)	207%
Cash Flows from Financing Activities	(1,470,968)	-49%	(2,335,792)	200%
Net increase/(decrease) in Cash and cash equivalents	3,018,394	100%	(1,169,052)	100%
Others				
Profit before tax	3,101,763	64%	2,515,352	52%
Finance costs	330,411	7%	558,581	12%
Depreciation	1,385,461	29%	1,233,255	26%
EBITDA	4,817,635	100%	4,307,188	89%
Profit before tax	3,101,763	90%	2,515,352	82%
Finance costs	330,411	10%	558,581	18%
EBIT	3,432,174	100%	3,073,933	100%

2015		2014		2013		2012	
'000	% change	'000	% change	'000	% change	'000	% change
15,536,288	100%	15,726,546	100%	12,252,934	100%	8,875,322	100%
12,411,017	80%	12,345,060	78%	8,961,723	73%	6,779,676	76%
3,125,271	20%	3,381,486	22%	3,291,211	27%	2,095,646	24%
997,072	6%	816,516	5%	823,137	7%	608,494	7%
1,367,320	9%	799,616	5%	211,876	2%	514,133	6%
669,949	4%	548,845	3%	714,958	6%	1,071,405	12%
2,122,118	14%	1,185,721	8%	900,918	7%	823,344	9%
2,213,048	14%	2,402,230	15%	2,442,158	20%	724,958	8%
96,638	1%	253,173	2%	450,819	4%	(28,197)	0%
2,116,410	14%	2,149,057	14%	1,991,339	16%	753,155	8%
25,178,610	69%	22,567,568	70%	23,210,977	75%	22,614,412	79%
1,918,724	5%	1,225,190	4%	1,199,507	4%	1,237,337	4%
1,010,048	3%	2,439,569	8%	1,177,691	4%	432,070	2%
3,312,430	9%	1,852,441	6%	1,788,301	6%	1,742,306	6%
4,850,370	13%	4,299,171	13%	3,576,655	12%	2,572,424	9%
36,270,182	100%	32,383,939	100%	30,953,131	100%	28,598,549	100%
24,275,607	67%	22,467,167	69%	20,447,185	66%	18,593,130	65%
1,131,132	3%	771,073	2%	778,889	3%	780,110	3%
851,561	2%	617,483	2%	566,574	2%	583,701	2%
5,748,035	16%	4,568,861	14%	5,873,286	19%	5,878,871	21%
-	-	-	-	-	-	11,349	-
1,702,054	5%	1,316,882	4%	1,316,882	4%	1,079,763	4%
2,561,793	7%	2,642,473	8%	1,970,315	6%	1,671,626	6%
36,270,182	100%	32,383,939	100%	30,953,131	100%	28,598,549	100%
2,084,453	315%	2,001,668	-177%	1,644,579	319%	1,547,467	223%
(2,825,631)	-426%	(1,675,472)	148%	(1,291,551)	-250%	377,914	54%
1,403,727	212%	(1,460,066)	129%	162,942	32%	(1,230,297)	-177%
662,549	100%	(1,133,870)	100%	515,970	100%	695,084	100%
2,213,048	56%	2,402,230	60%	2,442,158	58%	724,958	25%
669,949	17%	548,845	13%	714,958	17%	1,071,405	37%
1,074,214	27%	1,078,662	27%	1,040,093	25%	1,111,501	38%
3,957,211	100%	4,029,737	100%	4,197,209	100%	2,907,864	100%
2,213,048	77%	2,402,230	81%	2,442,158	77%	724,958	40%
669,949	23%	548,845	19%	714,958	23%	1,071,405	60%
2,882,997	100%	2,951,075	100%	3,157,116	100%	1,796,363	100%

Six Years At A Glance (PNSC)

	2016-2017	2015-2016	2014-2015	2013-2014	2012-2013	2011-2012
	---(Rupees in '000)---					
Profit & Loss						
Revenue	7,570,799	5,806,588	8,896,385	8,727,685	5,962,892	2,777,932
Expenditure	4,635,561	4,635,218	7,350,551	7,051,185	4,228,202	1,845,685
Gross profit	2,935,238	1,171,370	1,545,834	1,676,500	1,734,690	932,247
Administrative & other expenses	1,606,545	1,538,797	1,840,286	1,183,539	479,587	609,673
Other income	1,860,251	958,414	1,914,465	1,073,431	530,695	505,073
Finance Costs	328,107	555,028	667,235	546,681	711,933	1,069,279
Profit / (loss) before taxation	2,860,837	35,959	952,778	1,019,711	1,073,865	(241,632)
Taxation	585,426	152,706	60,005	216,435	414,308	(77,085)
Profit / (loss) after taxation	2,275,411	(116,747)	892,773	803,276	659,557	(164,547)
Balance Sheet						
Non-current assets	33,337,092	32,910,510	29,209,782	28,057,057	27,923,891	26,617,392
Current assets	10,060,178	8,621,975	11,378,044	7,383,084	5,117,827	3,859,841
Total Assets	43,397,270	41,532,485	40,587,826	35,440,141	33,041,718	30,477,233
Paid-up Capital	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves	8,710,641	6,630,443	6,898,954	6,314,151	5,633,268	5,107,078
Shareholders' equity	10,031,275	7,951,077	8,219,588	7,634,785	6,953,902	6,427,712
Surplus on revaluation of fixed assets	1,140,525	1,159,001	1,128,307	768,248	776,064	777,285
Non-current liabilities	3,536,547	4,754,292	6,599,596	5,186,344	6,439,860	6,473,920
Current liabilities	28,688,923	27,668,115	24,640,335	21,850,764	18,871,892	16,798,316
	43,397,270	41,532,485	40,587,826	35,440,141	33,041,718	30,477,233
RATIOS						
Profitablility Ratios						
Gross Profit/ Operating Revenue (%)	38.77%	20.17%	17.38%	19.21%	29.09%	33.56%
Profit before Tax/Operating Revenue (%)	37.79%	0.62%	10.71%	11.68%	18.01%	-8.70%
Profit after Tax/Operating Revenue (%)	30.06%	-2.01%	10.04%	9.20%	11.06%	-5.92%
Return on Capital Employed	15.47%	-0.84%	5.60%	5.91%	4.65%	-1.20%
Liquidity / Leverage Ratios						
Current Ratio	0.35	0.31	0.46	0.34	0.27	0.23
Fixed assets turnover ratio (Times)	0.23	0.18	0.30	0.31	0.21	0.10
Equity / Total Assets (%)	25.74%	21.93%	23.03%	23.71%	23.39%	23.64%
Return to Shareholders						
Earnings per share (Rs.)	17.23	(0.88)	6.76	6.08	4.99	(1.25)
Price Earning ratio (Rs.)	7.31	(105.99)	15.72	12.02	9.21	(12.37)
Cash dividend (Rs. / share)	2	2	1.5	1.5	1	0.5
Break-up value per share	84.59	68.98	70.78	63.63	58.53	54.56
Share prices in Rupees						
High	213.00	127.90	187.90	94.57	52.00	25.89
Low	90.37	63.01	56.68	46	14.41	11.5

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

ERNST & YOUNG FORD RHODES SIDAT HYDER
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, 2017 to comply with the requirements of Rule 5.19 of the Rule book of the Pakistan Stock Exchange 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, 2017.

Further, we draw attention to instances of non-compliance with the requirements of the Code as reflected in paragraph No. 24 to the Statement of Compliance with the Code of Corporate Governance.

A.F. FERGUSON & CO.
Chartered Accountants

EY FORD RHODES
Chartered Accountants

Karachi, October 06, 2017

Statement Of Compliance With The Code Of Corporate Governance

For The Year Ended June 30, 2017

Pakistan National Shipping Corporation
(Established under the Pakistan National Shipping Corporation Ordinance, 1979)
Year Ended: 30th June, 2017

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. During the year, the Directors were/are as follows:

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 (upto October 19, 2016) 2. Mr. Haque Nawaz (upto May 19, 2017) 3. Ms. Ava. A. Cowasjee (upto May 19, 2017) 4. Mr. Akbar Adil (upto May 19, 2017)
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. The term of the non-executive directors appointed by the Federal Government had expired on May 19, 2017. The Federal Government is in the process of nominating directors to be appointed by the Federal Government under the PNSC Ordinance, 1979.

5. The Corporation has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout 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. During the year the Board did not arrange training programs for its directors. However, all directors in the board during the year 2016-17 except for Mr. Sa'ad Fazil Abbasi are certified Directors under the Code.

10. There is no change in the Chief Financial Officer, Company Secretary and the Head of Internal Audit during the year.

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 executives 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 Code.

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 all of whom are non-executive directors due to the reason explained in 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 Corporation.

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. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Corporation's securities, was determined and intimated to directors, employees and Pakistan Stock Exchange.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

23. The Corporation has complied with the requirements relating to the maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.

24. We confirm that all material principles enshrined in the Code have been complied with except for the following, toward which reasonable progress is being made by the Corporation to seek compliance by the end of next accounting year.

    - The Corporation has been following Government's policy / directions on Corporate Social Responsibility. However, a written policy on Corporate Social Responsibility is under the Board's review.

    - Non-circulation of Board of Directors meeting notice along with the agenda to Mr. Sa'ad Fazil Abbasi as required under section 5.19.5 of the Code as he had ceased to be the Joint Secretary, Privatization Division and no notice was received from Privatization Division in respect of nomination of another Joint Secretary in his place.

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

Dated: October 06, 2017

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

for the year ended June 30, 2017

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

ERNST & YOUNG FORD RHODES SIDAT HYDER
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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, 2017 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 financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included 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, 2017 and the results of their operations for the year then ended.

A. F. FERGUSON & CO.
Chartered Accountants
Audit Engagement Partner : Khurshid Hasan

EY FORD RHODES
Chartered Accountants
Audit Engagement Partner : Riaz A. Rehman Chamdia

Karachi, October 06, 2017

Consolidated Balance Sheet

As at June 30, 2017

	Note	2017	2016
		------------(Rupees in '000)----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	23,195,568	24,215,418
Intangible asset	5	-	-
Investment properties	6	2,671,043	2,191,683
Long-term investments in:			
- Related party (associate)	7	-	-
- Listed companies and an other entity	8	49,566	50,304
Long-term loans and advances		-	58
Long-term deposits		90	90
Deferred taxation	9	46,561	84,651
		25,962,828	26,542,204
CURRENT ASSETS			
Stores and spares	10	670,079	619,960
Trade debts - unsecured	11	756,750	564,157
Agents' and owners' balances - unsecured	12	8,423	11,371
Loans and advances	13	91,348	91,004
Trade deposits and short-term prepayments	14	60,951	38,915
Interest accrued on bank deposits and investments		48,193	35,652
Other receivables	15	2,002,156	1,389,237
Incomplete voyages	16	83,954	88,678
Insurance claims		34,248	38,574
Taxation-net		1,094,632	1,196,720
Short-term investments	17	4,127,045	3,921,504
Cash and bank balances	18	2,711,772	2,000,069
		11,689,551	9,995,841
TOTAL ASSETS		37,652,379	36,538,045
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital	19	1,320,634	1,320,634
Reserves	20	27,377,025	25,095,821
		28,697,659	26,416,455
NON-CONTROLLING INTEREST	21	3,714	3,316
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		28,701,373	26,419,771
Surplus on revaluation of property, plant and equipment - net of tax	22	1,143,350	1,161,826
NON-CURRENT LIABILITIES			
Long-term financing - secured	23	2,944,191	4,141,525
Deferred liabilities	24	592,356	612,767
		3,536,547	4,754,292
CURRENT LIABILITIES			
Trade and other payables	25	3,005,323	2,922,314
Provision against damage claims	26	20,032	23,078
Current portion of long-term financing	23	1,210,172	1,210,172
Accrued mark-up on long-term financing		35,582	46,592
		4,271,109	4,202,156
TOTAL EQUITY AND LIABILITIES		37,652,379	36,538,045
CONTINGENCIES AND COMMITMENTS	27		

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Consolidated Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		------------(Rupees in '000)----------	
REVENUE			
Income from shipping business	28	12,286,236	12,367,841
Rental income		191,449	176,144
		12,477,685	12,543,985
EXPENDITURE			
Fleet expenses - direct	29	(8,808,921)	(8,845,053)
Fleet expenses - indirect	30	(22,786)	(32,125)
Real estate expenses	31	(132,083)	(112,630)
		(8,963,790)	(8,989,808)
GROSS PROFIT		3,513,895	3,554,177
Administrative expenses	32	(1,007,062)	(925,909)
Other expenses	33	(1,353,745)	(1,181,349)
Other income	34	2,279,086	1,627,014
		(81,721)	(480,244)
OPERATING PROFIT		3,432,174	3,073,933
Finance costs	35	(330,411)	(558,581)
PROFIT BEFORE TAXATION		3,101,763	2,515,352
Taxation	36	(624,948)	(192,298)
NET PROFIT FOR THE YEAR		2,476,815	2,323,054
Attributable to:			
Equity holders of the Holding Company		2,476,417	2,322,699
Non-controlling interest	21	398	355
		2,476,815	2,323,054
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		53,235	47,901
Tax on remeasurement of post-retirement benefits obligation		915	(14,805)
		54,150	33,096
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,530,965	2,356,150
		-----------------(Rupees)---------------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted	37	18.75	17.59

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Arif Elahi** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2017

	Attributable to the share holders of the Holding Company							
			Revenue reserves					
	Issued, subscribed and paid-up share capital (Note 19)	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, 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)
Net 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 22)	-	-	-	-	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
Final cash dividend for the year ended June 30, 2016 paid to shareholders of the Holding Company @ Rs 2 per ordinary share	-	-	-	-	(264,127)	(264,127)	-	(264,127)
Net Profit for the year	-	-	-	-	2,476,417	2,476,417	398	2,476,815
Other comprehensive income for the year	-	-	-	54,150	-	54,150	-	54,150
Total comprehensive income for the year	-	-	-	54,150	2,476,417	2,530,567	398	2,530,965
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 22)	-	-	-	-	14,764	14,764	-	14,764
Balance as at June 30, 2017	1,320,634	131,344	129,307	(255,659)	27,372,033	27,245,681	3,714	28,701,373

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi	**Arif Elahi** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Consolidated Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		------------(Rupees in '000)-----------	
Cash flows from operating activities			
Cash generated from operations	38	3,472,205	4,776,112
Employees' gratuity paid		(41,775)	(163,035)
Employees' compensated absences paid		(92,948)	(108,900)
Post-retirement medical benefits paid		(25,160)	(38,628)
Finance costs paid		(324,932)	(523,604)
Payment under cross currency interest rate swap		-	(25,559)
Taxes paid		(487,567)	(327,256)
Net cash generated from operating activities		2,499,823	3,589,130
Cash flows from investing activities			
Purchase of property, plant and equipment		(430,949)	(363,971)
Proceeds from disposal of operating fixed assets		-	8,297
Short term investments redeemed / (made)		2,101,150	(2,316,820)
Interest received on short term investments		317,641	248,996
Dividends received on long term investments in listed securities		1,697	1,108
Net cash generated from / (used in) investing activities		1,989,539	(2,422,390)
Cash flows from financing activities			
Long-term financing obtained		-	3,300,000
Long-term financing repaid		(1,210,472)	(5,413,024)
Transaction costs paid for issuance of shares		-	(27,126)
Dividends paid		(260,496)	(195,642)
Net cash used in financing activities		(1,470,968)	(2,335,792)
Net increase / (decrease) in cash and cash equivalents		3,018,394	(1,169,052)
Cash and cash equivalents at the beginning of year		2,143,378	3,312,430
Cash and cash equivalents at the end of year	39	5,161,772	2,143,378

The annexed notes 1 to 51 form an integral part of these consolidated financial statements.

Syed Jarar Haider Kazmi
Chief Financial Officer

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, 2017

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 (now Companies Act, 2017), 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% (2016: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2016: 100%) of the share capital of the remaining eighteen subsidiary companies. Each of wholly owned subsidiaries operate one vessel / tanker 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.

Notes to and Forming part of the Consolidated Financial Statements

For the year ended June 30, 2017

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. As per the requirements of Circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, 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 repealed Ordinance, provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed 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, 2017

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.

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

There are certain new standards and amendments to the approved accounting standards which will be effective for the Group's accounting periods beginning on or after July 1, 2017 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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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 regularly 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 from the month asset is available for use 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit and loss account.

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

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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

These 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 from the month asset is available for use and no amortisation is charged in the month of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit and loss account.

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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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

These 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

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

c) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

d) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

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.

Gains or losses arising from changes in the fair value of the ‘financial assets at fair value through profit or loss’ are recognised in the profit and loss for the year. Changes in the fair value of instruments classified as ‘available for sale’ are recognised in ‘Other comprehensive income’ until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit and loss for the year.

2.9.2 Impairment of financial assets

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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001.

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 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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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 Defined contribution plan - Provident fund

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. Contributions by the Holding Company are charged to the profit and loss account.

2.17.2 Defined benefit plans - Gratuity fund

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 latest valuation was carried out as at June 30, 2017. 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.

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 Defined benefit plan - Post-retirement medical benefits

The Group provides lump sum medical allowance to its retired 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 latest valuation was carried out as at June 30, 2017. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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

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.

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 latest valuation was carried out as at June 30, 2017. The remeasurement of employees' compensated absences are charged to profit and loss account immediately.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances 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 completed till 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.

- Mark-up on bank accounts and return on short term investments is recognised on accrual 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, SECP on receiving the representation from some of the entities covered under the Scheme and after having consulted ICAP, 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, 2017, 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 and Economic Affairs. 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 (2016: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2016: 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 consolidated financial statements.

2.24 Transactions with related parties

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

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.

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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) Determination of the residual values and useful lives of property, plant and equipment and intangible assets;

(c) Recoverable amount of investment in related party;

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

(e) Recognition of taxation and deferred taxation;

(f) Accounting for provision against damage claims;

(g) Accounting for defined benefit plans;

(h) Determination of contingent assets and liabilities; and

(i) Recognition of demurrage income, income from heating and miscellaneous claims.

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	2017	2016
		----------(Rupees in '000)----------	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	22,558,121	23,474,089
- Major spare parts and stand-by equipment	4.6	308,925	285,282
- Capital work-in-progress - buildings on leasehold land	4.8	328,522	456,047
		23,195,568	24,215,418

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4.1 The following is a statement of operating fixed assets:

	Leasehold land (note 4.2 and 4.4)	Buildings on leasehold land (note 4.2 and 4.4)	Vessel fleet Cost (note 4.5)	Vessel fleet Dry docking	Vessel fleet Total	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 4.2 and 4.4)	Workshop machinery and equipment (note 4.4)	Computer equipment	Total
	-----	-----	-----	-----	-----	-----	-----(Rupees in '000)	-----	-----	-----	-----	-----	-----
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
Transfers from CWIP - note 4.8	-	27,271	-	-	-	-	-	-	-	-	-	-	27,271
Transfers / disposals													
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
Year ended June 30, 2017													
Opening 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
Additions	-	21,329	-	332,424	332,424	3,667	7,663	1,342	10,167	-	2,043	10,114	388,749
Transfer from CWIP - note 4.8	-	129,460	-	-	-	-	-	-	-	-	-	-	129,460
Depreciation charge for the year - note 4.7	-	(37,108)	(1,056,171)	(275,269)	(1,331,440)	(6,162)	(6,880)	(3,068)	(4,519)	(1,393)	(482)	(6,753)	(1,397,805)
Impairment loss for the year - note 4.9	-	-	(36,372)	-	(36,372)	-	-	-	-	-	-	-	(36,372)
Closing net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
As at June 30, 2017													
Cost or revalued amount	775,312	878,535	27,106,393	1,604,947	28,711,340	87,924	63,501	33,392	35,245	13,913	17,672	67,901	30,684,735
Less: Accumulated depreciation	-	71,810	6,631,345	1,155,991	7,787,336	66,144	48,556	30,263	17,696	2,786	12,357	53,294	8,090,242
Accumulated impairment loss	-	-	36,372	-	36,372	-	-	-	-	-	-	-	36,372
Net book value	775,312	806,725	20,438,676	448,956	20,887,632	21,780	14,945	3,129	17,549	11,127	5,315	14,607	22,558,121
Annual rate of depreciation (%)													
2017	-	3 to 20	3.33 to 4	20 to 40		20	15	10 to 15	10 to 15	10	5 to 10	33	
2016	-	3 to 20	3.33 to 4	20 to 40		20	15	10 to 15	10 to 15	10	5 to 10	33	

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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 1,222.141 million (2016: Rs 1,240.932 million) remains undepreciated as at June 30, 2017.

4.3 The Companies Act, 2017 (the Act) was enacted on 30 May 2017 and SECP vide its circular CLD/CCD/PR(11)/2017 dated July 20, 2017 has clarified that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. The Act applicable for financial year beginning on July 1, 2017 requires certain additional disclosures and Section 235 of the repealed Ordinance relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Act. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, Plant and Equipment. The application of the Act had the enactment not been deferred vide SECP circular would have had the following impacts on the Group:

	2017	2016
	------------(Rupees in '000)------------	
Effect on other comprehensive income		
Other comprehensive income as reported – net of tax	54,150	33,096
Effect of change in accounting policy – net of tax	14,764	13,235
Other comprehensive income that would have been reported – net of tax	68,914	46,331
Effect on balance sheet		
Equity as reported	28,697,659	26,416,455
Effect of change in accounting policy	1,143,350	1,161,826
Equity that would have been reported	29,841,009	27,578,281

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

	2017	2016
	------------(Rupees in '000)------------	
Leasehold land, buildings on leasehold land and beach huts	419,309	288,253
Workshop machinery and equipment	4,976	3,532
	424,285	291,785

4.5 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.

	Note	2017	2016
		------------(Rupees in '000)------------	
4.6 Major spare parts and stand by equipment			
Opening net book value		285,282	221,523
Additions during the year		40,076	77,407
		325,358	298,930
Depreciation	4.7	(16,433)	(13,648)
Closing net book value		308,925	285,282

Notes to and Forming part of the Consolidated Financial Statements
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4.7 The depreciation charge for the year has been allocated as follows:

	Note	2017	2016
		------------(Rupees in '000)------------	
Fleet expenses - direct	29	1,299,961	1,146,782
Fleet expenses - indirect	30	482	492
Real estate expenses	31	29,915	25,115
Administrative expenses	32	31,620	31,051
Incomplete voyages	16	52,260	23,483
		1,414,238	1,226,923

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

	Note	2017	2016
Balance at beginning of the year		456,047	476,721
Additions during the year		1,935	6,597
Transferred to operating fixed assets during the year	4.1	(129,460)	(27,271)
Balance at end of the year		328,522	456,047

4.9 Due to the current market conditions as well as the uncertainty of the global economy, the supplies of vessels, and the challenging shipping market operating environment, the Group has performed individual impairment tests of all vessels in accordance with IAS 36 and a recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cashflows were discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cash flow projections is 14.74%. The cash flow projections have been made upto the remaining useful life of the vessel. Impairments have been recorded where the recoverable amount is lower than the carrying value for the vessels.

As a result of the impairment assessment, the vessel M.V. Sibi has been written down to its recoverable amount of Rs. 1,951 million, which was determined by reference to the value in use method. The resultant impairment loss of Rs. 36.372 million is recognised in other expenses in the profit and loss account.

Key assumptions used in value in use calculation of all vessels:

The value in use calculation is most sensitive to the following assumptions:

Discount rate

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,515.105 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 1,662.010 million on the recoverable amount.

Projected charter rates

The shipping business is a cyclical business and keeping in view its volatility and based on the external sources of information obtained from the shipping experts, in case of dry cargo vessels, the estimated cashflows are based on an average of past 10 years of charter rates specific to the vessel type excluding peaks and troughs till the remaining useful life of the vessel. In this respect two-scenarios have been considered with equal probability based on management's expectations of outcome for each scenario. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 604.276 million whereas a similar increase will have a positive effect of Rs 604.276 million on the recoverable amount.

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.

Notes to and Forming part of the Consolidated Financial Statements
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6. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		--------------------(Rupees in '000)		---------------------
Balance as at July 1, 2016		2,138,744	52,939	2,191,683
Transfers from operating fixed assets		-	189	189
Gain / (loss) on revaluation	6.1 & 34	481,853	(2,682)	479,171
Balance as at June 30, 2017		2,620,597	50,446	2,671,043
Balance as at July 1, 2015		1,725,990	41,483	1,767,473
Transfers from operating fixed assets		87,040	13,200	100,240
Gain / (loss) on revaluation	6.1 & 34	325,714	(1,744)	323,970
Balance as at June 30, 2016		2,138,744	52,939	2,191,683

6.1 The revaluation of the Group's investment properties was carried out by Fair Water Property Valuers and Surveyors (Private) Limited, an independent valuer as of June 30, 2017 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 481.853 million (2016: 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 2.682 million (2016: Rs 1.744 million).

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

Equity method

No. of shares - ordinary 2017	No. of shares - ordinary 2016	Name of the company	Country of incorporation	Share of net assets 2017	Share of net assets 2016	Latest available audited financial statements for the year ended	Percentage holding	Face value per share	2017	2016
				--(Rupees in '000)--			%	(Rupees)	---(Rupees '000)---	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited Pakistan	Pakistan	1,600	1,600	December 31 , 1982 (unaudited)	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

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

	Note	2017	2016
		------------(Rupees in '000)	------------
Financial assets			
Fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2016: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2017 Rs 690 (2016: Rs 994.58)	8.1	4,782	6,892
Pakistan State Oil Company Limited 115,358 (2016: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2017 Rs 387.35 (2016: Rs 375.46)	8.2	44,684	43,312
		49,466	50,204
Available-for-sale			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited 10,000 (2016: 10,000) fully paid ordinary shares of Rs 10 each		100	100
		49,566	50,304

Notes to and Forming part of the Consolidated Financial Statements
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		Note	2017	2016
			------------(Rupees in '000)------------	
8.1	The Group holds 0.084% (2016: 0.084%) of the investee's share capital			
	Opening balance		6,892	8,830
	Change in fair value	33	(2,110)	(1,938)
	Closing balance		4,782	6,892
8.2	The Group holds 0.04246% (2016: 0.04246%) of the investee's share capital			
	Opening balance		43,312	44,504
	Change in fair value	33	1,372	(1,192)
	Closing balance		44,684	43,312
9.	**DEFERRED TAXATION**			
	Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		130,101	167,932
	Taxable temporary differences arising in respect of:			
	- surplus on revaluation of property, plant and equipment	22	78,791	79,106
	- accelerated depreciation		4,749	4,175
			83,540	83,281
			46,561	84,651
10.	**STORES AND SPARES**			
	Stores			
	- at depot		9,110	10,155
	- at buildings		516	742
	- on board		25,450	26,799
			35,076	37,696
	Spares			
	- at buildings		937	937
	- in transit		4,110	3,865
	- on board		301,319	280,383
			306,366	285,185
	Bunker on board		328,637	297,079
			670,079	619,960
11.	**TRADE DEBTS - unsecured**			
	Considered good			
	- Due from related parties	11.1 & 47	732,674	538,710
	- Due from others	11.2 & 47	24,076	25,447
			756,750	564,157
	Considered doubtful	11.1 & 47	213,984	188,488
			970,734	752,645
	Less: Provision for doubtful debts	11.3 & 47	213,984	188,488
			756,750	564,157

Notes to and Forming part of the Consolidated Financial Statements
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11.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2017	As at June 30, 2016
	--------------------------(Rupees in '000)--------------------------				
Pakistan State Oil Company Limited (PSO)	247,086	159	33,119	280,364	297,404
Pak Arab Refinery Limited	140,470	-	-	140,470	196,077
Sui Northern Gas Pipelines Limited	2,475	-	-	2,475	5,665
Sui Southern Gas Compnany Limited	660	-	21	681	-
Water and Power Development Authority	1,139	-	-	1,139	26
National Refinery Limited	66,971	1,053	-	68,024	-
Pakistan Refinery Limited	33,335	3,116	-	36,451	-
Trading Corporation Of Pakistan (Private) Limited	-	-	4,866	4,866	-
Heavy Mechanical Complex (Private) Limited	-	-	-	-	465
Heavy Electric Complex (Private) Limited	-	-	-	-	30
Others	29,311	146,056	53,996	229,363	45,756
	521,447	150,384	92,002	763,833	545,423

11.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	Note	2017	2016
		-------------(Rupees in '000)-------------	
Upto 1 month		3,890	3,902
1 to 6 months		2,269	9,807
More than 6 months		17,917	11,738
		24,076	25,447
11.3 Provision for doubtful debts			
Balance at beginning of the year	47	188,488	211,185
Provision made during the year	33	32,493	-
Provision reversed during the year	34	(285)	(22,697)
Amount written off during the year		(6,712)	-
Balance at end of the year	11.4	213,984	188,488

11.4 As at June 30, 2017, trade debts of Rs 213.984 million (2016: Rs 188.488 million) were impaired and provided for.

	Note	2017	2016
		-------------(Rupees in '000)-------------	
12. AGENTS' AND OWNERS' BALANCES - unsecured			
Considered good	12.1	8,423	11,371
Considered doubtful		5,444	4,453
		13,867	15,824
Less: Provision for doubtful balances		5,444	4,453
		8,423	11,371

Notes to and Forming part of the Consolidated Financial Statements
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12.1 The ageing analysis of agents' and owners' balances that are past due but not impaired is as follows:

	2017	2016
	(Rupees in '000)	
Upto 1 month	1,046	2,847
1 to 6 months	1,434	1,176
More than 6 months	5,943	7,348
	8,423	11,371

13. LOANS AND ADVANCES - unsecured, considered good

	Note	2017	2016
Loans			
- employees		1	1
Advances			
- employees		33,645	34,571
- contractors and suppliers		13,164	7,767
- others	13.1	44,538	48,665
		91,347	91,003
		91,348	91,004

13.1 This represents advances made to Port Qasim Authority amounting to Rs 44.538 million (2016: Rs 48.665 million).

	Note	2017	2016
		(Rupees in '000)	

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2017	2016
Trade deposits			
- Considered good		16,825	19,627
- Considered doubtful		369	369
		17,194	19,996
Less: Provision for doubtful deposits		369	369
		16,825	19,627
Short-term prepayments		44,126	19,288
		60,951	38,915

15. OTHER RECEIVABLES

	Note	2017	2016
Amount held by lawyer in respect of a guarantee provided to the court		4,953	4,953
Others			
- Considered good	15.1 & 47	1,959,352	1,384,284
- Considered doubtful	47	404,159	260,331
	15.2	2,363,511	1,644,615
Less: Provision for doubtful receivables	15.3	404,159	260,331
		1,959,352	1,384,284
Employees' gratuity scheme - funded	24.1.3	37,851	-
		2,002,156	1,389,237

Notes to and Forming part of the Consolidated Financial Statements
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15.1 As at June 30, 2017, amounts aggregating Rs 1,959.352 million (2016: Rs 1,384.284 million) that are past due but not impaired. These receivables have been outstanding for less than three years.

	Note	2017	2016
		(Rupees in '000)	
15.2 This includes the following:			
Demurrage receivable	15.4	2,069,527	1,375,102
Receivable from sundry debtors		164,197	166,266
Heating and miscellaneous claim receivable		81,588	13,409
Sales tax refund claims		26,205	26,109
Insurance claims receivable		-	946
Additional war risk receivable	47	21,029	61,221
Others		965	1,562
		2,363,511	1,644,615

15.3 Provision for doubtful receivables

	Note	2017	2016
Balance at beginning of the year	47	260,331	35,911
Provision made during the year	33	299,255	228,167
Provision reversed during the year	34	(91,829)	(3,747)
Provision written off during the year		(63,598)	-
Balance at end of the year		404,159	260,331

15.4 This includes amount receivable from related parties amounting to Rs 2,048.553 million (2016: Rs 1,348.364 million).

	Note	2017	2016
		(Rupees in '000)	
16. INCOMPLETE VOYAGES			
Net freight		(146,840)	(17,194)
Salaries and allowances		29,688	17,330
Diesel, fuel and lubricants		52,245	32,220
Stores and spares consumed		9,829	8,942
Communication expenses		418	-
Insurance		9,672	4,564
Port charges		8,835	-
Charter hire and related expenses		64,989	17,915
Depreciation	4.7	52,260	23,483
Victualling		2,858	1,418
		230,794	105,872
		83,954	88,678

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17. SHORT-TERM INVESTMENTS

	Note	2017	2016
		------------(Rupees in '000)------------	
Term deposits with banks having maturity of			
- more than six months but upto twelve months	17.1	10,000	57,000
- three to six months	17.2	1,667,045	3,721,195
- three months or less	17.3	2,450,000	143,309
		4,127,045	3,921,504

17.1 Mark-up on these term deposits denominated in local currency ranges from 6.6% to 7.25% (2016: 6.75 % to 8.80%) per annum.

17.2 Mark-up on these term deposits denominated in local currency ranges from 6.10% to 6.60% (2016: 6.50% to 7.05%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.20% to 2.35% (2016: 2.10% to 2.25%) per annum.

17.3 Mark-up on these term deposits denominated in local currency ranges from 6.10% to 6.50% (2016: 6.70% to 9.80%) per annum.

18. CASH AND BANK BALANCES

	Note	2017	2016
		------------(Rupees in '000)------------	
Cash in hand		2,198	1,322
Cash at bank			
- in current accounts			
- local currency		186,278	5,437
- foreign currency		230,448	177,289
		416,726	182,726
- in saving accounts			
- local currency	18.1 & 18.2	2,286,645	1,809,310
- foreign currency	18.3	6,203	6,711
		2,292,848	1,816,021
		2,711,772	2,000,069

18.1 Mark-up on these savings account ranges from 3.92% to 6.05% (2016: 3.75% to 6.05%) per annum.

18.2 This includes Rs 2.126 million (2016: Rs 2.126 million), Rs 3 million (2016: Rs 3 million) and Rs Nil (2016: Rs 3 million) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and Silk Bank, Saima tower branch respectively against guarantees issued on behalf of the Holding Company.

18.3 Mark-up on these savings account in foreign currency ranges from 0.15% to 0.5% (2016: 0.15% to 0.5%) per annum.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

	2017	2016
	----------(Rupees in '000)----------	

19. SHARE CAPITAL

19.1 Authorised capital

	2017	2016
Authorised 200,000,000 (2016: 200,000,000) ordinary shares of Rs 10 each	2,000,000	2,000,000

19.2 Issued, subscribed and paid-up

2017	2016		2017	2016
-----------(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

19.3 As at June 30, 2017, GoP held 113,693,715 (2016: 112,468,455) ordinary shares of the Holding Company.

20. RESERVES

	Note	2017	2016
		------------(Rupees in '000)------------	
Capital reserves	20.1	131,344	131,344
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(255,659)	(309,809)
- unappropriated profit (including general reserves)		27,501,340	25,274,286
		27,377,025	25,095,821

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

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	Note	2017	2016
		------------(Rupees in '000)------------	
21. NON-CONTROLLING INTEREST			
Share of non-controlling interest in:			
- share capital		59	59
- general reserve		10	10
- unappropriated profit		3,247	2,892
- profit for the year		398	355
		3,714	3,316
22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
Balance at beginning of the year		1,240,932	1,257,662
Less: Transferred to unappropriated profit:			
- Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		14,764	13,235
-Related deferred tax liability		4,027	3,495
		18,791	16,730
		1,222,141	1,240,932
Less: Related deferred tax liability on:			
-Revaluation surplus at the beginning of the year		79,106	126,530
-Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(4,027)	(3,495)
-Effect of change in statutory tax rate for next year		-	(7,908)
-Effect of allocation of revenue between presumptive tax regime and normal tax regime		3,712	(36,021)
	9	78,791	79,106
Balance at end of the year		1,143,350	1,161,826
23. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	23.1 & 23.2	1,397,686	1,648,705
Financing under musharika agreement	23.1 & 23.3	2,756,677	3,702,992
		4,154,363	5,351,697
Less: Current portion		1,210,172	1,210,172
		2,944,191	4,141,525

23.1 During the year ended June 30, 2015, the Holding Company obtained a financing facility of Rs 4,500 million from Nordic Investment Bank (NIB). Subsequent to the year ended June 30, 2017, MCB has acquired NIB, however, the said acquisition has no impact on the Group's financing arrangement. 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.

Notes to and Forming part of the Consolidated Financial Statements
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23.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.5% during the year ended June 30, 2016. 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.

23.3 During the year ended June 30, 2016, 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 paid 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 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	2017	2016
		------------(Rupees in '000)------------	
24. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	24.1.3 & 15	-	47,771
- unfunded	24.1.3	198,335	156,610
		198,335	204,381
Post-retirement medical benefits	24.1.3	168,237	165,223
Employees' compensated absences	24.2.3	225,784	243,163
		592,356	612,767

24.1 Retirement benefit schemes

24.1.1 The disclosures made in notes 24.1.2 to 24.1.15 of these consolidated financial statements are based on the information included in the actuarial valuation report as of June 30, 2017.

Notes to and Forming part of the Consolidated Financial Statements

For the year ended June 30, 2017

24.1.2 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:

	2017			2016		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	7.75%	7.75%	7.75%	7.25%	10.50%	7.25%
Future salary increases						
- for permanent employees						
For the year 2016-17	N/A	-	-	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 2022-23	40.00%	-		7.25%	-	-
For the year 2023-24 and onwards	7.75%	-	-	7.25%	-	-
Future salary increases						
- for contractual employees						
For the year 2016-17	-	N/A	-	-	10.00%	-
For the year 2017-18	-	8.75%	-	-	10.00%	-
For the year 2018-19	-	8.75%	-	-	10.00%	-
For the year 2019-20	-	8.75%	-	-	9.00%	-
For the year 2020-21	-	7.75%	-	-	9.00%	-
For the year 2022- and onwards	-	7.75%	-	-	9.00%	-
Medical escalation rate	-	-	7.75%	-	-	7.25%

Death rate based on SLIC (2001-05) Ultimate mortality tables.

Notes to and Forming part of the Consolidated Financial Statements

For the year ended June 30, 2017

	2017			2016		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	---(Rupees in '000)---					
24.1.3 Balance sheet reconciliation						
Present value of defined benefit obligation	226,245	198,335	168,237	333,295	156,610	165,223
Fair value of plan assets	(264,096)	-	-	(285,524)	-	-
Net (asset) / liability	(37,851)	198,335	168,237	47,771	156,610	165,223
24.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	333,295	156,610	165,223	432,113	167,304	200,989
Current service cost	8,291	30,092	10,546	11,269	38,987	8,052
Interest cost	21,267	15,245	11,573	36,178	19,248	17,786
Benefits paid	(75,526)	(1,775)	(25,160)	(159,540)	(21,035)	(38,628)
Remeasurements on obligation	(61,082)	(1,837)	6,055	13,275	(47,894)	(22,976)
Balance at end of the year	226,245	198,335	168,237	333,295	156,610	165,223
24.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	285,524	-	-	289,824	-	-
Expected return on plan assets	17,727	-	-	22,935	-	-
Contribution	40,000	-	-	142,000	-	-
Benefits paid	(75,526)	-	-	(159,540)	-	-
Remeasurement on plan asset	(3,629)	-	-	(9,695)	-	-
Balance at end of the year	264,096	-	-	285,524	-	-
24.1.6 Movement in net liability in the balance sheet						
Balance at beginning of the year	47,771	156,610	165,223	142,289	167,304	200,989
Expense recognised for the year	11,831	45,337	22,119	24,512	58,235	25,838
Contributions made by the Holding Company / benefits paid	(40,000)	(1,775)	(25,160)	(142,000)	(21,035)	(38,628)
Remeasurements recognised in other comprehensive income	(57,453)	(1,837)	6,055	22,970	(47,894)	(22,976)
	(37,851)	198,335	168,237	47,771	156,610	165,223
24.1.7 The amounts recognised in the income statement						
Current service cost	8,291	30,092	10,546	11,269	38,987	8,052
Net interest amount	3,540	15,245	11,573	13,243	19,248	17,786
Expense	11,831	45,337	22,119	24,512	58,235	25,838
24.1.8 Remeasurements recognised in other comprehensive income						
(Gains) / losses from changes in financial assumptions	(2,714)	959	153	16,090	(22,823)	35,956
Experience (gains) / losses	(58,368)	(2,796)	5,902	(2,815)	(25,071)	(58,932)
Remeasurement of fair value of plan assets	3,629	-	-	9,695	-	-
	(57,453)	(1,837)	6,055	22,970	(47,894)	(22,976)

Notes to and Forming part of the Consolidated Financial Statements
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	2017		2016	
	Rupees in '000	%	Rupees in '000	%
24.1.9 Categories / composition of plan assets				
Cash and cash equivalents	109,008	41.28%	82,018	28.73%
Investment in mutual funds	104,480	39.56%	102,793	36.00%
Term deposit receipts	50,608	19.16%	100,714	35.27%
	264,096	100%	285,525	100%

24.1.10 Actual gain on plan assets during the year ended June 30, 2017 was Rs 13.285 million (2016: Rs 13.080 million).

24.1.11 Assumed future salary increase rate and discount rate have a significant effect on the employees' 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%	(220,464)	232,340	(175,333)	226,027
Salary increase rate	1%	226,815	(225,682)	221,122	(178,961)

24.1.12 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.56 and 11.50 years.

24.1.13 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%	(124,239)	130,468	(35,264)	48,003
Medical cost escalation rate	1%	130,654	(124,009)	48,042	(35,134)

24.1.14 The weighted average duration of the defined benefit obligations post medical retirement benefit scheme for permanent and contractual employees is 5.92 years.

24.1.15 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.

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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.

24.2 Employees' compensated absences

24.2.1 The disclosures made in notes 24.2.2 to 24.2.8 of these consolidated financial statements are based on the information included in the actuarial valuation as of June 30, 2017.

24.2.2 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:

	2017	2016
Discount rate	7.75%	7.25%
Future salary increases - for permanent employees		
For the year 2016-17	N/A	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 2022-23	40.00%	7.25%
For the year 2023 and onwards	7.75%	7.25%
Future salary increases - for contractual employees		
For the year 2016-17	N/A	10.00%
For the year 2017-18 till 2018-19	8.75%	10.00%
For the year 2019-20	7.75%	7.25%
For the year 2020-21	7.75%	7.25%
For the year 2022-23 and onwards	7.75%	7.25%

	2017	2016
	------------(Rupees in '000)------------	
24.2.3 Balance sheet reconciliation		
Present value of defined benefit obligation (recognised)	225,784	243,163
24.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	243,163	340,979
Current service cost	86,001	92,296
Interest cost	19,456	34,461
Remeasurements of obligation	(29,888)	(115,673)
Benefits paid	(92,948)	(108,900)
Balance at end of the year	225,784	243,163
24.2.5 Expense		
Current service cost	86,001	92,296
Interest cost	19,456	34,461
Remeasurements of obligation	(29,888)	(115,673)
Expense	75,569	11,084

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

	2017	2016
	(Rupees in '000)	
Present value of defined benefit obligation	225,784	243,163
Experience gain on defined benefit obligation	(29,888)	(115,673)

24.2.7 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	
		(Rupees in '000)			
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
Discount rate	1%	(127,543)	137,488	(82,192)	107,156
Salary growth rate	1%	133,210	(131,511)	104,730	(83,873)

24.2.8 The risks to which the scheme exposes the Group are disclosed in note 24.1.15.

24.3 Expected retirement benefits costs for the year ending June 30, 2018 are as follows:

	(Rupees in '000)
Gratuity	
- funded	2,662
- unfunded	48,655
Post-retirement medical benefits	22,341
Compensated absences	104,056

24.4 During the year, the Group contributed Rs 8.423 million (2016: Rs 10.348 million) to the provident fund.

	Note	2017	2016
		(Rupees in '000)	
25. TRADE AND OTHER PAYABLES			
Creditors		145,650	336,942
Agents' and owners' balances		404,591	358,783
Accrued liabilities	34	1,783,186	1,787,557
Deposits	25.1	53,899	47,630
Unclaimed dividends		39,147	35,516
Bills payable		65,092	4,182
Withholding tax payable		793	720
Advance from customers		391,639	233,126
Other liabilities			
- amounts retained from contractors		24,496	25,398
- others		96,830	92,460
		121,326	117,858
		3,005,323	2,922,314

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

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	Note	2017	2016
		------------(Rupees in '000)------------	
26. PROVISION AGAINST DAMAGE CLAIMS			
Balance at beginning of the year		23,078	20,223
Charged during the year	33	1,261	6,776
Reversed during the year	34	(4,307)	(3,921)
Balance at end of the year		20,032	23,078

27. CONTINGENCIES AND COMMITMENTS

Contingencies

27.1 The contingent liability in respect of claims not acknowledged by the Holding Company, which as at June 30, 2017 aggregated to Rs 188.062 million (2016: Rs 194.453 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.083 million (2016: Rs 2.324 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 168.030 million (2016: Rs 171.375 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 20.032 million (2016: Rs 23.078 million) against the aforementioned claims in these consolidated financial statements.

27.2 The Holding Company has not accepted liability in respect of customs duty approximating Rs 2.500 million (2016: 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.

27.3 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 (2016: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Holding Company 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 (2016: Rs 1.300 million) and Rs 66.800 million (2016: 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.

27.4 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 95.910 million (2016: 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.

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27.5 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.

27.6 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, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. 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.

27.7 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 (2016: 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, which have been decided by the ATIR in the current year. The ATIR, in its order has interalia deleted certain additions made by the Taxation Officer which were upheld by the Commissioner (Appeals). However, the appeal effect order is still pending.

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27.8 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 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.

27.9 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 refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. 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.

27.10 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 and 2010. 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.

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27.11 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 percent. 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 consolidated financial statements in respect of the said matter.

27.12 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.

27.13 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 during the year ended June 30, 2008.

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27.14 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 LSPL. 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, based on the advise of its tax advisor, is confident that the matter shall eventually be decided in favour of LSPL.

Commitments

27.15 Commitments in respect of capital expenditure amount to Rs 32.571 million (2016: 32.571 million).

27.16 Outstanding letters of guarantee amount to Rs 5.126 million (2016: Rs 8.126 million).

	Note	2017	2016
		------------(Rupees in '000)------------	
28. INCOME FROM SHIPPING BUSINESS			
Owned vessels			
- bulk carriers		1,155,020	1,500,327
- oil tankers		3,955,479	5,517,032
		5,110,499	7,017,359
Chartered vessels			
- voyage charter revenue		3,380,736	2,626,649
- slot charter revenue		3,795,001	2,723,833
		7,175,737	5,350,482
		12,286,236	12,367,841
29. FLEET EXPENSES - direct			
Diesel, fuel and lubricants consumed		1,246,076	1,306,467
Stevedoring and transhipment expenses		9,227	37,165
Ocean loss		12,639	18,886
Port, light, canal and customs dues		774,375	748,936
Salaries and allowances		675,080	637,506
Charter hire and related expenses	29.1	3,922,621	3,944,567
Fleet communication expenses		16,601	20,501
Agency commission and brokerage		71,775	87,397
Victualling expenses		72,726	79,639
Insurance		236,131	254,027
Claim charges		27,196	5,309
Stores and spares consumed		199,164	254,991
Repairs, maintenance and special surveys		135,402	146,717
Depreciation on opening incomplete voyage	16	23,483	29,815
Depreciation	4.7	1,299,961	1,146,782
		1,323,444	1,176,597
Exchange loss		7,436	36,110
Services sales tax expense		3,272	5,432
Additional war risk		-	5,673
Travelling and conveyance		39,189	39,821
Sundry expenses		36,567	39,312
		8,808,921	8,845,053

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	Note	2017	2016
		------------(Rupees in '000)------------	
29.1 Charter hire and related expenses - Foreign flag vessels			
- voyage charter expenses		2,234,897	2,693,007
- slot charter expenses		1,687,724	1,251,560
		3,922,621	3,944,567
30. FLEET EXPENSES - indirect			
Salaries and allowances	30.1	9,592	18,103
Agents' and other general expenses	30.2	7,936	5,940
Legal and professional charges		4,091	6,802
Depreciation	4.7	482	492
General establishment expenses		685	788
		22,786	32,125

30.1 This includes Rs 0.405 million (2016: Rs 0.670 million) in respect of provident fund contribution.

	Note	2017	2016
		------------(Rupees in '000)------------	
30.2 Agents' and other general expenses			
Legal and professional charges		3,081	706
Printing and stationery		44	11
Advertisement and publicity		916	958
Telephone, telex and postage		2,432	2,812
Air freight		854	1,178
Bank charges and commission		237	275
Sundry expenses		372	-
		7,936	5,940
31. REAL ESTATE EXPENSES			
Salaries and allowances	31.1	46,905	45,619
General establishment expenses	31.2	38,368	29,123
Rent, rates and taxes		12,290	9,078
Insurance		4,320	3,353
Depreciation	4.7	29,915	25,115
Legal and professional charges		285	342
		132,083	112,630

31.1 This includes Rs 0.545 million (2016: Rs 0.707 million) in respect of provident fund contribution.

	2017	2016
	------------(Rupees in '000)------------	
31.2 General establishment expenses		
Repairs and maintenance	17,233	11,514
Security charges	10,260	9,739
Light, power and water	10,687	7,704
Vehicle running, repairs and maintenance expenses	188	166
	38,368	29,123

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	Note	2017	2016
		------------(Rupees in '000)------------	
32. ADMINISTRATIVE EXPENSES			
Workshop management expense		67,156	69,241
Salaries and allowances	32.1	643,683	578,097
General establishment expenses	32.2	195,822	174,728
Rent, rates and taxes		12,999	13,924
Scholarship and training expenses		3,771	776
Insurance		5,451	5,781
Depreciation	4.7	31,620	31,051
Directors' fee	40.2	1,775	1,400
Legal and professional charges		13,424	21,609
Sales tax expenses		27,648	24,430
Computer expenses		26	-
Sundry expenses		3,687	4,872
		1,007,062	925,909

32.1 This includes Rs 7.474 million (2016: Rs 8.968 million) in respect of provident fund contribution.

	2017	2016
	------------(Rupees in '000)------------	
32.2 General establishment expenses		
Repairs and maintenance	16,028	15,107
Medical expenses	51,118	45,405
Contribution to employees' welfare fund	5	6
Contribution to group term insurance	1,456	1,603
Security charges	3,849	3,091
Travelling and conveyance	11,619	14,423
Entertainment and canteen subsidy	11,483	10,045
Books, periodicals and subscription	6,700	7,284
Uniform and liveries	1,999	1,679
Hajj expenses	2,110	1,593
Printing and stationery	5,145	4,868
Telephone, telex and postage	9,954	9,422
Light, power and water	14,291	13,626
Computer expenses	9,729	8,275
Advertisement and publicity	19,401	12,400
Vehicle running, repairs and maintenance expenses	18,461	16,737
Ship inspection expenses	2,963	180
Sundry expenses	9,511	8,984
	195,822	174,728

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	Note	2017	2016
		(Rupees in '000)	
33. OTHER EXPENSES			
Donations	33.1	50	50
Auditors' remuneration	33.2	16,675	12,112
Demurrage expenses		760,941	533,881
Employees' gratuity			
- funded	24.1.7	11,831	24,512
- unfunded	24.1.7	45,337	58,235
		57,168	82,747
Post-retirement medical benefits	24.1.7	22,119	25,838
Employees' compensated absences	24.2.5	75,569	11,084
Loss on revaluation of long-term investments classified 'at fair value through profit or loss'	8	738	3,130
Loss on revaluation of derivative instruments		-	39,070
Impairment loss	4.9	36,372	-
Provision for doubtful trade debts and other receivables	11.3 & 15.3	331,748	228,167
Long term loans and advances written off		58	-
Trade debts written off		375	-
Demurrage receivable written off		42,806	210,982
Loss on disposal of stores		7,265	27,313
Provision in respect of damage claims	26	1,261	6,776
Sundries		327	-
Sindh sales tax		273	199
		1,353,745	1,181,349

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

	2017			2016		
	A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhodes	Total
	(Rupees in '000)					
33.2 Auditors' remuneration						
Audit fee - the Holding Company	1,234	1,234	2,468	1,178	1,178	2,356
Audit fee - subsidiaries	1,748	1,749	3,497	1,677	1,676	3,353
Fee for review of half yearly financial statements	431	431	862	411	411	822
Fee for review report on the code of corporate governance	132	132	264	127	127	254
Fee for audit of consolidated financial statements	156	156	312	149	149	298
Tax advisory / Advisory fee	8,611	46	8,657	4,382	-	4,382
Central Depository Company certification fees	15	-	15	15	-	15
Out of pocket expenses	300	300	600	332	300	632
	12,627	4,048	16,675	8,271	3,841	12,112

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	Note	2017	2016
		------------(Rupees in '000)------------	
34. OTHER INCOME			
Income from financial assets			
Income from saving account and term deposits		330,182	246,377
Dividend income from investment in listed companies		1,697	1,108
Agency fee		15,827	19,837
Gain on revaluation of investment properties	6	479,171	323,970
Cargo claim		1,930	826
Liabilities no longer payable written back		39,885	-
Demurrage income	15.3	1,211,129	839,858
Income from heating claims		60,724	3,578
Insurance claims	34.1	15,543	50,677
Additional war risk income		1,073	2,241
Miscellaneous claims		17,987	5,400
Exchange gain		3,625	27,211
		2,178,773	1,521,083
Income from non-financial assets			
Gain on disposal of operating fixed assets		-	8,297
Provisions no longer required written back	25 & 26	4,329	6,636
Reversal of provision for doubtful receivable	11.3 & 15.3	12,919	26,444
Sundry income	34.2	83,065	64,554
		100,313	105,931
		2,279,086	1,627,014

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

	2017	2016
	------------(Rupees in '000)------------	
34.2 This includes the following:		
Documentation charges	1,241	1,716
Income earned by PNSC Work Shop	24,986	15,555
Stale cheques	-	90
Cost of tender document	167	313
Recovery of HV AC charges	7,737	-
Others	48,934	46,880
	83,065	64,554
35. FINANCE COSTS		
Mark-up on long-term financing	327,060	504,772
Loss on cross currency interest rate swap derivative	-	49,480
Bank charges	3,351	4,329
	330,411	558,581

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36. TAXATION

	Note	2017	2016
		(Rupees in '000)	
Tax charge for:			
- current year		664,695	290,681
- prior years		(75,040)	(140,508)
		589,655	150,173
Deferred		35,293	42,125
	36.1	624,948	192,298

36.1 Relationship between tax expense and accounting profit

	2017	2016
Accounting profit before tax	3,101,763	2,515,352
Tax rate	31%	32%
Tax on accounting profit	961,547	804,913
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	(108,985)	(83,111)
Tax effect of lower tax rates on certain incomes:		
-Tax saving due to lower income tax rates	(212,041)	287,702
-Tax saving due to lower income tax rates - subsidiaries profit	(35,075)	(753,996)
-Tax on dividend income	(314)	(216)
	247,430	(466,510)
Effect of charging deferred tax on different rate than current tax	(191)	16,131
Effect of super tax	54,172	-
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	40,875	61,383
	(261,559)	(472,107)
	699,988	332,806
Tax effects of adjustments in respect of prior years	(75,040)	(140,508)
Tax expense for the year	624,948	192,298

Notes to and Forming part of the Consolidated Financial Statements
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	2017	2016
	------------(Rupees in '000)------------	
37. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY - basic and diluted		
Net profit for the year	2,476,417	2,322,699
	-------------(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	18.75	17.59

37.1 There were no dilutive potential ordinary shares outstanding as at June 30, 2017 and 2016.

	Note	2017	2016
		------------(Rupees in '000)------------	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,101,763	2,515,352
Adjustments for non-cash charges and other items:			
Depreciation	4.7	1,385,461	1,233,255
Gain on disposal of operating fixed assets	34	-	(8,297)
Loss on disposal of stores	33	7,265	27,313
Provision in respect of damage claims	33	1,261	6,776
Provision for employees' gratuity	24.1.7	57,168	82,747
Provision for employees' compensated absences	24.2.5	75,569	11,084
Provision for post retirement medical benefits	24.1.7	22,119	25,838
Dividend income	34	(1,697)	(1,108)
Provision for doubtful debts	11.3	32,493	7,809
Provision for doubtful receivables	15.3	299,255	220,358
Demurrage receivable written off	33	42,806	-
Reversal of provision against damage claims	26	(4,307)	(3,921)
Liabilities no payable required written back	34	(39,885)	-
Provision no longer required written back		(22)	(2,715)
Reversal of provision for doubtful receivable	11.3 & 15.3	(92,114)	(26,444)
Impairment loss	33	36,372	-
Interest income	34	(330,182)	(246,377)
Interest expense	35	327,060	504,772
Loss on revaluation of long-term investments	8 & 33	738	3,130
Loss on cross currency interest rate swap derivative	35	-	88,550
Long term loans and advances written off	33	58	-
Gain on revaluation of investment properties	6 & 34	(479,171)	(323,970)
Working capital changes	38.1	(969,805)	661,960
		3,472,205	4,776,112

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	Note	2017	2016
		------------(Rupees in '000)------------	
38.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores and spares		(57,384)	(22,731)
Trade debts - unsecured		(224,801)	414,640
Agents' and owners' balances - unsecured		2,948	6,694
Loans and advances		(344)	11,558
Trade deposits and short-term prepayments		(22,036)	15,839
Other receivables		(825,300)	(91,929)
Incomplete voyages		33,501	(113,371)
Insurance claims		4,326	(38,181)
		(1,089,090)	182,519
Increase / (decrease) in current liabilities:			
Trade and other payables		119,285	479,441
		(969,805)	661,960

39. CASH AND CASH EQUIVALENTS

	Note	2017	2016
Short-term investments having maturity of three months or less	17	2,450,000	143,309
Cash and bank balances	18	2,711,772	2,000,069
		5,161,772	2,143,378

40. 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:

	2017	2016	2017	2016	2017	2016
	Chairman & Chief Executive		Executive Directors		Other Executives	
	-----------------(Rupees in '000)-----------------					
Managerial remuneration and allowances	1,173	1,132	19,373	18,495	300,979	312,610
Retirement benefits	-	-	-	-	8,324	9,840
House rent	3,000	3,730	2,621	3,582	123,022	128,934
Conveyance	649	636	1,296	1,473	15,166	16,367
Entertainment	8	8	-	117	6,012	6,186
Medical	1,208	523	1,839	1,970	23,999	25,770
Utilities	1,321	1,285	1,780	1,730	39,368	39,824
Personal staff subsidy	-	-	-	-	2,809	238
Club membership fee and expenses	299	247	267	361	-	-
Bonus	1,380	142	4,237	3,478	68,502	54,230
Other allowances	677	674	575	2,175	230,168	250,247
	9,715	8,377	31,988	33,381	818,349	844,246
Number of persons	1	1	5	8	285	301

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40.1 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.

40.2 The aggregate amount charged in these consolidated financial statements for fee to 6 (2016: 6) non-executive directors was Rs 1.775 million (2016: Rs 1.400 million).

41. FINANCIAL INSTRUMENTS BY CATEGORY

	2017	2016
	------------(Rupees in '000)------------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long-term investments - listed companies	49,466	50,204
Loans and receivables		
Loans - employees	1	59
Trade debts - unsecured	756,750	564,157
Agents' and owners' balances - unsecured	8,423	11,371
Trade deposits	16,825	19,627
Interest accrued on bank deposits and investments	48,193	35,652
Other receivables	2,002,156	1,389,237
Insurance claims	34,248	38,574
Short-term investments	4,127,045	3,921,504
Cash and bank balances	2,711,772	2,000,069
	9,705,413	7,980,250
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	9,754,979	8,030,554
FINANCIAL LIABILITIES		
Amortised cost		
Long-term financing - unsecured	4,154,363	5,351,697
Trade and other payables	2,613,684	2,689,188
Accrued mark-up on long-term financing	35,582	46,592
	6,803,629	8,087,477

42. FINANCIAL RISK MANAGEMENT

42.1 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, 2017. The policies for managing each of these risk are summarised below:

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42.1.1 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, 2017, out of the total financial assets of Rs 9,754.979 million (2016: Rs 8,030.554 million), the financial assets which are subject to credit risk amounted to Rs 9,752.781 million (2016: Rs 8,029.232 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.

42.1.2 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, 2017, 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 45.010 million (2016: Rs 60.142 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, 2017, 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

The Group has interest bearing liabilities that have floating interest rates. At June 30, 2017, 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 3.271 million (2016: Rs 4.553 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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

42.1.3 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
2017	(Rupees in '000)				
Long term financing	4,771,300	1,455,794	1,376,429	1,741,657	197,420
Trade and other payables	2,613,684	2,613,684	-	-	-
Accrued mark-up on long-term financing	35,582	35,582	-	-	-
	7,420,566	4,105,060	1,376,429	1,741,657	197,420
2016					
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

42.1.4 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, 2017, 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.

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

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:

		2017			
	Note	Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long term investments - fair value through profit or loss	8	49,466	-	-	49,466
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	806,725	-	806,725
Beach huts		-	11,127	-	11,127
Workshop machinery and equipment		-	5,315	-	5,315
Investment properties		-	2,671,043	-	2,671,043
		-	4,269,522	-	4,269,522

		2016			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long term investments - fair value through profit or loss	8 & 15	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

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

42.2 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, 2017 and 2016 were as follows:

	2017	2016
	------------(Rupees in '000)------------	
Long-term financing (note 23)	4,154,363	5,351,697
Total equity	28,701,373	26,419,771
Total	32,855,736	31,771,468
Debt-to-equity ratio	13:87	17:83

43. ENTITY WIDE INFORMATION

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

43.2 Information about services

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

	2017	2016
	------------(Rupees in '000)------------	
Transportation of dry cargo	4,950,021	4,224,160
Transportation of liquid cargo	7,336,215	8,143,681
Rental income	191,449	176,144
	12,477,685	12,543,985

43.3 Information about geographical areas

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

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

43.4 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:

	2017		2016	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	3,686,216	30	3,128,173	25
Client 2	1,986,080	16	2,595,953	21
Client 3	1,811,977	15	1,288,536	10
	7,484,273	61	7,012,662	56

44. 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 40 to these consolidated financial statements.

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

	Note	2017	2016
		------------(Rupees in '000)------------	
Transactions with state controlled entities			
Revenue from PSO		3,686,216	3,128,173
Contributions to Provident Fund		8,423	10,349
Key management personnel compensation	40	41,703	41,758
Directors' fee		1,775	1,400

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

45. 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

45.1 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	14,767
Total Liabilities	1,300
Profit for the year	1,476
Profit for the year allocated to NCI	398
Accumulated NCI	3,714
Cash and cash equivalent	1,978
Cash (utilised in) / generated from	
- operating activities	579
- investing activities	(2,526)
- financing activities	-

46. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2017	2016
		------------(Rupees in '000)------------	
		Un-audited	Audited
Size of the Fund - Total assets		706,402	735,106
Cost of investments made		656,657	666,128
Percentage of investments made		92.96%	90.62%
Fair value of investments	46.1	647,105	668,545

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

	2017		2016	
	(Rs in '000)	----%----	(Rs in '000)	----%----
Government securities	400,861	62%	421,446	63%
Mutual funds	159,267	25%	146,216	22%
Shares in listed companies	86,977	13%	100,883	15%
	647,105	100%	668,545	100%

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

Notes to and Forming part of the Consolidated Financial Statements
For the year ended June 30, 2017

47. CORRESPONDING FIGURES

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

From	To	2016 -(Rupees in '000)-
Trade debts - unsecured	Other receivable	74,630
Provision for doubtful debts (Trade debts - unsecured)	Provision for doubtful receivables (Other receivable)	29,141

48. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	2017	2016
	(No of employees)	
Average number of employees during the year	729	830
Number of employees as at end of the year	691	766

49. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at the meeting held on October 06, 2017 have proposed for the year ended June 30, 2017, cash dividend of Rs 2 per share (2016: Rs 2 per share) amounting to Rs 264.127 million (2016: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on November 16, 2017. The consolidated financial statements for the year ended June 30, 2017 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

50. GENERAL

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

51. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on October 06, 2017 by the Board of Directors of the Holding Company.

Syed Jarar Haider Kazmi Chief Financial Officer	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, 2017

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

ERNST & YOUNG FORD RHODES SIDAT HYDER
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, 2017 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, 2017 and of the profit, its changes in equity and cash flows for the year then ended; and

A. F. FERGUSON & CO.
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BEAUMONT ROAD
KARACHI

(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
Audit Engagement Partner : Khurshid Hasan

EY FORD RHODES
Chartered Accountants
Audit Engagement Partner : Riaz A. Rehman Chamdia

Karachi, October 06, 2017

Unconsolidated Balance Sheet
As at June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,978,161	1,992,053
Intangible asset	5	-	-
Investment properties	6	2,671,043	2,191,683
Long-term investments in:			
- Related parties (subsidiaries and an associate)	7	28,591,761	28,591,761
- Listed companies and an other entity	8	49,566	50,304
		28,641,327	28,642,065
Long-term loans and advances		-	58
Deferred taxation	9	46,561	84,651
		33,337,092	32,910,510
CURRENT ASSETS			
Stores and spares	10	10,563	11,834
Trade debts - unsecured	11	490,228	439,976
Agents' and owners' balances - unsecured	12	8,423	11,371
Loans and advances	13	91,348	91,004
Trade deposits and short-term prepayments	14	57,177	27,230
Interest accrued on bank deposits and investments		47,404	34,924
Other receivables	15	1,387,755	895,037
Incomplete voyages		59,276	16,412
Taxation-net		1,082,678	1,185,051
Short-term investments	16	4,117,045	3,914,504
Cash and bank balances	17	2,708,281	1,994,632
		10,060,178	8,621,975
TOTAL ASSETS		43,397,270	41,532,485
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
SHARE CAPITAL			
Authorised 200,000,000 (2016: 200,000,000) ordinary shares of Rs 10 each		2,000,000	2,000,000
Issued, subscribed and paid-up share capital	18	1,320,634	1,320,634
RESERVES	19	8,710,641	6,630,443
		10,031,275	7,951,077
Surplus on revaluation of property, plant and equipment - net of tax	20	1,140,525	1,159,001
NON-CURRENT LIABILITIES			
Long-term financing - secured	21	2,944,191	4,141,525
Deferred liabilities	22	592,356	612,767
		3,536,547	4,754,292
CURRENT LIABILITIES			
Trade and other payables	23	27,423,137	26,388,273
Provision against damage claims	24	20,032	23,078
Current portion of long-term financing	21	1,210,172	1,210,172
Accrued markup on long-term financing		35,582	46,592
		28,688,923	27,668,115
TOTAL EQUITY AND LIABILITIES		43,397,270	41,532,485
CONTINGENCIES AND COMMITMENTS	25		

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Arif Elahi** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
REVENUE			
Chartering revenue	26	7,175,737	5,350,482
Service fees - net	27	204,419	280,694
Rental income		190,643	175,412
		7,570,799	5,806,588
EXPENDITURE			
Fleet expenses - direct	28	(3,925,746)	(3,978,315)
Fleet expenses - indirect	29	(16,784)	(24,839)
Vessel management expenses	30	(560,948)	(519,434)
Real estate expenses	31	(132,083)	(112,630)
		(4,635,561)	(4,635,218)
GROSS PROFIT		2,935,238	1,171,370
Administrative expenses	32	(431,586)	(397,534)
Other expenses	33	(1,174,959)	(1,141,263)
Other income	34	1,860,251	958,414
		253,706	(580,383)
OPERATING PROFIT		3,188,944	590,987
Finance costs	35	(328,107)	(555,028)
PROFIT BEFORE TAXATION		2,860,837	35,959
Taxation	36	(585,426)	(152,706)
NET PROFIT / (LOSS) FOR THE YEAR		2,275,411	(116,747)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		53,235	47,901
Tax on remeasurement of post-retirement benefits obligation		915	(14,805)
		54,150	33,096
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR		2,329,561	(83,651)
		--------------(Rupees)--------------	
EARNINGS / (LOSS) PER SHARE - basic and diluted	37	17.23	(0.88)

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	Arif Elahi P.A.S.	Khowaja Obaid Imran Ilyas
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Statement of Changes in Equity
For the year ended June 30, 2017

	Issued, subscribed and fully paid-up share capital	Capital reserves	Revenue reserves		Total
			Unappropriated profit	Remeasurement of post-retirement benefits obligation - net of tax	
	-----------------------------------(Rupees in '000)-----------------------------------				
Balance as at July 1, 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)
Net loss for the year	-	-	(116,747)	-	(116,747)
Other comprehensive income for the year	-	-	-	33,096	33,096
Total comprehensive loss 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
Final cash dividend for the year ended June 30, 2016 @ Rs 2 per ordinary share	-	-	(264,127)	-	(264,127)
Net profit for the year	-	-	2,275,411	-	2,275,411
Other comprehensive income for the year	-	-	-	54,150	54,150
Total comprehensive income for the year	-	-	2,275,411	54,150	2,329,561
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 20)	-	-	14,764	-	14,764
Balance as at June 30, 2017	1,320,634	126,843	8,839,457	(255,659)	10,031,275

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Arif Elahi** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Unconsolidated Cash Flow Statement
For the year ended June 30, 2017

	Note	2017	2016
		---------(Rupees in '000)---------	
Cash flows from operating activities			
Cash generated from operations	38	3,049,150	4,384,168
Employees' gratuity paid		(41,775)	(163,035)
Employees' compensated absences paid		(92,948)	(108,900)
Post-retirement medical benefits paid		(25,160)	(38,628)
Finance costs paid		(325,232)	(526,246)
Payments under cross currency interest rate swap		-	(25,559)
Taxes paid		(447,760)	(280,341)
Net cash generated from operating activities		2,116,275	3,241,459
Cash flows from investing activities			
Purchase of property, plant and equipment		(48,093)	(46,833)
Additions made to investment properties		(189)	-
Proceeds from disposal of operating fixed assets		-	8,297
Short term investments redeemed / (made)		2,104,150	(2,316,820)
Interest received on short term investments		317,168	248,292
Dividends received on long term investments in listed securities		1,697	1,108
Net cash generated from / (used in) investing activities		2,374,733	(2,105,956)
Cash flows from financing activities			
Long-term financing obtained		-	3,300,000
Long-term financing repaid		(1,210,172)	(5,410,291)
Dividends paid		(260,496)	(195,642)
Net cash used in financing activities		(1,470,668)	(2,305,933)
Net increase / (decrease) in cash and cash equivalents		3,020,340	(1,170,430)
Cash and cash equivalents at the beginning of year		2,137,941	3,308,371
Cash and cash equivalents at the end of year	39	5,158,281	2,137,941

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.

Syed Jarar Haider Kazmi	**Arif Elahi** P.A.S.	**Khowaja Obaid Imran Ilyas**
Chief Financial Officer	Chairman & Chief Executive	Director

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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. As per the requirements of circular No. CLD/CCD/PR(11)/2017 dated July 20, 2017 issued by the Securities & Exchange Commission of Pakistan (SECP), companies the financial year of which closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984 (the repealed Ordinance). Accordingly, 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 repealed Ordinance provisions of and directives issued under the repealed Ordinance. In case requirements differ, the provisions of or directives under the repealed 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, 2017

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

There are certain new standards and amendments to the approved accounting standards which will be effective for the Corporation's accounting periods beginning on or after July 1, 2017 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 subsequent accumulated depreciation and any subsequent impairment losses, if any. The revaluation of related assets is carried out regularly 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 from the month the asset is available for use 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. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit and loss account.

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 for 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

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

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 from the month the asset is available for use and no amortisation is charged in the month of disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount of the relevant assets. These are included in profit and loss account.

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 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.

2.8 Investments in subsidiaries and associate

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

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

These 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

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

c) Available-for-sale financial assets

These are non-derivatives that are either designated in this category or not classified in any of the other categories.

d) Held to maturity

These are financial assets with fixed or determinable payments and fixed maturity, where management has the intention and ability to hold till maturity are carried at amortised cost.

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.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' are recognised in the profit and loss for the year. Changes in the fair value of instruments classified as 'available for sale' are recognised in 'Other comprehensive income' until derecognised or impaired, when the accumulated fair value adjustments recognised in unrealised surplus on revaluation of investments are included in the profit and loss for the year.

2.9.2 Impairment of financial assets

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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 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

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with the Income Tax Ordinance, 2001.

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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

2.17 Staff retirement benefits

2.17.1 Defined contribution plan - Provident fund

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. Contributions by the Corporation are charged to the profit and loss account.

2.17.2 Defined benefit plans - Gratuity fund

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 also 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 latest valuation was carried out as at June 30, 2017. 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.

2.17.3 Defined benefit plan - Post-retirement medical benefits

The Corporation provides lump sum medical allowance to its retired 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 latest valuation was carried out as at June 30, 2017. 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.

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.

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 latest valuation was carried out as at June 30, 2017. The remeasurement of employees' compensated absences are charged to profit and loss account immediately.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, bank balances 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.

Notes to and Forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2017

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 completed till 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.

- Markup on bank accounts and return on short term investments is recognised on accrual 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 (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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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, SECP on receiving the representation from some of the entities covered under the Scheme and after having consulted ICAP, 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, 2017, 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 and Economic Affairs. 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 (2016: Rs 631.142 million) and reserves would have been higher by Rs 631.142 million (2016: 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 Corporation enters into transactions with related parties for providing services on mutually agreed terms.

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGMENTS 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 judgments which are significant to these unconsolidated financial statements:

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

(b) Determination of the residual values and useful lives of property, plant and equipment and intangible assets;

(c) Recoverable amount of investment in related parties;

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

(e) Recognition of taxation and deferred taxation;

(f) Accounting for provision against damage claims;

(g) Accounting for defined benefit plans;

(h) Determination of contingent assets and liabilities; and

(i) Recognition of demurrage income, income from heating and miscellaneous claims.

Estimates and judgments 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	1,649,639	1,536,006
- Capital work-in-progress (CWIP) - buildings on leasehold land	4.7	328,522	456,047
		1,978,161	1,992,053

4.1 The following is a statement of operating fixed assets:

	Leasehold land (note 4.2 & 4.4)	Buildings on leasehold land (note 4.2 & 4.4)	Vessel (note 4.5)	Vehicles	Office equipment	Furniture and fittings	Equipment on board	Beach huts (note 4.2 & 4.4)	Workshop machinery and equipment	Computer equipment	Total
	----	----	----	----	----	(Rupees in '000)	----	----	----	----	----
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											
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
Year ended June 30, 2017											
Opening net book value	775,312	689,565	-	24,275	14,207	4,864	263	12,520	3,754	11,246	1,536,006
Additions	-	21,329	-	3,667	7,663	1,342	-	-	2,043	10,114	46,158
Transfers from CWIP - note 4.7	-	129,460	-	-	-	-	-	-	-	-	129,460
Depreciation charge for the year - note 4.6	-	(37,076)	-	(6,162)	(6,880)	(3,068)	(171)	(1,393)	(482)	(6,753)	(61,985)
Closing net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
As at June 30, 2017											
Cost or revalued amount	775,312	874,349	1,440	87,656	63,468	33,380	1,736	13,913	17,674	67,901	1,936,829
Less: Accumulated depreciation	-	71,071	1,440	65,876	48,478	30,242	1,644	2,786	12,359	53,294	287,190
Net book value	775,312	803,278	-	21,780	14,990	3,138	92	11,127	5,315	14,607	1,649,639
Annual rate of depreciation (%)											
2017		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	
2016		3 to 20	4	20	15	10 to 15	10 to 15	10	5 to 10	33	

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 1,219.316 million (2016: Rs 1,238.107 million) remains undepreciated as at June 30, 2017.

4.3 The Companies Act, 2017 (the Act) was enacted on 30 May 2017 and SECP vide its circular CLD/CCD/PR(11)/2017 dated July 20, 2017 has clarified that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. The Act applicable for financial year beginning on July 1,2017 requires certain additional disclosures and Section 235 of the repealed Ordinance relating to treatment of surplus arising out of revaluation of assets has not been carried forward in the Act. This would require change in accounting policy relating to surplus on revaluation of fixed assets to bring it in line with the requirements of IAS 16 – Property, Plant and Equipment. The application of the Act had the enactment not been deferred vide SECP circular would have had the following impacts on the Corporation:

	Note	2017	2016
		-----------(Rupees in '000)-----------	
Effect on other comprehensive income			
Other comprehensive income as reported – net of tax		54,150	33,096
Effect of change in accounting policy – net of tax		14,764	13,235
Other comprehensive income that would have been reported – net of tax		68,914	46,331
Effect on balance sheet			
Equity as reported		10,031,275	7,951,077
Effect of change in accounting policy		1,140,525	1,159,001
Equity that would have been reported		11,171,800	9,110,078

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

	2017	2016
	-----------(Rupees in '000)-----------	
Leasehold land, buildings on leasehold land and beach huts	419,309	288,253
Workshop machinery and equipment	4,976	3,532
	424,285	291,785

4.5 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.

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

	Note	2017	2016
		-----------(Rupees in '000)-----------	
Fleet expenses - indirect	29	482	492
Vessel management expenses	30	28,429	27,916
Real estate expenses	31	29,915	25,115
Administrative expenses	32	3,159	3,102
		61,985	56,625

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

		Note	2017	2016
			-----------(Rupees in '000)-----------	
4.7	Capital work-in-progress - buildings on leasehold land			
	Balance at beginning of the year		456,047	476,721
	Additions during the year		1,935	6,597
	Transferred to operating fixed assets during the year	4.1	(129,460)	(27,271)
	Balance at end of the year		328,522	456,047

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, 2016		2,138,744	52,939	2,191,683
Additions during the year		-	189	189
Gain / (loss) on revaluation	6.1 & 34	481,853	(2,682)	479,171
Balance as at June 30, 2017		2,620,597	50,446	2,671,043
Balance as at July 1, 2015		1,725,990	41,483	1,767,473
Transfers from operating fixed assets		87,040	13,200	100,240
Gain / (loss) on revaluation	6.1 & 34	325,714	(1,744)	323,970
Balance as at June 30, 2016		2,138,744	52,939	2,191,683

6.1 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, 2017 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 481.853 million (2016: 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 2.682 million (2016: Rs 1.744 million).

Notes to and Forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2017

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

No. of shares - ordinary 2017	No. of shares - ordinary 2016	Name of the company	Country of incorpo-ration	Latest available audited financial statements for the year ended	Percentage holding 2017	Percentage holding 2016	Face value per share	2017	2016
							(Rupees)	------(Rupees in '000)------	
(i) Subsidiary companies - private									
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	100,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,451,994	3,451,994
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	167,360	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,360,167	3,360,167
14,054,750	14,054,750	Multan Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	1,405,475	1,405,475
1,600	1,600	Pakistan Co-operative Ship Stores (Private) Limited	Pakistan	June 30, 2017	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	69,360	69,360
347,055,800	347,055,800	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	3,470,558	3,470,558
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	2,540,123	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2017	100	100	10	132,360	132,360
								28,591,761	28,591,761
(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	28,591,761

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

7.1 Investments in subsidiaries are carried at cost in the Corporation's balance sheet as at June 30, 2017. The Corporation carries out periodic assessment to determine the value in use of its investment in subsidiaries. The Corporation considers international charter rates and carrying value of investments, amongst other factors, while reviewing for indicators of impairment. As a result, an impairment asssessment was undertaken in respect of its investments in subsidiaries as at June 30, 2017 and recoverable amount has been computed using 'value in use' method. In assessing the value in use, estimated future cashflows have been discounted to their present value using a discount rate (WACC) that reflects the current market assessments of the time value of money and the risks specific to the asset. The discount rate applied to the future cashflow projections is 14.74%. The cashflow projections have been made upto the remaining useful life of the vessel. As a result of the value-in-use exercise, the recoverable amount was higher than the carrying value and accordingly, no impairment loss has been recognised.

The determination of value in use is sensitive to certain key assumptions such as discount rate and projected charter rates. Any significant change in the key assumptions may have an effect on the carrying value of cash generating units.

Key assumptions used in value in use calculations:

The value in use calculation is most sensitive to the following assumptions:

Discount rate:

Discount rate takes into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances and is derived from its weighted average cost of capital (WACC). Increase of 1% in the discount rate will decrease the recoverable amount by Rs 1,515.105 million, whereas a similar decrease in the discount rate will have a positive effect of Rs 1,662.010 million on the recoverable amount.

Projected revenue rates:

The shipping business is a cyclical business and keeping in view its volatility and based on the external sources of information obtained from the shipping experts, in case of dry cargo vessels, the estimated cashflows are based on an average of past 10 years of charter rates specific to the vessel type excluding peaks and troughs till the remaining useful life of the vessel. In this respect, two scenarios have been considered with equal probability based on management's expectations of outcome for each scenario. For liquid cargo vessels, the management expects that for the foreseeable future, the tankers will generate revenue based on the Contract of Affreightment (CoA) with the customers. Decrease of 1% in the average charter rate assumed will decrease the recoverable amount by Rs 604.276 million whereas a similar increase will have a positive effect of Rs 604.276 million on the recoverable amount.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
8. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND AN OTHER ENTITY			
Financial assets			
Fair value through profit or loss			
Listed companies			
Siemens (Pakistan) Engineering Company Limited 6,930 (2016: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2017 Rs 690 (2016: Rs 994.58)	8.1	4,782	6,892
Pakistan State Oil Company Limited 115,358 (2016: 115,358) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2017 Rs 387.35 (2016: Rs 375.46)	8.2	44,684	43,312
		49,466	50,204
Available-for-sale			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited 10,000 (2016: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		49,566	50,304
8.1 The Corporation holds 0.084% (2016: 0.084%) of the investee's share capital.			
Opening balance		6,892	8,830
Change in fair value		(2,110)	(1,938)
Closing balance		4,782	6,892
8.2 The Corporation holds 0.04246% (2016: 0.04246%) of the investee's share capital.			
Opening balance		43,312	44,504
Change in fair value		1,372	(1,192)
Closing balance		44,684	43,312
9. DEFERRED TAXATION			
Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		130,101	167,932
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment	20	78,791	79,106
- accelerated depreciation		4,749	4,175
		83,540	83,281
		46,561	84,651

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
10. STORES AND SPARES			
Stores			
- at depot		9,110	10,155
- at buildings		516	742
		9,626	10,897
Spares			
- at buildings		937	937
		10,563	11,834
11. TRADE DEBTS - unsecured			
Considered good			
- Due from related parties	11.1, 11.2 & 47	472,523	420,410
- Due from others	11.2	17,705	19,566
		490,228	439,976
Considered doubtful	11.1 & 47	34,182	8,686
		524,410	448,662
Less: Provision for doubtful debts	11.3	34,182	8,686
		490,228	439,976

11.1 Ageing analysis of amounts due from related parties, included in trade debts, are as follows:

	Upto 1 month	1 to 6 months	More than 6 months	As at June 30, 2017	As at June 30, 2016
	(Rupees in '000)				
Pakistan State Oil Company Limited (PSO)	196,425	159	31,548	228,132	246,546
Pak Arab Refinery Limited	-	-	-	-	128,635
Pakistan Refinery Limited	33,335	3,116	-	36,451	-
Sui Northern Gas Pipelines Limited	2,475	-	-	2,475	5,665
Sui Southern Gas Compnany Limited	660	-	21	681	-
Water and Power Development Authority	1,139	-	-	1,139	26
National Refinery Limited	-	576	-	576	-
Trading Corporation of Pakistan (Private) Limited	-	-	4,866	4,866	-
Heavy Mechanical Complex (Private) Limited	-	-	-	-	465
Heavy Electric Complex (Private) Limited	-	-	-	-	30
Others	29,311	146,056	53,996	229,363	45,755
	263,345	149,907	90,431	503,683	427,122

11.2 The ageing analysis of trade debts, due from others that are past due but not impaired is as follows:

	2017	2016
	-----------(Rupees in '000)-----------	
Upto 1 month	3,824	3,739
1 to 6 months	1,942	4,946
More than 6 months	11,939	10,881
	17,705	19,566

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
11.3 Provision for doubtful debts			
Balance at beginning of the year		8,686	8,686
Provision made during the year	33	32,493	-
Provision reversed during the year	34	(285)	-
Provision written off during the year		(6,712)	-
Balance at end of the year		34,182	8,686

As at June 30, 2017, trade debts of Rs 34.182 million (2016: Rs 8.686 million) were impaired and provided for. These balances have been outstanding for more than three years.

	Note	2017	2016
		-----------(Rupees in '000)-----------	
12. AGENTS' AND OWNERS' BALANCES - unsecured			
- Considered good	12.1	8,423	11,371
- Considered doubtful		5,444	4,453
		13,867	15,824
Less: Provision for doubtful balances		5,444	4,453
		8,423	11,371

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

	2017	2016
	-----------(Rupees in '000)-----------	
Upto 1 month	1,046	2,847
1 to 6 months	1,434	1,176
More than 6 months	5,943	7,348
	8,423	11,371

13. LOANS AND ADVANCES - unsecured, considered good

	2017	2016
Loans		
To employees	1	1
Advances to		
- employees	33,645	34,571
- contractors and suppliers	13,164	7,767
- others	44,538	48,665
	91,347	91,003
	91,348	91,004

13.1 This represents advances made to Port Qasim Authority amounting to Rs 44.538 million (2016: Rs 48.665 million).

	2017	2016
	-----------(Rupees in '000)-----------	
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		
Trade deposits		
- Considered good	16,675	19,477
- Considered doubtful	369	369
	17,044	19,846
Less: Provision for doubtful deposits	369	369
	16,675	19,477
Short-term prepayments	40,502	7,753
	57,177	27,230

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

		Note	2017	2016
			-----------(Rupees in '000)-----------	
15.	**OTHER RECEIVABLES**			
	- Considered good	15.1 & 47	1,349,904	895,037
	- Considered doubtful	47	282,791	245,952
		15.2	1,632,695	1,140,989
	Less: Provision for doubtful receivables	15.3	282,791	245,952
			1,349,904	895,037
	Employees' gratuity scheme - funded	22.1.3	37,851	-
			1,387,755	895,037

15.1 As at June 30, 2017, amounts aggregating Rs 1,349.904 million (2016: Rs 895.037 million) are past due but not impaired. These receivables have been outstanding for less than three years.

		Note	2017	2016
			-----------(Rupees in '000)-----------	
15.2	This includes the following:			
	Demurrage receivable	15.4	1,505,901	1,007,221
	Heating and miscellaneous claims receivable		38,670	13,409
	Additional war risk receivable		3,240	16,748
	Receivable from sundry debtors		58,055	75,940
	Sales tax refund claims		25,865	26,109
	Others		964	1,562
			1,632,695	1,140,989
15.3	Provision for doubtful receivables			
	Balance at beginning of the year		245,952	23,954
	Provision made during the year	33	180,735	221,998
	Provision reversed during the year	34	(80,298)	-
	Provision written off during the year		(63,598)	-
	Balance at end of the year		282,791	245,952

15.4 This represents amount receivable from related parties.

		Note	2017	2016
16.	**SHORT-TERM INVESTMENTS**			
	Term deposits with banks having maturity of:			
	- more than six months but upto twelve months	16.1	-	50,000
	- three to six months	16.2	1,667,045	3,721,195
	- three months or less	16.3	2,450,000	143,309
			4,117,045	3,914,504

16.1 Mark-up on these term deposits denominated in local currency was 7.25 % (2016: 6.75% to 8.80%) per annum.

16.2 Mark-up on these term deposits denominated in local currency ranges from 6.10% to 6.60% (2016: 6.50% to 7.05%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 2.20% to 2.35% (2016: 2.10% to 2.25%) per annum.

16.3 Mark-up on these term deposits denominated in local currency ranges from 6.10 % to 6.50% (2016: 6.70% to 9.80%) per annum.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
17. CASH AND BANK BALANCES			
Cash in hand		2,198	1,322
Cash at bank			
- in current accounts			
- local currency		182,787	-
- foreign currency		230,448	177,289
		413,235	177,289
- in savings accounts			
- local currency	17.1 & 17.2	2,286,645	1,809,310
- foreign currency	17.3	6,203	6,711
		2,292,848	1,816,021
		2,708,281	1,994,632

17.1 Mark-up on these savings accounts ranges from 3.92% to 6.05% (2016: 3.75% to 6.05%) per annum.

17.2 This includes Rs 2.126 million (2016: Rs 2.126 million), Rs 3 million (2016: Rs 3 million) and Rs Nil (2016: Rs 3 million) held as security by Habib Bank Limited, PNSC branch, Soneri Bank, AKU branch and Silk Bank, Saima tower branch respectively against guarantees issued on behalf of the Corporation.

17.3 Mark-up on these savings accounts ranges from 0.15% to 0.5% (2016: 0.15% to 0.5%) per annum.

18. SHARE CAPITAL

18.1 Issued, subscribed and paid-up

2017	2016		2017	2016
-----------(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, 2017, GoP held 113,693,715 (2016: 112,468,455) ordinary shares of the Corporation.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
19. RESERVES			
Capital reserves	19.1	126,843	126,843
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(255,659)	(309,809)
- unappropriated profit		8,839,457	6,813,409
		8,710,641	6,630,443

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

	Note	2017	2016
		-----------(Rupees in '000)-----------	
20. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax			
Balance at the beginning of the year		1,238,107	1,254,837
Less: Transferred to unappropriated profit:			
- Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		14,764	13,235
- Related deferred tax liability		4,027	3,495
		18,791	16,730
		1,219,316	1,238,107
Less: Related deferred tax liability on:			
- Revaluation surplus at the beginning of the year		79,106	126,530
- Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(4,027)	(3,495)
- Effect of change in statutory tax rate for next year		-	(7,908)
- Effect of allocation of revenue between presumptive tax regime and normal tax regime		3,712	(36,021)
	9	78,791	79,106
Balance at the end of the year		1,140,525	1,159,001
21. LONG-TERM FINANCING - secured			
Financing under syndicate term finance agreement	21.1 & 21.2	1,397,686	1,648,705
Financing under musharika agreement	21.1 & 21.3	2,756,677	3,702,992
		4,154,363	5,351,697
Less: Current portion		1,210,172	1,210,172
		2,944,191	4,141,525

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). Subsequent to the year ended June 30, 2017, MCB has acquired NIB, however the said acquisition has no impact on the Corporation's financing arrangement. 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.

21.2 The financing carries mark-up at the rate of KIBOR + 1.60% which has been renegotiated to KIBOR + 0.5% during the year ended June 30, 2016. 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

21.3 During the year ended June 30, 2016, 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 paid 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	2017	2016
		-----------(Rupees in ‘000)-----------	
22. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	22.1.3 & 15	-	47,771
- unfunded	22.1.3	198,335	156,610
		198,335	204,381
Post-retirement medical benefits	22.1.3	168,237	165,223
Employees' compensated absences	22.2.3	225,784	243,163
		592,356	612,767

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, 2017.

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:

	2017			2016		
	Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
Discount rate	7.75%	7.75%	7.75%	7.25%	10.50%	7.25%
Future salary increases						
- for permanent employees						
For the year 2016-17	N/A	-	-	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 2022-23	40.00%			7.25%		
For the year 2023-24 and onwards	7.75%	-	-	7.25%	-	-
Future salary increases						
- for contractual employees						
For the year 2016-17	-	N/A	-	-	10.00%	-
For the year 2017-18	-	8.75%	-	-	10.00%	-
For the year 2018-19	-	8.75%	-	-	10.00%	-
For the year 2019-20	-	8.75%	-	-	9.00%	-
For the year 2020-21	-	7.75%	-	-	9.00%	-
For the year 2022- and onwards	-	7.75%	-	-	9.00%	-
Medical escalation rate	-	-	7.75%	-	-	7.25%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.					

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	2017			2016		
	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	226,245	198,335	168,237	333,295	156,610	165,223
Fair value of plan assets	(264,096)	-	-	(285,524)	-	-
Net liability in the balance sheet	(37,851)	198,335	168,237	47,771	156,610	165,223
22.1.4 Movement in present value of defined benefit obligation						
Balance at beginning of the year	333,295	156,610	165,223	432,113	167,304	200,989
Current service cost	8,291	30,092	10,546	11,269	38,987	8,052
Interest cost	21,267	15,245	11,573	36,178	19,248	17,786
Benefits paid	(75,526)	(1,775)	(25,160)	(159,540)	(21,035)	(38,628)
Remeasurement on obligation	(61,082)	(1,837)	6,055	13,275	(47,894)	(22,976)
Balance at end of the year	226,245	198,335	168,237	333,295	156,610	165,223
22.1.5 Movement in fair value of plan assets						
Balance at beginning of the year	285,524	-	-	289,824	-	-
Expected return on plan assets	17,727	-	-	22,935	-	-
Contribution	40,000	-	-	142,000	-	-
Benefits paid	(75,526)	-	-	(159,540)	-	-
Remeasurement on plan assets	(3,629)	-	-	(9,695)	-	-
Balance at end of the year	264,096	-	-	285,524	-	-
22.1.6 Movement in net liability in the balance sheet						
Balance at beginning of the year	47,771	156,610	165,223	142,289	167,304	200,989
Expense recognised for the year	11,831	45,337	22,119	24,512	58,235	25,838
Contributions made by the Corporation / benefits paid	(40,000)	(1,775)	(25,160)	(142,000)	(21,035)	(38,628)
Remeasurements recognised in other comprehensive income	(57,453)	(1,837)	6,055	22,970	(47,894)	(22,976)
	(37,851)	198,335	168,237	47,771	156,610	165,223
22.1.7 The amounts recognised in the income statement						
Current service cost	8,291	30,092	10,546	11,269	38,987	8,052
Net interest amount	3,540	15,245	11,573	13,243	19,248	17,786
	11,831	45,337	22,119	24,512	58,235	25,838
Less: Charged to subsidiaries	564	921	391	839	883	307
Expense	11,267	44,416	21,728	23,673	57,352	25,531
22.1.8 Remeasurements recognised in other comprehensive income						
(Gains) / losses from changes in financial assumptions	(2,714)	959	153	16,090	(22,823)	35,956
Experience (gains) / losses	(58,368)	(2,796)	5,902	(2,815)	(25,071)	(58,932)
Remeasurement of fair value of plan assets	3,629	-	-	9,695	-	-
	(57,453)	(1,837)	6,055	22,970	(47,894)	(22,976)

	2017		2016	
	Rupees in '000	%	Rupees in '000	%
22.1.9 Categories / composition of plan assets				
Cash and cash equivalents	109,008	41.28%	82,018	28.73%
Investment in mutual funds	104,480	39.56%	102,793	36.00%
Term deposit receipts	50,608	19.16%	100,713	35.27%
	264,096	100%	285,524	100%

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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, 2017 was Rs 13.285 million (2016: Rs 13.080 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
		(Rupees in '000)			
Discount rate	1%	(220,464)	232,340	(175,333)	226,027
Salary increase rate	1%	226,815	(225,682)	221,122	(178,961)

22.1.13 The weighted average duration of the defined benefit obligations funded and unfunded gratuity scheme is 2.56 and 11.50 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
		(Rupees in '000)			
Discount rate	1%	(124,239)	130,468	(35,264)	48,003
Medical cost escalation rate	1%	130,654	(124,009)	48,042	(35,134)

22.1.15 The weighted average duration of the defined benefit obligations post medical retirement benefit scheme for permanent and contractual employees is 5.92 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, 2017.

Notes to and Forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2017

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:

	2017	2016
Discount rate	7.75%	7.25%
Future salary increases - for permanent employees		
For the year 2016-17	N/A	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 2022-23	40.00%	7.25%
For the year 2023 and onwards	7.75%	7.25%
Future salary increases - for contractual employees		
For the year 2016-17	N/A	10.00%
For the year 2017-18 till 2018-19	8.75%	10.00%
For the year 2019-20	7.75%	7.25%
For the year 2020-21	7.75%	7.25%
For the year 2022-23 and onwards	7.75%	7.25%

	2017	2016
	-----------(Rupees in '000)-----------	
22.2.3 Balance sheet reconciliation		
Present value of defined benefit obligation (recognised)	225,784	243,163
22.2.4 Movement in present value of defined benefit obligation		
Balance at beginning of the year	243,163	340,979
Current service cost	86,001	92,296
Interest cost	19,456	34,461
Remeasurements of obligation	(29,888)	(115,673)
Benefits paid	(92,948)	(108,900)
Balance at end of the year	225,784	243,163
22.2.5 Expense		
Current service cost	86,001	92,296
Interest cost	19,456	34,461
Remeasurements of obligation	(29,888)	(115,673)
	75,569	11,084
Less: Charged to subsidiaries	1,275	91
Expense	74,294	10,993

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

	2017	2016
	-----------(Rupees in '000)-----------	
Present value of defined benefit obligation	225,784	243,163
Experience gain on defined benefit obligation	(29,888)	(115,673)

Notes to and Forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2017

22.2.7 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
		(Rupees in '000)			
Discount rate	1%	(127,543)	137,488	(82,192)	107,156
Salary growth rate	1%	133,210	(131,511)	104,730	(83,873)

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, 2018 are as follows:

	(Rupees in '000)
Gratuity	
-funded	2,662
-unfunded	48,655
Post-retirement medical benefits	22,341
Compensated absences	104,056

22.4 During the year, the Corporation contributed Rs 8.423 million (2016: Rs 10.349 million) to the provident fund.

	Note	2017	2016
		(Rupees in '000)	
23. TRADE AND OTHER PAYABLES			
Creditors		45,042	62,821
Current account balances with subsidiary companies	23.1	24,970,600	24,210,338
Agents' and owners' balances		404,591	358,783
Accrued liabilities		1,396,893	1,322,200
Deposits	23.2	53,899	47,630
Unclaimed dividends		39,147	35,516
Advances from customers		391,639	233,126
Other liabilities			
- amounts retained from contractors		24,496	25,398
- others		96,830	92,461
		121,326	117,859
		27,423,137	26,388,273

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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

	2017	2016
	-----------(Rupees in '000)-----------	
Bolan Shipping (Private) Limited	859,361	859,703
Chitral Shipping (Private) Limited	1,306,838	1,380,229
Hyderabad Shipping (Private) Limited	1,052,536	1,111,315
Islamabad Shipping (Private) Limited	649,115	649,417
Kaghan Shipping (Private) Limited	1,325,327	1,324,860
Khairpur Shipping (Private) Limited	447,826	448,127
Makran Shipping (Private) Limited	315,244	315,780
Malakand Shipping (Private) Limited	750,408	625,119
Multan Shipping (Private) Limited	610,881	806,740
Sargodha Shipping (Private) Limited	197,057	197,988
Sibi Shipping (Private) Limited	619,086	586,954
Shalamar Shipping (Private) Limited	2,604,710	2,479,835
Swat Shipping (Private) Limited	1,171,572	1,168,823
Lalazar Shipping (Private) Limited	744,959	745,246
Johar Shipping (Private) Limited	1,227,707	1,227,993
Lahore Shipping (Private) Limited	3,312,419	3,193,439
Karachi Shipping (Private) Limited	3,279,104	2,935,307
Quetta Shipping (Private) Limited	4,496,450	4,153,463
	24,970,600	24,210,338

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	2017	2016
		-----------(Rupees in '000)-----------	
Balance at beginning of the year		23,078	20,223
Charge during the year	33	1,261	6,776
Reversal during the year	34	(4,307)	(3,921)
Balance at end of the year		20,032	23,078

25. CONTINGENCIES AND COMMITMENTS

Contingencies

25.1 The contingent liability in respect of claims not acknowledged by the Corporation, which as at June 30, 2017 aggregated to Rs 188.062 million (2016: Rs 194.453 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.083 million (2016: Rs 2.324 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 168.030 million (2016: Rs 171.375 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 20.032 million (2016: Rs 23.078 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 (2016: 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 (2016: 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 (2016: Rs 1.300 million) and Rs 66.800 million (2016: 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 95.910 million (2016: 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, out of which Rs 3.581 million has been adjusted in tax year 2013 and remaining Rs 86.918 million in tax year 2014. 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.

Notes to and Forming part of the Unconsolidated Financial Statements

For the year ended June 30, 2017

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 (2016: 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 had filed appeals with the ATIR in respect of aforementioned disallowances, which have been decided by the ATIR in the current year. The ATIR, in its order has interalia deleted certain additions made by the Taxation Officer which were upheld by the Commissioner (Appeals). However, the appeal effect order is still pending.

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 refund of Rs 3.581 million and Rs 15.068 million available for the tax year 2008 and 2011 respectively. 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 and 2010. 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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 (2016: Rs 32.571 million).

25.14 Outstanding letters of guarantee amount to Rs 5.126 million (2016: Rs 8.126 million).

	Note	2017	2016
		-----------(Rupees in '000)-----------	
26. CHARTERING REVENUE - Foreign flag vessels			
- voyage charter revenue		3,380,736	2,626,649
- slot charter revenue		3,795,001	2,723,833
		7,175,737	5,350,482
27. SERVICE FEES - net			
Technical and commercial services fee		155,764	214,594
Administrative and financial services fee		51,922	71,532
Sales tax		(3,267)	(5,432)
		204,419	280,694

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

		Note	2017	2016
			-----------(Rupees in '000)-----------	
28.	**FLEET EXPENSES - direct**			
	Charter, hire and related expenses	28.1	3,922,621	3,944,567
	Exchange loss		3,125	33,748
			3,925,746	3,978,315
28.1	Charter, hire and related expenses - foreign flag vessels			
	- voyage charter expenses		2,234,897	2,693,007
	- slot charter expenses		1,687,724	1,251,560
			3,922,621	3,944,567
29.	**FLEET EXPENSES - indirect**			
	Salaries and allowances	29.1	9,592	18,103
	Agents' and other general expenses	29.2	6,025	5,456
	Depreciation	4.6	482	492
	General establishment expenses		685	788
			16,784	24,839

29.1 This includes Rs 0.404 million (2016: Rs 0.670 million) in respect of provident fund contribution.

		Note	2017	2016
			-----------(Rupees in '000)-----------	
29.2	Agents' and other general expenses			
	Printing and stationery		44	11
	Advertisement and publicity		916	958
	Telephone, telex and postage		2,432	2,812
	Commission charges		147	189
	Legal and professional charges		1,632	308
	Air freight		854	1,178
			6,025	5,456
30.	**VESSEL MANAGEMENT EXPENSES**			
	Workshop management expenses		67,156	69,241
	Salaries and allowances	30.1	361,730	323,969
	General establishment expenses	30.2	86,349	80,166
	Rent, rates and taxes		12,378	12,939
	Insurance		4,906	5,203
	Depreciation	4.6	28,429	27,916
			560,948	519,434

30.1 This includes Rs 4.200 million (2016: Rs 5.026 million) in respect of provident fund contribution.

Notes to and Forming part of the Unconsolidated Financial Statements
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		Note	2017	2016
			-----------(Rupees in '000)-----------	
30.2	General establishment expenses			
	Repairs and maintenance		9,007	8,466
	Medical expenses		28,612	25,328
	Security charges		2,163	1,732
	Travelling and conveyance		6,530	8,083
	Entertainment and canteen subsidy		6,453	5,629
	Uniform and liveries		1,799	1,511
	Printing and stationery		2,805	2,701
	Telephone, telex and postage		5,558	5,214
	Light, power and water		8,015	7,622
	Computer expenses		5,033	4,500
	Vehicle running, repairs and maintenance expenses		10,374	9,380
			86,349	80,166

31. REAL ESTATE EXPENSES

	Note	2017	2016
Salaries and allowances	31.1	46,905	45,619
General establishment expenses	31.2	38,368	29,123
Rent, rates and taxes		12,290	9,078
Insurance		4,320	3,353
Depreciation	4.6	29,915	25,115
Legal and professional charges		285	342
		132,083	112,630

31.1 This includes Rs 0.545 million (2016: Rs 0.707 million) in respect of provident fund contribution.

		Note	2017	2016
31.2	General establishment expenses		-----------(Rupees in '000)-----------	
	Repairs and maintenance		17,233	11,514
	Security charges		10,260	9,739
	Light, power and water		10,687	7,704
	Vehicle running, repairs and maintenance		188	166
			38,368	29,123

32. ADMINISTRATIVE EXPENSES

	Note	2017	2016
Salaries and allowances	32.1	281,953	254,128
General establishment expenses	32.2	104,464	92,609
Rent, rates and taxes		1,375	1,438
Scholarship and training expenses		3,771	776
Insurance		545	578
Depreciation	4.6	3,159	3,102
Directors' fee		1,775	1,400
Legal and professional charges		6,896	19,073
Sales tax expenses		27,648	24,430
		431,586	397,534

32.1 This includes Rs 3.274 million (2016: Rs 3.942 million) in respect of provident fund contribution.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

		Note	2017	2016
32.2	General establishment expenses		-----------(Rupees in '000)-----------	
	Repairs and maintenance		7,021	6,641
	Medical expenses		22,302	19,868
	Contribution to employees' welfare fund		5	6
	Contribution to group term insurance		1,456	1,603
	Hajj expenses		2,110	1,593
	Security charges		1,686	1,359
	Travelling and conveyance		5,089	6,340
	Entertainment and canteen subsidy		5,030	4,416
	Books, periodicals and subscription		6,619	6,773
	Uniform and liveries		200	168
	Printing and stationery		2,187	2,120
	Telephone, telex and postage		4,330	4,090
	Light, power and water		6,247	5,979
	Computer expenses		3,924	3,530
	Advertisement and publicity		18,676	11,778
	Vehicle running, repairs and maintenance expenses		8,087	7,357
	Sundry expenses		9,495	8,988
			104,464	92,609

33. OTHER EXPENSES

	Note	2017	2016
Donations	33.1	50	50
Auditors' remuneration	33.2	8,743	7,827
Demurrage expenses		760,941	533,881
Employees' gratuity			
- funded	22.1.7	11,267	23,673
- unfunded	22.1.7	44,416	57,352
		55,683	81,025
Post-retirement medical benefits	22.1.7	21,728	25,531
Employees' compensated absences	22.2.5	74,294	10,993
Loss on revaluation of long-term investments classified 'at fair value through profit or loss'	8	738	3,130
Loss on revaluation of derivative instruments		-	39,070
Provision for doubtful debts and other receivables	11.3 & 15.3	213,228	221,998
Long term loans and advances written off		58	-
Trade debts written off		375	-
Demurrage receivable written off		37,860	210,982
Provision in respect of damage claims	24	1,261	6,776
		1,174,959	1,141,263

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

Notes to and Forming part of the Unconsolidated Financial Statements
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33.2 Auditors' remuneration

	2017			2016		
	A. F. Ferguson & Co.	EY Ford Rhodes	Total	A. F. Ferguson & Co.	EY Ford Rhodes	Total
	----(Rupees in '000)----					
Audit fee	1,234	1,234	2,468	1,178	1,178	2,356
Fee for review of half yearly financial statements	431	431	862	411	411	822
Fee for review report on the code of corporate governance	132	132	264	127	127	254
Fee for audit of consolidated financial statements	156	156	312	149	149	298
Tax advisory / Advisory fee	4,176	46	4,222	3,482	-	3,482
Central Depository Company certification fees	15	-	15	15	-	15
Out of pocket expenses	300	300	600	300	300	600
	6,444	2,299	8,743	5,662	2,165	7,827

34. OTHER INCOME

	Note	2017	2016
		----(Rupees in '000)----	
Income from financial assets			
Income from saving accounts and term deposits		329,648	245,771
Agency fee		15,827	19,837
Dividend income		1,697	1,108
Exchange gain		3,597	21,648
Gain on revaluation of investment properties	6	479,171	323,970
Insurance claim income		5,002	-
Demurrage income	15.3	921,752	297,710
Income from heating claims		14,355	3,578
Income from miscellaneous claims		10,908	5,400
		1,781,957	919,022
Income from non - financial assets			
Gain on disposal of operating fixed assets		-	8,297
Provisions no longer required written back	23 & 24	4,329	6,636
Liabilities no longer required written back		21,595	-
Reversal of provision for doubtful receivable	11.3 & 15.3	10,821	-
Sundry income	34.1	41,549	24,459
		78,294	39,392
		1,860,251	958,414

34.1 This includes the following:

	2017	2016
Documentation charges	1,241	1,716
Income earned by PNSC Work Shop	24,986	15,555
Stale cheques	-	90
Cost of tender document	167	313
Recovery of HV AC charges	7,737	-
Others	7,418	6,785
	41,549	24,459

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	2017	2016
	-----------(Rupees in '000)-----------	
35. FINANCE COSTS		
Mark-up on long-term financing	327,060	504,772
Loss on cross currency interest rate swap derivative	-	49,480
Bank charges	1,047	776
	328,107	555,028
36. TAXATION		
Tax charge for:		
- current year	625,173	251,271
- prior years	(75,040)	(140,690)
	550,133	110,581
Deferred	35,293	42,125
	585,426	152,706
36.1 Relationship between tax expense and accounting profit		
Accounting profit before tax	2,860,837	35,959
Tax rate	31%	32%
Tax on accounting profit	886,860	11,507
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	(108,895)	(83,111)
Tax saving due to lower tax rates Income under Section 7A	(212,041)	287,702
Dividend income	(314)	(216)
Effect of charging deferred tax on different rate than current tax	(191)	16,131
Effect of prior year	(75,040)	(140,690)
Effect of super tax	54,172	-
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	40,875	61,383
	(301,434)	141,199
Tax expense for the year	585,426	152,706

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

37. EARNINGS / (LOSS) PER SHARE - basic and diluted	2017	2016
	-----------(Rupees in '000)-----------	
Net profit / (loss) for the year attributable to ordinary shareholders	2,275,411	(116,747)
	-----------(No. of Shares)----------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	---------------(Rupees)---------------	
Earnings / (loss) per share - basic and diluted	17.23	(0.88)

37.1 There are no dilutive potential ordinary shares outstanding as at June 30, 2017 and 2016.

38. CASH GENERATED FROM OPERATIONS	Note	2017	2016
		-----------(Rupees in '000)-----------	
Profit before taxation		2,860,837	35,959
Adjustments for non-cash charges and other items:			
Depreciation	4.6	61,985	56,625
Gain on disposal of operating fixed assets	34	-	(8,297)
Provision in respect of damage claims	24	1,261	6,776
Provision for employees' gratuity	22.1.7	55,683	81,025
Provision for post-retirement medical benefits	22.1.7	21,728	25,531
Provision for employees' compensated absences	22.2.5	74,294	10,993
Dividend income	8 & 34	(1,697)	(1,108)
Provision for doubtful debts and other receivables	33	213,228	221,998
Reversal of provision for doubtful debts and other receivables	11.3 & 15.3	(80,583)	-
Provision for doubtful debts and other receivables written off	11.3 & 15.3	(70,310)	-
Provisions no longer required written back	34	(4,329)	(6,636)
Liabilities no longer required written back	34	(21,595)	-
Long term loans and advances written off	33	58	-
Interest income	34	(329,648)	(245,771)
Interest expense	35	327,060	504,772
Gain on revaluation of investment properties	34	(479,171)	(323,970)
Loss on revaluation of long-term investments	33	738	3,130
Loss on cross currency interest rate swap derivative	35	-	49,480
Loss on revaluation of swap derivatives	33	-	39,070
Working capital changes	38.1	419,611	3,934,591
		3,049,150	4,384,168

38.1 Working capital changes

(Increase) / decrease in current assets		
Stores and spares	1,271	1,314
Trade debts - unsecured	(75,748)	115,759
Agents' and owners' balances - unsecured	2,948	6,694
Loans and advances	(344)	11,557
Trade deposits and short-term prepayments	(29,947)	24,096
Other receivables	(491,706)	239,003
Incomplete voyages	(42,864)	(43,560)
	(636,390)	354,863
Increase in current liabilities		
Trade and other payables	1,056,001	3,579,728
	419,611	3,934,591

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	Note	2017	2016
		-----------(Rupees in '000)-----------	
39. CASH AND CASH EQUIVALENTS			
Short-term investments having maturity of three months or less	16	2,450,000	143,309
Cash and bank balances	17	2,708,281	1,994,632
		5,158,281	2,137,941

40. REMUNERATION OF CHAIRMAN AND CHIEF EXECUTIVE, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

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

	2017	2016	2017	2016	2017	2016
	Chairman & Chief Executive		Executive Directors		Other Executives	
	------------------------------------ (Rupees in '000) -----------------------------------					
Managerial remuneration and allowances	1,173	1,132	19,373	18,495	300,979	312,610
Retirement benefits	-	-	-	-	8,324	9,840
House rent	3,000	3,730	2,621	3,582	123,022	128,934
Conveyance	649	636	1,296	1,473	15,166	16,367
Entertainment	8	8	-	117	6,012	6,186
Medical	1,208	523	1,839	1,970	23,999	25,770
Utilities	1,321	1,285	1,780	1,730	39,368	39,824
Personal staff subsidy	-	-	-	-	2,809	238
Club membership fee and expenses	299	247	267	361	-	-
Bonus	1,380	142	4,237	3,478	68,502	54,230
Other allowances	677	674	575	2,175	230,168	250,247
	9,715	8,377	31,988	33,381	818,349	844,246
Number of persons	1	1	5	8	285	301

40.1 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.

40.2 The aggregate amount charged in the unconsolidated financial statements for fee to 6 (2016: 6) non-executive directors was Rs 1.775 million (2016: Rs 1.400 million).

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

	2017	2016
	-----------(Rupees in '000)-----------	
41. FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Fair value through profit or loss		
Long term investments - listed companies	49,466	50,204
Loans and receivables		
Loans - employees	1	59
Trade debts - unsecured	490,228	439,976
Agents' and owners' balances - unsecured	8,423	11,371
Trade deposits	16,675	19,477
Mark-up accrued on bank deposits and investments	47,404	34,924
Other receivables	1,387,755	895,037
Short-term investments	4,117,045	3,914,504
Cash and bank balances	2,708,281	1,994,632
	8,775,812	7,309,980
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	8,825,378	7,360,284
FINANCIAL LIABILITIES		
Amortised cost		
Trade and other payables	27,031,498	26,155,147
Long-term financing	4,154,363	5,351,697
Accrued mark-up on long-term financing	35,582	46,592
	31,221,443	31,553,436

42. FINANCIAL RISK MANAGEMENT

42.1 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 and long term financing. The Corporation also has various financial assets such as 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, 2017. The policies for managing each of these risk are summarised below:

42.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, 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, 2017, out of the total financial assets of Rs 8,825.378 million (2016: Rs 7,360.284 million) the financial assets which are subject to credit risk amounted to Rs 8,823.180 million (2016: Rs 7,358.962 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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:

	2017	2016
	-----------(Rupees in '000)-----------	
Public Sector	503,683	427,122
Private Sector	51,638	48,524
	555,321	475,646

Out of Rs 555.321 million (2016: Rs 475.646 million), the Corporation has provided Rs 39.995 million (2016: Rs 13.508 million) as the amounts being doubtful to be recovered from them.

42.1.2 Market risk

Foreign currency 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 and payable transactions at foreign ports.

As at June 30, 2017, 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 30.728 million (2016: Rs 35.621 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2017, 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

The Corporation has interest bearing liabilities and have floating interest rates. At June 30, 2017, 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 28.665 million (2016: Rs 36.392 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.

42.1.3 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.

Notes to and Forming part of the Unconsolidated Financial Statements
For the year ended June 30, 2017

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
2017	(Rupees in '000)				
Long term financing	4,771,300	1,455,794	1,376,429	1,741,657	197,420
Trade and other payables	27,031,498	27,031,498	-	-	-
Accrued mark-up on long-term financing	35,582	35,582	-	-	-
	31,838,380	28,522,874	1,376,429	1,741,657	197,420
2016					
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

42.1.4 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, 2017, 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 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.

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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:

	Note	2017			
		Level 1	Level 2	Level 3	Total
		(Rupees in '000)			
Assets carried at fair value					
Long term investments - Fair value through profit or loss	8	49,466	-	-	49,466
Leasehold land		-	775,312	-	775,312
Buildings on leasehold land		-	803,278	-	803,278
Beach huts		-	11,127	-	11,127
Workshop machinery and equipment		-	5,407	-	5,407
Investment properties		-	2,671,043	-	2,671,043
		-	4,266,167	-	4,266,167

	Note	2016			
		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

43. 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, 2017 and 2016 were as follows:

	2017	2016
	----------(Rupees in '000)---------	
Long-term financing - secured (note 21)	4,154,363	5,351,697
Total equity	10,031,275	7,951,077
Total	14,185,638	13,302,774
Debt-to-equity ratio	30:70	41:59

44. ENTITY WIDE INFORMATION

44.1 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.

44.2 Information about services

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

	2017	2016
	----------(Rupees in '000)---------	
Transportation of dry cargo	3,795,001	2,723,833
Transportation of liquid cargo	3,380,736	2,626,649
Rental income	190,643	175,412
Services fee - net	204,419	280,694
	7,570,799	5,806,588

44.3 Information about geographical areas

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

44.4 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:

	2017		2016	
	Revenue		Revenue	
	(Rupees in '000)	% of Total	(Rupees in '000)	% of Total
Client 1	2,529,069	33	2,132,025	37
Client 2	1,811,977	24	1,090,223	19
Client 3	666,995	9	620,018	11
	5,008,041	66	3,842,266	67

Notes to and Forming part of the Unconsolidated Financial Statements

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45. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, GoP and its related entities, 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 40 of these unconsolidated financial statements. Investments in related parties are disclosed in note 7 of these unconsolidated financial statements.

		2017	2016
		----------(Rupees in '000)---------	
Transactions with State controlled entities			
Revenue from Pakistan State Oil (PSO)		2,529,069	2,132,025
Related party	Relationship with the Corporation		
Service fee charged			
Chitral Shipping (Private) Limited	Subsidiary	14,262	17,924
Hyderabad Shipping (Private) Limited	Subsidiary	4,478	11,116
Karachi Shipping (Private) Limited	Subsidiary	41,155	51,947
Lahore Shipping (Private) Limited	Subsidiary	37,564	55,505
Malakand Shipping (Private) Limited	Subsidiary	10,457	10,717
Multan Shipping (Private) Limited	Subsidiary	8,599	8,886
Quetta Shipping (Private) Limited	Subsidiary	44,869	57,260
Sibi Shipping (Private) Limited	Subsidiary	8,404	11,368
Shalamar Shipping (Private) Limited	Subsidiary	34,631	55,968
		204,419	280,691
Rental expense			
Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	786	750
Transfer of stores			
Chitral Shipping (Private) Limited	Subsidiary	154	178
Hyderabad Shipping (Private) Limited	Subsidiary	113	187
Karachi Shipping (Private) Limited	Subsidiary	5,437	9,183
Lahore Shipping (Private) Limited	Subsidiary	6,660	8,484
Malakand Shipping (Private) Limited	Subsidiary	165	2,628
Multan Shipping (Private) Limited	Subsidiary	172	173
Quetta Shipping (Private) Limited	Subsidiary	4,459	7,319
Sibi Shipping (Private) Limited	Subsidiary	193	135
Shalamar Shipping (Private) Limited	Subsidiary	4,846	9,706
		22,199	37,993

Notes to and Forming part of the Unconsolidated Financial Statements
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Related party	Relationship with the Corporation	Note	2017	2016
			----------(Rupees in '000)----------	
Retirement benefit costs charged				
Chitral Shipping (Private) Limited	Subsidiary		310	321
Hyderabad Shipping (Private) Limited	Subsidiary		639	178
Karachi Shipping (Private) Limited	Subsidiary		119	177
Lahore Shipping (Private) Limited	Subsidiary		149	102
Malakand Shipping (Private) Limited	Subsidiary		1,048	607
Multan Shipping (Private) Limited	Subsidiary		65	85
Quetta Shipping (Private) Limited	Subsidiary		119	154
Shalamar Shipping (Private) Limited	Subsidiary		152	50
Sibi Shipping (Private) Limited	Subsidiary		550	446
			3,151	2,120
Contribution to provident fund			8,423	10,349
Key management personnel compensation		40	41,703	41,758

45.1 Outstanding balances due from / due to related parties have been disclosed in the respective notes to these unconsolidated financial statements.

45.2 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.

46. PROVIDENT FUND RELATED DISCLOSURES

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

	Note	2017	2016
		----------(Rupees in '000)----------	
		Un-audited	Audited
Size of the Fund - Total assets		706,402	735,106
Cost of investments made		656,657	666,128
Percentage of investments made		92.96%	90.62%
Fair value of investments	46.1	647,105	668,545

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

	2017		2016	
	(Rupees in '000)	----%----	(Rupees in '000)	----%----
Government securities	400,861	62%	421,446	63%
Mutual funds	159,267	25%	146,216	22%
Shares in listed companies	86,977	13%	100,883	15%
	647,105	100%	668,545	100%

Notes to and Forming part of the Unconsolidated Financial Statements

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

47. CORRESPONDING FIGURES

For better presentation the receivable relating to additional war risk and heating claim and the related provision included in trade debts have been reclassified to other receivables and accordingly, these corresponding figures have been reclassified:

From	To	2016 Rupees in 000
Trade debts	Other receivable	30,157
Provision for doubtful debts	Provision for doubtful receivables	14,762

48. NUMBER OF EMPLOYEES

The average and total number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	2017	2016
	---------(No of employees)--------	
Average number of employees during the year	729	830
Number of employees as at the end of the year	691	766

49. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at their meeting held on October 06, 2017 have proposed for the year ended June 30, 2017 cash dividend of Rs 2 per share (2016: Rs 2 per share), amounting to Rs 264.127 million (2016: Rs 264.127 million) subject to the approval of the members at the annual general meeting to be held on November 16, 2017. The unconsolidated financial statement for the year ended June 30, 2017 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

50. GENERAL

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

51. DATE OF AUTHORISATION

These unconsolidated financial statements were authorised for issue on October 06, 2017 by the Board of Directors of the Corporation.

Syed Jarar Haider Kazmi
Chief Financial Officer

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

Khowaja Obaid Imran Ilyas
Director

Pattern of Shareholding
As at June 30, 2017

No. of Shareholders	Shareholdings				Total Shares Held
11359	Shareholding From	1	To	100	380,545
3377	Shareholding From	101	To	500	825,500
965	Shareholding From	501	To	1000	730,081
846	Shareholding From	1001	To	5000	1,863,209
107	Shareholding From	5001	To	10000	788,643
32	Shareholding From	10001	To	15000	399,274
22	Shareholding From	15001	To	20000	395,242
13	Shareholding From	20001	To	25000	294,303
13	Shareholding From	25001	To	30000	372,362
5	Shareholding From	30001	To	35000	169,900
6	Shareholding From	35001	To	40000	232,875
1	Shareholding From	45001	To	50000	50,000
3	Shareholding From	50001	To	55000	159,200
2	Shareholding From	55001	To	60000	119,865
2	Shareholding From	65001	To	70000	138,600
1	Shareholding From	70001	To	75000	75,000
1	Shareholding From	75001	To	80000	78,700
1	Shareholding From	80001	To	85000	82,300
1	Shareholding From	85001	To	90000	85,900
1	Shareholding From	90001	To	95000	93,000
2	Shareholding From	95001	To	100000	200,000
1	Shareholding From	120001	To	125000	122,100
1	Shareholding From	145001	To	150000	150,000
1	Shareholding From	155001	To	160000	158,812
1	Shareholding From	160001	To	165000	161,700
1	Shareholding From	165001	To	170000	169,200
2	Shareholding From	195001	To	200000	400,000
1	Shareholding From	335001	To	340000	337,400
1	Shareholding From	345001	To	350000	350,000
2	Shareholding From	360001	To	365000	722,800
1	Shareholding From	430001	To	435000	432,564
1	Shareholding From	475001	To	480000	478,700
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	4010001	To	4015000	4,013,009
1	Shareholding From	113690001	To	113695000	113,693,715
16,778					132,063,379

Categories of Shareholders

Categories of Shareholders	No.	Shares Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS	77	723,977	0.55
INSURANCE COMPANIES	14	1,435,166	1.09
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
KHOWAJA OBAID IMRAN ILYAS	1	2,299	
MR. ANWAR SHAH	1	100	
KHOWAJA OBAID IMRAN ILYAS	1	115	
Sub-Totals :		2,514	0.00
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES			
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	4,013,009	
MOHAMMADI ENGG. WORKS LTD	1	4,766	
Sub-Totals :		4,017,775	3.04
MODARABAS AND MUTUAL FUNDS	20	1,964,826	1.49
NIT AND ICP	13	77,987	0.06
FOREIGN INVESTORS	9	418,186	0.32
DIRECTOR GENERAL PORTS & SHIPPING	1	113,693,715	86.09
OTHERS	128	1,769,500	1.34
Individuals*	16511	7,959,733	6.03
G-Totals :	16778	132,063,379	100.00

*Including 3656 shareholders whose current domicile is not known

N.B.:-The above two statements include 2542 shareholders holding 110,618,445 Shares through Central Depository Company of Pakistan Limited.

Notice of Annual General Meeting

Notice is hereby given that the 39th 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 November 20, 2017 at 1100 hours to transact the following business.

ORDINARY BUSINESS:

1. To confirm minutes of the 38th Annual General Meeting of the Shareholders of the Corporation held on 28th October, 2016.

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, 2017.

3. To consider and approve Board's recommendation to pay 20% Cash Dividend (i.e.) Rs. 2/- per share to the shareholders.

4. 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 2017-2018 and to fix their remuneration.

5. 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

Karachi
Dated: October 26, 2017

Notes:

i) The Share Transfer Books of the Corporation will remain closed from 13th November, 2017 to 20th November, 2017 (both days inclusive).

ii) 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. **CDC Accounts Holders** will further have to follow the guidelines as laid down in Circular 1, dated January 26, 2000 issued by the Securities & Exchange Commission of Pakistan. The shareholders are requested to promptly notify Share Registrar of the Corporation of any change in their addresses.

A) For Attending Meeting:

a) In case of individuals. the account holder or sub-account holder and/or the person whose securities are in group account and their registration detail is uploaded as per the Regulation, shall authenticate their identity by showing his/her original Identify Card (**"CNIC") /** original passport at the time of attending the meeting.

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

B) For Appointing Proxies:

a) In case of individuals, the account holder or sub-account holder is and / or the person whose securities are in group account and their registration detail is uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirement.

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

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

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

e) In case of corporate entities board of directors' resolution / power of attorney with specimen signature of the nominee shall be submitted (unless provided earlier) along with the proxy form to Corporation.

C) CNIC / NTN Number on Dividend Warrant (Mandatory)

As has already been notified from time to time, the Securities and Exchange Commission of Pakistan (SECP) vide Notification SRO 275(1)/2016 dated March 31, 2016 read with Notification SRO 19(1)/2014 dated January 10, 2014 and Notification SRO 831(1)/2012 dated July 05, 2012 required that the Dividend Warrant (s) should also bear the Computerized National Identity Card (CNIC) Number of the registered shareholder or the authorized person, except in case of minor(s) and corporate shareholder(s). Henceforth, issuance of dividend warrant(s) will be subject to submission of CNIC (individuals)/NTN (corporate entitles) by shareholders.

D) Withholding Tax on Dividend (Mandatory)

Pursuant to the provision of the Finance Act 2017 effective July **1.** 2017 the rates of deduction of Income tax from dividend payments under the Income Tax Ordinance have been revised as follows:

a)	For filers of income tax returns	15%
b)	For non-filers of income tax returns	20%

Shareholders who are filers, are advised to make sure that their names are entered into latest Active Tax Payers List (ATL) provided on the website of FBR at the time of dividend payment, otherwise they shall be treated as non-fliers and tax on their cash dividend will be deducted at the rate of 20% instead of 15%.

E) Withholding Tax on Dividend In case of Joint Account Holders

a) According to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions in case of joint accounts.

b) In this regard all shareholders who hold shares jointly are requested to provide shareholding Proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar, in writing as follows:

Corporation Name	Folio/CDS Account No.	Total Status	Principal Shareholder		Joint Shareholder(s)	
			Name & CNIC No	Shareholding proportion (No. Shares)	Name & CNIC No	Shareholding proportion. (No.of Shares)

c) The required information must reach our Share Registrar within 10 days of this notice; otherwise it will be assumed that the shares are equally held by Principal Shareholder and Joint Holder(s).

d) As per FBR Circulars C. No.1 (29) WHT/2006 dated 30 June 2010 and C. No.1 **(43)** DG (WHT) 2008- Vol. 11-664174-R dated 12 May 2015, the valid exemption certificate is mandatory to claim exemption of withholding tax U/S 150 of the Income Tax Ordinance, 2001 (tax on dividend amount) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available. The shareholders who fall in the category mentioned in above clause and want to avail exemption U/S 150 of the Ordinance, must provide valid Tax Exemption Certificate to our Share Registrar M/s. Technology Trade (Pvt) Ltd before book closure otherwise tax will be deducted on dividend as per applicable rates.

e) The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participant, whereas corporate physical shareholders should send a copy of their NTN certificate to our Share Registrar Technology Trade (Pvt) Ltd. The shareholders while sending NTN or NTN certificate, as the case may be, must quote Corporation name and their respective folio numbers.

F) Dividend Mandate

The provision of Section 242 of the Companies Act, 2017 (the "Act") provides that any dividend declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders.

Further SECP through Circular No.18/2017 dated 1st August, 2017 has required the listed companies to approach their shareholders for obtaining electronic dividend mandate. In this connection please refer to the Corporation's announcement published in Daily Dawn & Daily Jang respectively on 28th September, 2017. Therefore, all shareholders are hereby advised once again to provide details of their bank mandates at their earliest in the format also available on PNSC website www.pnsc.com.pk

G) Distribution of Annual Report through emails

Pursuant to S.R.O. 787(1)/2014 dated 8th September 2014 SECP has permitted companies to circulate Annual Audited Financial Statements along with Notice of Annual General Meeting to its members through e-mail. A Standard **Consent Form** is available at the Corporation's website: www.pnsc.com.pk Members, who wish to avail this facility, should send duly filled-in Consent Form along with a copy of CNIC or valid passport (in case of foreign shareholder) to Corporation's Secretary at Registered Office of the Corporation. It will be the responsibility of members to intimate any change in their valid registered email address to the Corporation in timely manner.

H) Unclaimed Dividends & Bonus Shares

Shareholders, who by any reason, could not claim their dividend or bonus shares or did not collect their physical shares, are advised to contact our Share Registrar M/s. Technology Trade (Pvt) Ltd to collect / enquire about their unclaimed dividend or pending shares, if any.

Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government and in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan.

I) Consent for Video Conference Facility

Members may participate in the meeting via video-link facility, if the Corporation receives a demand from members holding an aggregate 10% or more shareholding residing at a geographical location outside Karachi, to participate in the meeting through video link must intimate at least 10 days prior to the date of meeting, the Corporation will arrange video link facility in that city subject to availably of such facility in that city.

In this regard, Members who wish to participate through video-link facility should send a duly signed request as per the following format to the registered address of the Corporation.

The Company will intimate members regarding venue of video conference facility at least 5 days before the date of the Annual General Meeting along with complete information necessary to enable them to access such facility.

I / We, ______________________of___________________, being a member of Pakistan National Shipping Corporation holder of ordinary shares(s) as per Registered Folio/CDC Account No. ________________hereby opt for video link facility at ____________________.

____
Signature of member

For any query/problem/information, shareholders may contact the Corporation's Shares Registrar M/s. Technology Trade (Pvt) Ltd Dagia House 241-C, Block-2, P.E.C.H.S Off Shahrah-e-Quaideen, Karachi. Phone: 021-34391316-17 and 19, fax no. 34391318, email: mail@ttpl.com.pk

The Annual Report of the Corporation for the Financial year ended June 30, 2017 has been placed on the Corporation's website www.pnsc.com.pk

Notes

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

یہ توثیق کی جاتی ہے کہ:

- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے معاملات کی حالت، اس کی سرگرمیوں، کیش فلو اور کاروباری سرمایہ میں تبدیلی کی صورتحال کو واضح طور پر پیش کرتے ہیں۔
- گروپ کے کھاتے درست طور پر مرتب کیے گئے ہیں۔
- مالیاتی گوشواروں کی تیاری میں موزوں اکاؤنٹنگ حکمت عملی اختیار کی گئی ہے۔ کھاتوں کا تخمینہ منطقی اور محتاط اندازوں کی بنیاد پر کیا گیا ہے۔
- مالیاتی گوشواروں کی تیاری میں بین الاقوامی اکاؤنٹنگ معیار کی پیروی کی گئی ہے جو پاکستان میں نافذ العمل ہیں۔
- اندرونی کنٹرول کے نظام کا ڈھانچہ درست ہے اور مؤثر طور پر نافذ العمل اور نگرانی شدہ ہے۔
- سٹاک ایکسچینج لسٹنگ ریگولیشنز میں دی گئی کارپوریٹ گورننس کی بہترین حکملی سے تجاوز نہیں کیا گیا۔
- گزشتہ چھ مالی سالوں کی مالیاتی اور آپریشنل معلومات خلاصے کی صورت میں ساتھ منسلک ہیں۔
- اگر کوئی واجب الادا فرائض یا ٹیکس ہے تو اسے مالیاتی گوشواروں میں مکمل طور پر دکھایا گیا ہے۔

کاروبار کی فعالیت

گروپ کی لیکویڈیٹی حالت، بیلنس شیٹ کا استحکام، افعال سے اثاثے، ملازمت، اور کیش فلو کی روشنی میں بورڈ تصدیق کرتا ہے کہ کاروبار کی فعالیت، جس کی بنیاد پر گروپ کے کھاتے مرتب کیے گئے ہیں وہ تاحال قابل اطلاق ہے۔

ڈویڈنڈ کا اعلان

بورڈ آف ڈائریکٹرز ان حصص مالکان کو 20٪ ڈویڈنڈ کی ادائیگی کی تجویز پر خوشی محسوس کرتا ہے جن کے نام گروپ کے حصص رجسٹر میں کاروبار کے بند ہونے کی تاریخ نومبر 13، 2017 تک ظاہر ہیں۔

اظہارِ تشکر

بورڈ ذمہ داریاں ادا کرنے میں محنت اور لگن پر گروپ کے افسران اور عملے کا ممنون ہے۔

ڈائریکٹرز صاحبان مسلسل سرپرستی اور معاونت پر ریفائنریوں، جہاز رانوں، ایجنٹوں، اور دیگر کاروباری معاونین کا ممنون ہے۔

بورڈ کی جانب سے

عارف الٰہی (پی اے ایس)

چیئرمین اور چیف ایگزیکٹو

بورڈ کا انتظامی ڈھانچہ

وفاقی حکومت کی جانب سے پانچ ڈائریکٹرز مقرر کیے جاتے ہیں اور سالانہ جنرل میٹنگ میں حصص مالکان کی جانب سے دو ڈائریکٹر تین سال کے لئے منتخب کیے جاتے ہیں۔ مقرر کردہ ڈائریکٹرز کی مدت تقرر 19 مئی 2017 کو اختتام پذیر ہو گئی تھی۔ پی این ایس سی آرڈیننس 1979 کے تحت وفاقی حکومت وفاق کے ڈائریکٹرز کو نامزد کرنے کے عمل میں ہے۔بورڈ آف ڈائریکٹرز کی طرف سے مندرجہ ذیل کمیٹیاں قائم کی گئی ہیں:

نمبر شمار	بورڈ کی کمیٹیاں
1	آڈٹ کمیٹی
2	انسانی وسائل اور معاوضاتی کمیٹی
3	کمرشل کمیٹی

بورڈ اور بورڈ کمیٹی کے منعقد ہونے والے اجلاس

(1 جولائی،2016 تا 30 جون،2017)

نمبر شمار	ڈائریکٹر کا نام	بورڈ کے اجلاس		آڈٹ کمیٹی		انسانی وسائل اور معاوضاتی کمیٹی	
		منعقدہ	شرکت	منعقدہ	شرکت	منعقدہ	شرکت
1	جناب عارف الٰہی	6	6	N/A	N/A	N/A	N/A
2	جناب سعد فاضل عباسی	6	-	N/A	N/A	N/A	N/A
3	جناب حق نواز	6	3	N/A	N/A	N/A	N/A
4	محترمہ ایوا اے کاوس جی	6	3	N/A	N/A	3	3
5	جناب اکبر عادل	6	5	11	9	3	2
6	جناب خواجہ عبید عمران الیاس	6	6	11	11	N/A	N/A
7	کیپٹن انور شاہ	6	6	11	11	3	3

سال بھر کے دوران کمرشل کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

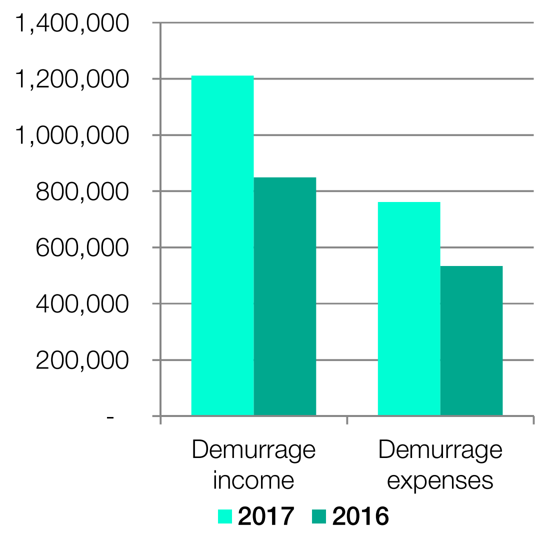
ڈائریکٹرز کا تربیتی پروگرام

پی این ایس سی بورڈ کے ارکان کی رسمی تعلیم پہلے ہی 2015 میں ہو چکی ہے اور وہ جنہوں نے SECP کے منظور شدہ پاکستان انسٹی ٹیوٹ آف کارپوریٹ گورننس (PICG) سے ڈائریکٹرز ٹریننگ پروگرام میں شرکت کی اور معیار پر پورا اترے/سند یافتہ ہیں، ان کے نام یہ ہیں:

نام

- جناب عارف الٰہی
- جناب حق نواز
- محترمہ ایوا اے کاوس جی
- جناب اکبر عادل
- جناب خواجہ عبید عمران الیاس
- کیپٹن انور شاہ

سال کے دوران تاخیری زرِہرجانہ سے حاصل ہونے والی خالص آمدنی گذشتہ سال کے 315 ملین روپے کے مقابلے میں 450 ملین روپے ہے (43٪ اضافہ)۔



گروپ ایک متوازن بیلنس شیٹ، مستحکم زرِنقد اور سرمایہ کاری کی ساکھ برقرار رکھتا ہے جو ہمیں شپنگ دورانیے کے اگلے مرحلے میں بھرپور حصہ لینے کا اہل بناتا ہے۔ اس طرح، گروپ کی مستحکم مالی حیثیت عالمی اقتصادی سرگرمیوں کی سست روی اور مغلوب فریٹ نرخوں کے باوجود بنیادی طور پر اپنی کاروباری حکمت عملی، بیڑوں کے مرکب مجموعے اور نئے مواقع کے بھرپور استعمال کے باعث ہے۔

حکمت عملی، مقاصد اور مستقبل کے امکانات

پی این ایس سی اپنی افقی انضمامی حکمت عملی کے جزو کے طور پر اپنے شپنگ افعال میں مدد کے لیے میرین خدمات میں قسمت آزمائی کر کے اپنے کاروباری پورٹ فولیو کو متنوع بنانا چاہتی ہے۔ پاکستان کی بحری صنعت کو میرین متعلقہ خدمات اور بندرگاہوں پر معاون بنیادی ڈھانچوں کی شدید کمی کا سامنا ہے۔ یہ حد نہ صرف بندرگاہوں کی افعالی تیاری پر اثر انداز ہو رہی ہے بلکہ کاروبار کرنے کے اخراجات میں بھی اضافہ کا باعث ہے۔

ملک کی سمندری نقل و حمل کی ضرورت کو پورا کرنے کے لئے دو جدید افرامیکس (Aframax) آئل ٹینکروں پر مشتمل **فلیٹ ڈویلپمنٹ پلان** بھی زیر عمل ہے جن میں سے ہر ایک 100,000 ٹن سے زائد تیل کارگو نقل و حمل کی صلاحیت رکھتا ہے۔

مزید براں، کیماڑی (کراچی) اور گوادر میں دیگر حصہ داروں کے تعاون سے ایک **اضافی ٹرانزٹ آئل ساحلی سٹوریج کی گنجائش** میں اضافہ کیا جانا بھی زیر غور ہے۔ اس کے نتیجے میں ویسلز کا تکمیلی دورانیہ کم ہونے کے ساتھ ساتھ اخراجات میں بھی کمی آئے گی اور مستقبل میں خطے کے اندر توانائی اور ایندھن کی نقل و حمل کی طلب کو پورا کرنے میں مدد ملے گی۔

خاص طور پر CPEC اور گوادر پورٹ کی تعمیر و ترقی کے پس منظر میں میرین خدمات کا قیام پاکستان کی بحری صنعت کے لئے اشد ضروری ہے۔ **گوادر میں جدید جہازی/میرین ورکشاپ کے قیام** کی منصوبہ بندی کی گئی ہے تاکہ مستقبل میں جہازوں کی مرمت و دیکھ بھال وغیرہ کی طلب کو پورا کیا جا سکے۔

پی این ایس سی تجارتی اور قابل عمل بنیادوں پر کراچی تا پورٹ قاسم، کراچی تا گوادر اور کراچی تا چابہار (ایران) تک بری روٹ کے متبادل سستی اور محفوظ **فیری سروس متعارف کرانے کی بھی دعویدار ہے۔** میسرز سوات شپنگ (پرائیوٹ) لمیٹڈ (پی این ایس سی کی ذیلی) کو 20 مارچ، 2017 کو وزارتِ بندرگاہ و جہازرانی سے فیری سروس چلانے کا لائسنس جاری کیا گیا ہے۔ ابتدائی منصوبہ 200 سے 250 مسافروں کی گنجائش والے دو عدد RoPax فیری خریدنے کا ہے جو ابتدائی طور پر کراچی اور پورٹ قاسم کے درمیان کام کریں گے۔ اس مقصد کے لئے مخصوص فیریز کو تکنیکی جائزے کے لئے منتخب کیا گیا ہے۔ معاشی اور کمرشل مناسبیت کی بنیاد پر فیری سروس کو دیگر علاقائی راستوں اور بندرگاہوں بشمول چابہار (ایران) اور مسقط (عمان) تک توسیع دی جائے گی۔

پی این ایس سی کی مذکورہ سمندری خدمات میں سرمایہ کاری کی کاوش سے پاکستان کی سمندری صنعت کی قدر میں اضافے، غیر ملکی خدمات فراہم کرنے والوں پر انحصار میں کمی اور پی این ایس سی کی قدر میں اضافے کی توقع کی ہے۔ پی این ایس سی ملک بھر میں خام اور ایندھن تیل کی بلا رکاوٹ ترسیلی سلسلے کو پائیدار اور ماحول دوست سمندری نقل حمل کے ذریعے برقرار رکھنے کی پوری کوشش کر رہی ہے۔ پی این ایس سی کی تنوع اور نظام میں اہلیت لانے کی کوششوں کو تسلیم کرتے ہوئے وزارت برائے بندرگاہ و جہازرانی نے پی این ایس سی کے تین منصوبوں کو پبلک سیکٹر ترقیاتی منصوبوں 2017-2018 میں شامل کیا ہے، جس میں شامل ہیں:

i. گوادر میں تیل کے ذخیرے کی تعمیر کے لئے زمین
ii. زمین کا حصول اور گوادر میں شپ ورکشاپ کی تعمیر اور
iii. او آئی اے (OIA) کیماڑی، کراچی میں تیل کے ذخیرے کی تعمیر

پی این ایس سی گروپ نے گزشتہ سال کے 2,323 ملین روپے کے مقابلے میں 7٪ اضافے کے ساتھ بعد از ٹیکس منافع 2,477 ملین روپے ظاہر کیا ہے۔ گزشتہ 10 سالوں میں کارپوریشن کی جانب سے حاصل کیا گیا یہ سب سے زیادہ منافع بعد از ٹیکس ہے۔

گروپ نے چارٹر جہازوں سے حاصل ہونے والی آمدنی میں 34٪ فیصد بہتری حاصل کی ہے، جبکہ اپنے جہازوں سے سال بھر کے دوران کم بلک ڈرائی انڈیکس اور AFRA کے باعث آمدنی میں 27٪ کی واقع ہوئی ہے۔ حالیہ سال میں رئیل اسٹیٹ سے حاصل ہونے والے ریونیو میں 9٪ اضافہ ہوا ہے۔

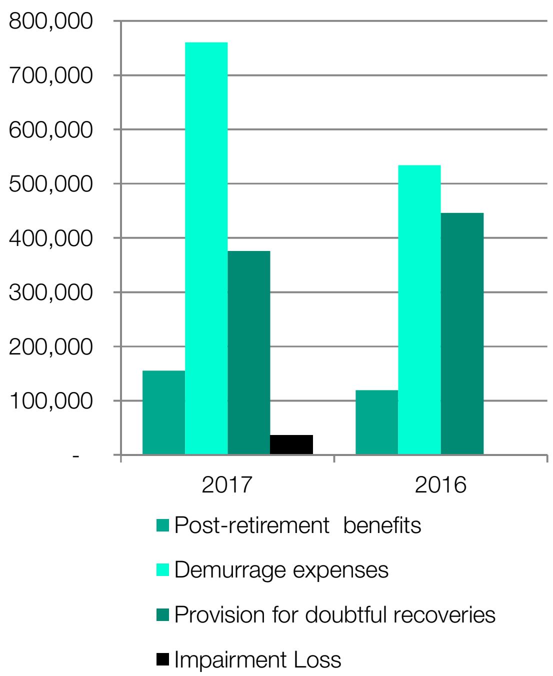
جہازرانی کی سرگرمیوں کی سطح پر گروپ بیڑے کے براہ راست اخراجات میں کوئی نمایاں تبدیلی رونما نہیں ہوئی، جبکہ گروپ بیڑے کے بالواسطہ اخراجات میں نمایاں طور پر 29٪ تک کمی ہوئی، اس طرح سے گروپ کے انتظامی ڈھانچے میں مؤثر انتظام اور مؤثر افعال کے تصور کو تقویت ملی۔

پچھلے سال کے 3,554 ملین روپے کے برخلاف 3514 ملین روپے کا مجموعی منافع حاصل کیا گیا اور اس طرح مستحکم رجحان کا مظاہرہ کیا گیا۔

گروپ کی فی حصص آمدنی 18.75 روپے رہی جس میں گزشتہ سال کی فی حصص آمدنی 17.59 روپے کے برخلاف 7٪ اضافہ ہوا جو گزشتہ دس سالوں میں سب سے زیادہ ہے۔

زیرمشاہدہ سال میں انتظامی اور دیگر آپریٹنگ اخراجات کی مد میں 12٪ اضافہ (یعنی 2,107 ملین روپے سے 2,361 ملین روپے) ہوا۔ اس طرح اخراجات میں اضافے کا مرکزی عنصر تاخیر کے باعث ہونے والا زرِ ہرجانہ ہے جس میں 43٪ اضافہ ہوا ہے، تاہم یہ پی این ایس سی کے صارفین کے ساتھ معاہدہ بار برداری کی رو سے قابل وصولی ہے۔ گاہک سے تاخیری زرِ ہرجانہ کی وصولی کو دیگر آمدن میں ظاہر کیا گیا ہے اور تاخیری زرِ ہرجانہ سے حاصل ہونے والی خالص آمدنی کا ایک تجزیہ ذیل میں موجود اس رپورٹ میں پیش کیا گیا ہے۔

اخراجات میں اضافے کا ایک اور عنصر گروپ کے زیر ملکیت ایک بحری جہاز کی مالیت میں کمی (impairment) کے باعث ہونے والا خرچہ ہے۔ قابل اطلاق مالی رپورٹنگ کے معیارات کے مطابق، ہر سال تمام جہازوں میں impairment کے باعث ہونے والے اخراجات کا تجزیہ کیا جاتا ہے اور قابل وصول رقم کو 'زیر استعمال رقم (value in use)' کے طریقے سے شمار کیا جاتا ہے۔ طلب میں کمی اور مارکیٹ کی پریشان کن صورتحال کے باعث، انتظامیہ اضافی تخمینہ سازی سے بچنے کے لئے مستقبل کی آمدنی کا تخمینہ لگانے میں محتاط اور اعتدال پسند رہی۔ اس عمل کے نتیجے میں، رواں سال M.V. Sibi جہاز کی مالیت میں کمی (impairment) کے باعث 36 ملین روپے کا خرچہ اٹھانا پڑا۔



دیگر آمدنی میں 40٪ کا اضافہ ہوا جو نمایاں طور پر تاخیری زرِ ہرجانہ پر مشتمل ہے۔ تاخیری زرِ ہرجانہ سے حاصل ہونے والی آمدنی 1,211 ملین روپے ہے، جس میں سے 922 ملین روپے غیر ملکی چارٹرڈ بحری جہازوں سے اور 289 ملین روپے ذاتی بحری جہازوں سے وابستہ ریکارڈ کیا گیا، جو گزشتہ سال 849 ملین ریکارڈ کیا گیا تھا جس میں غیر ملکی چارٹرڈ بحری جہازوں سے 307 ملین روپے اور 542 ملین روپے ملکیتی بحری جہازوں سے حاصل ہوئے تھے۔ لہٰذا، کل تاخیری زرِہرجانہ آمدنی میں 44٪ اضافہ ہوا ہے۔ ہیٹنگ، انشورنس اور مختلف دعووں سے حاصل ہونے والی آمدنی میں بھی 58٪ اضافہ ہوا اور بچت کے اکاؤنٹس سے حاصل ہونے والی آمدنی میں 34٪ اضافہ ہوا، جبکہ حاصل تبادلہ سے ہونے والی آمدنی رواں سال کم ہو کر 87٪ رہی۔ مزید برآں، پی این ایس سی کی سرمایہ کاری کے ازسرِنو تعین کا ایک نمایاں فائدہ 479 ملین روپے (گزشتہ سال سے 48٪ زیادہ) ریکارڈ کیا گیا ہے۔

کارپوریٹ گورننس ضابطہ اخلاق کے ساتھ مطابقت

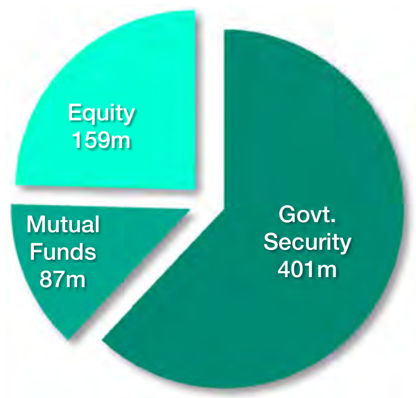
پاکستان اسٹاک ایکسچینج کے پاکستان اسٹاک ایکسچینج لمیٹڈ ضوابط میں مقرر کردہ کارپوریٹ گورننس ضابطہِ اخلاق پر مکمل عمل کیا گیا ہے۔ اس عمل سے متعلق رپورٹ کے ساتھ ایک بیان منسلک ہے۔

متعلقہ فریقین سے لین دین کا سرٹیفیکیٹ

یہ تصدیق کی جاتی ہے کہ متعلقہ فریقین کے ساتھ لین دین آڈٹ کمیٹی اور بورڈ کی جانب سے توثیق شدہ ہے، اور بیلنس شیٹ کی تاریخ تک متعلقہ فریقین کی واجب الادا رقوم کے بارے میں معلومات فراہم کرتی ہیں۔

فنڈ سرمایہ کاری

اختتام سال از 30 جون، 2017 کے غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر پاکستان نیشنل شپنگ کارپوریشن گروپ کی ملازمین کانٹریبیوٹری فنڈ میں سرمایہ کاری 647 ملین روپے رہی(2016: 669 ملین روپے - آڈٹ شدہ)



جبکہ اختتام سال از 30 جون 2017 کی غیر آڈٹ شدہ مالیاتی گوشواروں کی بنیاد پر ملازمین گریجویٹی فنڈ میں سرمایہ کاری 154 ملین روپے رہی (2016: 203 ملین روپے-آڈٹ شدہ)۔

مالیاتی جھلکیاں

سال بھر میں ہمارے نتائج پر اثر انداز ہونے والے مرکزی عوامل مندرجہ ذیل تھے:

	2017	2016	تبدیلی
آمدنی	12,477,685	12,543,985	-1٪
اخراجات	8,963,790	8,989,808	0٪
مجموعی منافع	3,513,895	3,554,177	-1٪
آپریٹنگ منافع	3,432,174	3,073,933	12٪
قبل از ٹیکس منافع	3,101,763	2,515,352	23٪
بعد از ٹیکس منافع	2,476,815	2,323,054	7٪
آمدنی فی حصص (EPS)	18.75	17.59	7٪

منسلک اہم خطرات

بطور عالمی بحری فریٹ آپریٹر پاکستان نیشنل شپنگ گروپ، ایسی عالمی منڈی میں کام کرتا ہے جسے ڈرائی اور ویٹ دونوں منڈیوں میں اضافی گنجائش کے ساتھ شدید مقابلہ بازی کا سامنا ہے خصوصاً مغلوب شدہ فریٹ نرخ جو نمایاں تجارتی خطرہ ہیں۔ شپنگ کے شعبے نے عالمی اقتصادی ماحول سے فائدہ اٹھایا جہاں گذشتہ سالوں میں جی ڈی پی کی نمو بلندی پر برقرار رہی۔ تاہم، 2008 کے آغاز سے عالمی معیشت میں تنزلی کے ساتھ طلب مغلوب رہی اور عالمی شپنگ کے تمام شعبوں یعنی فریٹ، اثاثہ جات کی قیمتوں اور مسمار کرنے کی قیمتوں پر سنگین / منفی اثر ڈالا۔

کچھ ایسے خطرات بھی ہیں جو ان صنعتوں کا لازم و ملزوم حصہ ہیں جن میں ہم کام کرتے ہیں اور اسی لئے انہیں ہمارے افعال کے حصہ کے طور پر تسلیم اور منتظم کیا جاتا ہے۔

یہ خطرات ہمارے کاروبار پر مختصر تا درمیانی مدت کے لیے منفی اثرات ڈالنے کے متحمل ہو سکتے ہیں، جیسا کہ،

قانونی چارہ جوئی کے خطرات جیسا کہ اپنی سرگرمیوں کے دوران گروپ قانونی کاروائی اور تنازعات کا حصہ بن سکتا ہے۔ انشورنس کا تحفظ تمام مواقع پر موزوں نہیں ہو سکتا۔ یہ تمام عوامل گروپ کے افعال اور مالی ساکھ پر اثر انداز ہو سکتے ہیں۔ ایسے خطرات کو کم کرنے کے لئے ہم مواقع کے قبل اور بعد کے معیاری افعالی لائحہ عمل (SOP) پر عمل کر رہے ہیں۔

بڑے حادثے یا تیل کے گرنے کا خطرہ شپنگ کاروائیوں خصوصاً ٹینکر کے کاروبار میں ہمیشہ رہتا ہے۔ شدید نوعیت کا کوئی حادثہ ہمارے ملازمین کے ساتھ ساتھ ممکنہ طور پر سمندری ماحول، جنگلی حیات، اور مقامی برادری کے لیے خطرہ لاحق کر سکتا ہے۔ یہ مالیات، ہماری ساکھ اور ہمارے لائسنس کو بھی خطرے میں ڈالنے کا پیش خیمہ بن سکتا ہے۔ ایسے خطرات کو کم کرنے کے لئے پی این ایس سی محتاط انداز سے حادثات سے پاک کاروائیوں کو برقرار رکھے ہوئے ہے اور ہمیشہ صحت اور سلامتی کی تمام پالیسیوں اور اپنی ویسلز میں بہترین طریقوں کو رائج رکھنے کی یقین دہانی کراتی ہے۔

کیش فلو پر اثر انداز ہونے والی شرح سود خصوصاً متغیر سود کی شرح کی بنیاد پر مالیاتی واجبات۔ سود کی شرح کے خطرے کو کم کرنے کے لئے گروپ متغیر اور مستحکم شرح سود کے ساتھ اثاثوں اور واجبات کے درمیان ایک متوازن مجموعہ حاصل کرنے کی کوشش کرتا ہے۔

خلیج عدن میں مسلح قزاقی، ریاست ملاکا اور صومالی ساحل تک اس کی بڑھتی ہوئی حدود عالمی شپنگ بشمول پی این ایس سی کے لئے مرکزی آپریشنل خطرات ہیں۔ ایسے خطرے سے آگاہ ہوتے ہوئے گروپ قزاقی کے خلاف ضروری انشورنس اختیار کرتا ہے۔ خطرناک علاقوں سے گزرتے وقت گروپ کے جہازوں کی حفاظت کے لیے، دنیا بھر میں نافذ العمل بہترین انتظامی لائحہ عمل (BMP-4) پر سختی سے عمل کیا جاتا ہے۔ جب بحری جہاز سنگین خطرے کے علاقوں میں ہوتے ہیں تو پی این ایس سی پاکستان بحریہ ہیڈکوارٹرز کے ساتھ قریبی رابطے میں رہتی ہے۔

ایندھن تیل کی قیمتوں میں شدید نوعیت کی تبدیلی جو عالمی سیاسی اور معاشی ماحول سے متاثر ہوتی ہے۔ گروپ عام طور پر قلیل مدتی سمندری سفر کا معاہدہ کرتا ہے جس کے لیے یہ معاہدوں کی قیمتوں کا تعین کرتے وقت ایندھن کی مروجہ قیمت پر توجہ دیتا ہے، اس لیے عام طور پر اضافی کوریج کی ضرورت نہیں ہوتی۔

سنگین سائبر حملہ ہمارے معاہدوں پر عملدرآمد اور ہمارے افعال انجام دینے کی صلاحیت کے لئے اہم ثابت ہو سکتا ہے کیونکہ گروپ پیچیدہ اور وسیع خدمات میں ملوث ہے جو اسے بہترین آئی ٹی اور مواصلات کے نظام پر منحصر بناتے ہیں۔ سائبر حملے کی وجہ سے کاروباری رکاوٹ ہمارے بحری بیڑوں اور ساحل سے دور کے افعال پر اثر انداز ہو سکتی ہے۔ اس طرح کے اثرات کو یکسر ختم کرنے کے لئے پی این ایس سی نے سخت ڈیٹا سیکیورٹی کنٹرولز لاگو کیے ہیں جس میں انٹرپرائز سطح پر اینٹی وائرس کے ساتھ اپ ڈیٹ فائر وال اور سپیم کنٹرول کرنے والے سافٹ ویئر شامل ہیں۔

دوسرے فریق کے دیوالیہ ہونے کا خطرہ موجودہ مارکیٹ میں بہت حقیقی ہے۔ ایسے خطرات سے بچنے کے لئے ہم سخت اور متوقع جانفشانی کو یقینی بناتے ہیں اور اپنے معاملات کو قابل اعتبار اور مالی طور پر مستحکم فریقین تک محدود رکھنے کی کوشش کرتے ہیں۔

ٹیکس کی پالیسیوں میں تبدیلیاں گروپ پر مادی طور پر اثر انداز ہو سکتی ہیں۔ تاہم، تفصیلی جائزہ کی بنیاد پر، کسی بھی درپیش ناپسندیدہ صورت حال سے پیدا ہونے والے خطرات کے اثر کو کم کرنے کے لئے ایک مشاورتی عمل کے ذریعے دیے گئے حالات کے لیے ایک موزوں حکمت عملی تیار کی گئی اور مناسب سمجھی گئی ہے۔

بحری کاروباری کارکردگی کا حصہ جاتی جائزہ

681,806 میٹرک ٹن DWT صیلاحیت کی حامل پی این ایس سی نے سال زیرِ مشاہدہ کے دوران تقریباً 14.304 ملین ٹن کارگو اٹھایا (مالی سال 2016:13.326 ملین ٹن) جو حجم کے حساب سے کل ملکی سمندری تجارت 89.852 ملین ٹن (مالی سال 2016:83.286 ملین ٹن) کا تقریباً 15.92٪ (مالی سال 2016:16.00٪) کے برابر ہے۔ پاکستان کی سمندری تجارت برائے سال 17-2016 کے الگ الگ اعداد و شمار اور پی این ایس سی کا حصہ درج ذیل ہے:

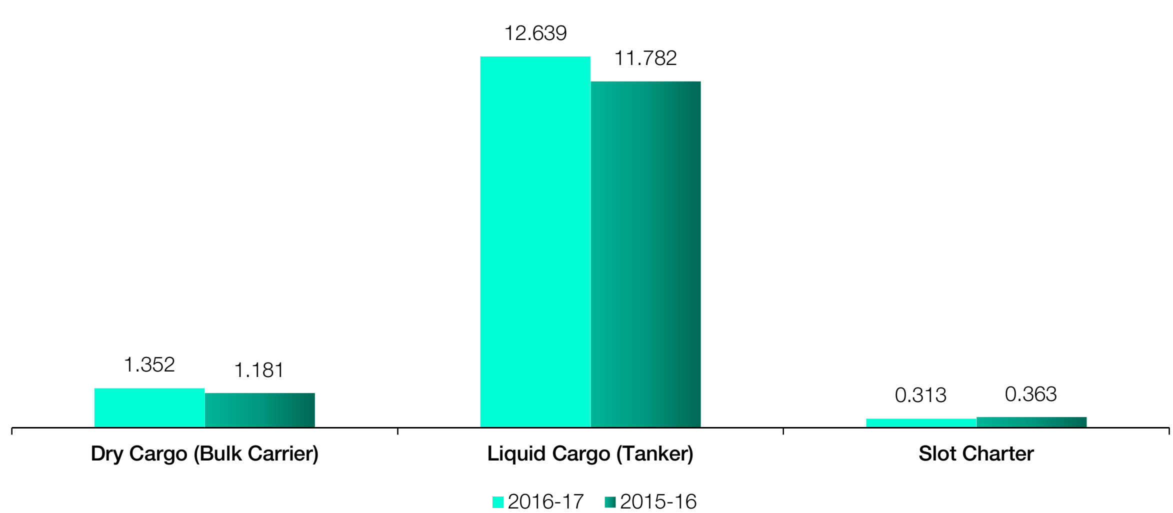
-------------------------عداد و شمار ملین ٹن میں-------------------------

	خشک		مائع		کُل	
	2017	2016	2017	2016	2017	2016
پاکستان کی سمندری تجارت	42.653	53.867	32.863	29.419	89.852	83.286
پی این ایس سی کا حصہ	1.665	1.544	12.639	11.782	14.304	13.326

نوعیت / انتظام کے حساب سے پی این ایس سی کے ذریعے نقل و حمل کیے جانے والے کل کارگو کی الگ الگ تفصیل ذیل میں جدول میں درج ہے:

--------------کارگو ملین میٹرک ٹن میں--------------

	2017-2016	2016-2015
خشک کارگو (بلک کیریئر)	1.352	1.181
مائع کارگو (ٹینکر)	12.639	11.782
سلاٹ چارٹر	0.313	0.363
اٹھایا گیا کل کارگو	14.304	**13.326**



مالی سال 2017 بھی ڈرائی بلک صنعت کے لئے مشکل سال ثابت ہوا ہے۔ سال کا آغاز تاریخی کم ترین فریٹ نرخوں اور استعمال شدہ کی تیزی سے گرتی قیمتوں سے ہوا کیونکہ طلب کم ہوگئی اور نئ ویسلز کی آمد کا سلسلہ جاری رہا۔

دریں اثناء، مالی سال 2017 کے دوسرے نصف میں صنعت اپنی مسمار کرنے کی نمایاں سرگرمیوں اور محدود ترسیلات کے ساتھ بحالی کی طرف مستحکم اقدامات میں کوشاں رہی جس سے فریٹ نرخوں اور بالٹک ڈرائی انڈیکس میں مشترکہ اضافہ ہوا۔ لہذا، مستقبل قریب میں ڈرائی بلک تجارت میں معمولی بحالی مسماری سرگرمیوں اور اشیاء کی بلک تجارت سے مشروط ہے۔ خام لوہے کی تجارت میں بھی نمایاں بحالی دیکھی گئ جیسا کہ چینی حکومت نے اقتصادی ترقی کے فروغ کے لیے خام لوہے کی درآمدات کو جاری رکھ کے مالی حوصلہ افزائی کا نیا باب شروع کیا ہے۔

مرحلہ وار بڑھتی تیل کی قیمتوں، ریفائنری کی استعداد میں محدود توسیع، تیل کی کثیر مصنوعات اور سست رو معاشی ترقی کے مجموعے کے سبب ٹینکر کی رسد میں معمولی ترقی ہوئی ہے، جبکہ سمندر کے راستے ترسیل کیے جانے والے خام تیل اور مصنوعات کی طلب میں معمولی اضافہ ہوا ہے۔ ریفائنرز نے خام تیل کی پیداوار میں اضافہ کیا اور تیل کی قیمتوں میں اضافے نے سٹریٹجک اور تجارتی ذخیرہ اندوزی کو فروغ دیا۔ اسی دوران، ریفائننگ کے بہترین مارجن اور قیمتوں کے عدم استحکام نے مصنوعات کی تجارت کو فروغ دیا۔ جیسا کہ 2008-2007 کے بعد سے گزشتہ سال خام اور صاف ٹینکر آمدنی کم از کم سطح تک گر گئ۔

2013 اور 2015 کے درمیان بھاری آرڈرز دیکھے جانے کے بعد صنعت خام تیل اور مصنوعات والے ٹینکر بیڑوں میں فوری ترقی کے لئے طویل مدت سے خود کو تیار کر چکی ہے۔ چھوٹی مصنوعات والے ٹینکروں کے علاوہ، اس مالی سال 2017 کے پہلے نصف کے دوران ٹینکروں کے تمام شعبوں میں زیادہ ترسیلات دیکھی گئیں۔ حتیٰ کہ مالی سال 2017 کے دوسرے نصف میں مزید نئے ٹینکروں کی تجارت دیکھی گئ۔ دوسری جانب، گزرتے دنوں کے ساتھ طلب سے متعلقہ پیش رفت نسبتاً کم حوصلہ افزاء ہے۔ بحالی صرف ٹینکر کے شعبہ میں بنیادیات اور محدود ترسیلات میں اصلاحات سے ممکن ہو سکتی ہے۔

قانونی آڈیٹرز

اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس (A.F. Ferguson & Co. Chartered Accountants) اور ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس (EY Ford Rhodes Chartered Accountants) بطور مشترکہ آڈیٹر ریٹائر ہوئے اور اہل ہونے کے باعث ان کو دوبارہ شمولیت کی پیشکش کی گئ۔ بورڈ آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز اے ایف فرگوسن اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اور میسرز ای وائی فورڈ روڈز چارٹرڈ اکاؤنٹنٹس کو سالانہ جنرل میٹنگ برائے مالی سال اختتام از 2017 میں مشترکہ آڈیٹر کے طور پر شامل کرنے کی تجویز دی۔

ڈائریکٹرز رپورٹ

برائے اختتام سال از 30 جون 2017

پاکستان نیشنل شپنگ کارپوریشن گروپ (دی گروپ / PNSC) کے بورڈ آف ڈائریکٹرز صاحبان انتالیسویں سالانہ رپورٹ بمعہ آڈٹ شدہ مالیاتی گوشوارے برائے اختتام سال از 30 جون 2017 پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بنیادی سرگرمیاں

قومی فلیگ کریئر ہونے کے ناطے پاکستان نیشنل شپنگ کارپوریشن عالمی شپنگ میں سنہری تاریخ کی حامل ہے۔ گزرتے سالوں کے دوران پی این ایس سی کا کاروبار بنیادی شپنگ سے بڑھ کر نان ویسل آپریٹنگ کامن کیریئر (NVOCC) کاروبار، بحری انجینئرنگ ورکس اور رئیل اسٹیٹ تک جا پہنچا ہے۔ جس کے نتیجے میں پی این ایس سی بحری فریٹ خدمات کے لیے صنعتی فراہم کنندہ بن چکا ہے۔

جہاں تک بحری سرگرمیوں کا تعلق ہے، بنیادی طور پر گروپ ڈرائی بلک اور مائع بلک کارگو کی تجارت کی سمندری نقل حمل کے ساتھ ساتھ ڈرائی بلک کارگو کے لیے سلاٹ چارٹرنگ خدمات کی فراہمی میں بھی مصروفِ عمل ہے۔ سٹریٹیجک کارگو میں خام تیل، پٹرولیم مصنوعات، خام مال اور دفاعی تنظیموں کا سازوسامان شامل ہے۔ زیادہ تر خام تیل اور پٹرولیم مصنوعات پی این ایس سی کے اپنے خام تیل کے ٹینکروں اور چارٹرڈ ٹینکروں کے اشتراک سے خلیج عرب سے کراچی لائے جا رہے ہیں۔

کارکردگی کا جائزہ

پی این ایس سی انتظامیہ کی حکمت عملی اور اہداف نے گذشتہ سالوں میں 2002 کے بعد سے منافع برقرار رکھنے میں متاثر کن نتائج ظاہر کرنے کے ساتھ ساتھ بالٹک ڈرائی انڈیکس میں کمی اور مختلف منفی عوامل سے متاثرہ شپنگ کی صنعت کے باوجود قومی معیشت میں نمایاں کردار ادا کیا ہے۔

پی این ایس سی نے ملک کے قومی تقاضوں کو پورا کرنے کے لئے کامیابی سے خام تیل کی ترسیل کی ہے۔ اس مقصد کے لئے نیشنل فلیگ کیریئر کا استعمال حکومت کے لئے فریٹ کی مد میں غیر ملکی کرنسی ذخائر کی نمایاں بچت کر رہا ہے۔

مالی سال 2017 کے دوران پی این ایس سی نے بہت سی پبلک سیکٹر تنظیموں کے لئے شپمنٹ کا بندوبست کیا۔ اہم سٹریٹیجک شپمنٹس امریکہ، چین، روس اور کوریا، جبکہ چھوٹی شپمنٹس کی دنیا کے بہت سے حصوں سے نقل و حمل کی گئی۔

کریڈٹ ریٹنگ

انتظامیہ نے مجموعی طور پر گروپ کی کریڈٹ ریٹنگ اور ساکھ کو بہتر بنانے کی مقدور بھر کوشش کی ہے۔ لہٰذا، اس شعبے میں کی جانے والی مخلصانہ کوششوں کے نتیجے میں گروپ پروفائل نے حالیہ سالوں میں نمایاں استحکام حاصل کیا ہے۔ پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) کی جانب سے کیے گئے کریڈٹ کی قابلیت کے سالانہ جائزے میں طویل مدتی قرضوں کے لیے کریڈٹ ریٹنگ '-AA' سے 'AA' تک اپ گریڈ کرنے اور قلیل مدتی قرضوں کے لئے '+1A' برقرار رکھنے کا فیصلہ کیا گیا ہے۔ یہ ریٹنگ گروپ کی مالی اور انتظامی طاقت، خطرات کے تدارک کے مؤثر اور اہل انتظام، متواتر تاریخی کارکردگی اور سرمائے کے متوازن ڈھانچے کی عکاسی کرتی ہے۔

مارکیٹ کا جائزہ

شپنگ بطور عالمی نقل و حمل کی صنعت کے نقل و حمل کے سستے ترین اخراجات پر عالمی تجارتی حجم کا 90 ٪ پورا کر کے عالمی معیشتوں میں کلیدی کردار ادا کر رہی ہے۔

مارکیٹیں بنیادی طور پر دائروی اور عدم استحکام کا شکار رہتی ہیں جس کے نتیجے میں چارٹر نرخ، جہازوں کی قیمت اور جہازوں کی طلب و رسد کے توازن کی مروجہ تبدیلیوں کے سبب افعالی نتائج براہِ راست متاثر ہوتے ہیں۔

Notes

PAKISTAN NATIONAL SHIPPING CORPORTION
39th Annual General Meeting – 2017

Form of Proxy

I/We ____

of____ (full address)

being a member of Pakistan National Shipping Corporation and holder of_______________________ordinary shares

as per Registered Folio No. _______________and / or CDC Participant I.D no. ___________________________

and Sub Account no. ____________________here by appoint_______________________________________

of ____(full address)

or falling him ____

of ____ (full address)

as my/our proxy to vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Corporation to be held on Monday, November 20, 2017 at 11:00 am and at any adjournment thereof.

Please affix
Revenue
Stamp of
Rs. 5

Signed by me/us this ____________day of ______________2017.

Witnesses:

1. Signature ___________________

   Name: ___________________

   CNIC No: ___________________

   Address: ___________________

   ____

2. Signature ___________________

   Name: ___________________

   CNIC No: ___________________

   Address: ___________________

   ____

____

Signature of Member
(Signature should agree with the specimen signature registered with the corporation)

Important:

1. A member entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and vote instead of him/her Such proxy must be a member of the Corporation.

2. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of power of attorney must be deposited at the Registered Office of the Corporation situated at PNSC Building ,Moulvi Tamizuddin Khan Road, P.O.Box No.5350,Karachi-74000, Pakistan at least 48 hours before the time of the meeting.

3. CDC Shareholders or their Proxies are each requested to attach an attested photocopy of their National Identity Card or Passport with this Proxy Form before submission to the Corporation.

پاکستان نیشنل شپنگ کارپوریشن
انتالیسواں سالانہ اجلاسِ عام-2017

پراکسی فارم

میں / ہم ____

ساکن ____ (مکمل پتہ)

پاکستان نیشنل شپنگ کارپوریشن کے ممبر کی حیثیت سے ____________________ عمومی شیئرز کی تحویل رکھتے ہیں۔

رجسٹرڈ فولیونمبر__________ کے مطابق اور / یا سی ڈی سی شریک آئی ڈی نمبر__________ اور ذیلی اکاؤنٹ نمبر__________ ہے

میں / ہم بذریعہ ہذا جناب/محترمہ ____

ساکن ____ (مکمل پتہ)

یاان کی جگہ جناب / محترمہ ____

ساکن ____ (مکمل پتہ)

کاتقرر کرتا / کرتی ہوں کہ وہ بروز پیر 20 نومبر 2017 کو صبح 11:00 بجے یاالتوا کی صورت میں کسی بھی دیگر وقت مقررہ پر منعقد ہونے والے کمپنی کے 39ویں سالانہ اجلاس عام میں میرے / ہمارے پراکسی کی حیثیت سے شرکت کریں اور ووٹ دیں۔

اس پر میری/ ہماری طرف سے ____________2017 کو دستخط کئے گئے۔

5روپے کا رسیدی ٹکٹ چسپاں کریں

گواہان:-

1 دستخط ____________________

نام ____________________

CNIC نمبر: ____________________

پتہ: ____________________

____

2 دستخط ____________________

نام ____________________

CNIC نمبر: ____________________

پتہ: ____________________

____

____

ممبر کا دستخط (یہ دستخط کمپنی کے پاس رجسٹرڈ کردہ نمونہ دستخط کے مطابق ہو)

اہم نوٹ:

1) اجلاس ہذا میں شرکت کرنے اور ووٹ دینے کا اہل ممبر اپنی جانب سے شرکت اور ووٹ دینے کے لیے کسی دوسرے فرد کو اپنا پراکسی مقرر کرسکتا ہے۔ پراکسی کا کمپنی کا ممبر ہونا لازمی ہے۔

2) پراکسی دستاویز اور پاور آف اٹارنی جس کے تحت اس پراکسی پر دستخط کیے گئے ہوں یا اس پاور آف اٹارنی کی نوٹری سے تصدیق شدہ نقل، اجلاس کے مقررہ وقت سے کم از کم 48 گھنٹے قبل کمپنی کے رجسٹرڈ دفتر بمقام مولوی تمیز الدین خان روڈ، پی او بکس نمبر۔5350، کراچی 74000 میں جمع کروائی جائیں۔

3) CDC شیئرز ہولڈرز یا ان کے پراکسیز اپنے اصل قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ نقل اس پراکسی فارم کو کمپنی میں جمع کروانے سے قبل ساتھ منسلک کریں۔

Electronic Payment of Cash Dividends

To   Date: ___________________

SUBJECT: **Bank account details for payment of Dividend through electronic mode**

Dear Sir / Madam,

I/We/Messers.,____, being a / the shareholder(s) of **Pakistan National Shipping Corporation** (the "Corporation")**,** hereby, authorize the Corporation, to directly credit cash dividends declared by it, if any, in my/ our bank account as detailed below:

(i) Shareholder's details:	
Name of Shareholder	
CDC Participant ID & Sub-Account No./CDC IAS/Folio No.	
CNIC/NICOP/Passport/NTN No. (please attach copy)	
Contact Number (Landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank Account details:	
Title of Bank Account	
IBAN (See Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me / us are correct and I/we shall keep the Corporation informed in case of any change(s) in the said particulars in future.

Yours truly,

____

Signature of Shareholder
(Please affix company stamp in case of a corporate entity)

Note:
1. Please provide complete IBAN, after checking with your concerned bank/branch to enable electronic credit directly into your bank account.
2. In case of shares held in electronic form, this letter must be sent to shareholder's participants/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for direct credit of cash dividend declared by PNSC from time to time.
3. In case of shares held in paper certificate form, this letter must be sent to the Corporation's Share Registrar, M/s Technology Trade (Pvt.) Ltd., Dagia House 241-C, Block 2, P.E.C.H.S., off Sharah-e-Quaideen, Karachi.

PNSC Building, Moulvi Tamizuddin Khan Road,
P.O.Box No. 5350, Karachi-74000 Pakistan.
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