

"Connecting Businesses"

Yesterday, Today & Tomorrow



Pakistan International
Container Terminal
Limited



Half Yearly Report

June 30, 2016

CONTENTS

■ Company Information	2
■ Vision & Mission Statements	3
■ Directors' Report	4
■ بیان نظاماء	5
■ Auditors' Report to the Members on review of Interim Financial Information	6
■ Condensed Interim Financial Information	7



COMPANY INFORMATION

Board of Directors

Chairman Mr. Christian R. Gonzalez

Directors Mr. Aasim A. Siddiqui
Mr. Roman Felipe S. Reyes
Mr. Rafael D. Consing, Jr.
Mr. Jose Manuel M. De Jesus
Mr. Hans-Ole Madsen
Mr. Sharique Azim Siddiqui

Audit Committee

Chairman Mr. Roman Felipe S. Reyes
Members Mr. Aasim A. Siddiqui
Mr. Rafael D. Consing, Jr.

Chief Internal Auditor Mr. Moammar Raza

Human Resource and Remuneration Committee

Chairman Mr. Christian R. Gonzalez
Members Mr. Aasim A. Siddiqui
Mr. Hans-Ole Madsen

Key Management

Chief Executive Officer Capt. Zafar Iqbal Awan
Chief Financial Officer & Company Secretary Mr. Muhammad Hunain
Chief Operating Officer Mr. Khurram Aziz Khan

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

Legal Advisor **Usmani & Iqbal**
F-73/11, Swiss Cottages, Block-4,
Clifton, Karachi

Bankers Albaraka Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
Samba Bank Limited

Registered & Terminal Office Berths 6 to 9, East Wharf, Karachi Port
Karachi - Pakistan
Tel: 32855701-14 Fax: 32854815

Share Registrar/ Transfer Agent **Technology Trade (Pvt.) Limited**
Dagia House, 241-C, Block-2, PECHS
Off. Shahra e Quaideen, Karachi
Tel: 34391316-7 Fax: 32854815

Vision

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

Mission

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



Directors' Report

On behalf of the Board of Directors (the Board), we are pleased to present the un-audited condensed interim financial information of the Company for the half year ended June 30, 2016, together with the Auditors' Review Report thereon.

General Review

The Company during the half year ended June 30, 2016 handled 444,229 TEUs (Twenty-Foot Equivalent Units) as compared to 390,045 TEUs handled during the corresponding period last year. This growth in operations is due to the growth in overall Pakistan container market volume.

Operating & Financial Results for the half year ended June 30, 2016

These are summarized below:

	(Rupees in '000)
Profit before taxation	2,217,880
Less: Taxation	<u>810,961</u>
Profit after taxation	1,406,919
Reserves brought forward	<u>1,602,152</u>
Reserves carried forward	<u><u>1,153,468</u></u>
Earnings per Ordinary Share Basic and Diluted	<u><u>Rs.12.89</u></u>

During the half year ended June 30, 2016, the Company achieved turnover of Rs. 4,848 million as compared to Rs. 4,240 million in corresponding period last year showing an increase of 14.3%. This is due to increase in volume handled.

Gross profit for the half year ended June 30, 2016 amounted to Rs. 2,449 million as compared to Rs. 2,019 million in the same period last year showing an increase of 21.3%. Profit after taxation amounted to Rs. 1,407 million as compared to Rs. 1,096 million in the corresponding period last year showing an increase of 28.4%.

The Company endeavors to maximize efficiencies and improve its services to the customers through its state-of-the-art infrastructure and high standards of productivity. The Company's achievements could not have been possible without the concerted efforts and dedication of our all stakeholders, who deserve best compliments in achieving consistent growth during this period.

For and on behalf of the Board

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi; August 25, 2016

Christian R. Gonzalez
Chairman

بیانِ نظام

ہم مجلسِ نظام کی جانب سے ۳۰ جون ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کے لئے کمپنی کے غیر محاسب شدہ مجمد ملخص عبوری مالیاتی معلومات بعد آڈیٹڈ رپورٹ کو پیش کرنے پر سرور ہیں۔

عمومی معروضات

۳۰ جون ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کے دوران کمپنی نے ۴۴۳،۲۲۹ ٹی ای یوز (بیس فٹ برابر عدد) تعامل کیے ہیں، اس کے برعکس گزشتہ سال کی اسی مدت کے دوران ۳۹۰،۰۳۵ ٹی یوز تعامل کیے تھے۔ کاروبار میں اضافے کی بنیادی وجہ پاکستان کے کنٹینر مارکیٹ کے حجم میں اضافہ ہے۔

۳۰ جون ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کے تجارتی اور مالیاتی نتائج

ان نتائج کا خلاصہ درج ذیل ہے:

(روپے ہزاروں میں)

۲،۲۱۷،۸۸۰	منافع قبل از محصولات
۸۱۰،۹۶۱	تقریبی: محصولات
۱،۴۰۶،۹۱۹	منافع بعد از محصولات
۱،۶۰۲،۱۵۲	آوردہ مالیاتی ذخائر
۱،۱۵۳،۳۶۸	فرستادہ مالیاتی ذخائر
۱۲،۸۹	آمدنی فی عمومی حصص

۳۰ جون ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کے دوران، کمپنی نے ۴،۸۳۸ ملین روپے کا کاروبار حاصل کیا جو کہ گزشتہ سال کی یہی ششماہی مدت میں ۲،۲۳۰ ملین روپے تھا نتیجتاً ۱۳.۳% کا اضافہ حاصل ہوا ہے۔ آمدنی میں اضافے کی بنیادی وجہ کاروبار میں اضافہ ہے۔

۳۰ جون ۲۰۱۶ کو ختم ہونے والی ششماہی مدت کے دوران مجموعی منافع ۲،۴۳۹ ملین روپے رہا بمقابلہ ۲،۰۱۹ ملین روپے کہ جو کہ گزشتہ سال کی اسی مدت میں حاصل ہوا تھا یعنی تقریباً ۲۱.۳% اضافہ حاصل ہوا ہے۔ منافع بعد از محصولات اس ششماہی مدت کیلئے ۱،۴۰۶ ملین روپے رہا جو کہ گزشتہ سال کی اسی ششماہی مدت میں ۱،۰۹۶ ملین روپے تھا نتیجتاً ۲۸.۳% کا اضافہ حاصل ہوا ہے۔

کمپنی مسلسل اسی کوشش میں ہے کہ اپنی کارکردگی میں زیادہ سے زیادہ اضافہ کرے تاکہ اپنی اعلیٰ ترین ساختی ہیئت اور بلند پایہ معیار پیداوار کے ذریعے اپنے صارفین کیلئے خدمات میں مزید سے مزید بہتری لاسکے۔ اس مدت میں متواتر توسیع کے حصول کیلئے ہمارے تمام شراکت دار بہترین مدد کے مستحق ہیں کہ جن کی لگن اور شدید جدوجہد کے بغیر کمپنی کی کامیابی ممکن نہ ہوتی۔

مجلسِ نظام کی جانب سے

کرشن آر گوٹوالیز
صدر مجلسِ نظام

کمیشن ظفر اقبال اعوان
کمپنی کے سربراہ
کراچی: ۱۲۵ اگست، ۲۰۱۶



EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
P.O. Box 15541, Karachi 75530,
Pakistan

Tel: +9221 3565 0007-11
Fax: +9221 3568 1965
ey.khi@pk.ey.com
ey.com/pk

Auditors' report to the members on review of interim financial information

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan International Container Terminal Limited** (the Company) as at **30 June 2016** and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity and notes to the accounts for the six-month period then ended (here-in-after referred to as "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Chartered Accountants
Review Engagement Partner: Shariq Ali Zaidi
Date: 25 August 2016
Karachi

**CONDENSED INTERIM BALANCE SHEET
AS AT JUNE 30, 2016**

	Note	June 30, 2016 (Un-audited) ----- (Rupees in `000) -----	December 31, 2015 (Audited)
<u>ASSETS</u>			
NON-CURRENT ASSETS			
Property, plant and equipment	5	3,435,742	3,699,976
Intangibles		12,173	11,002
Long-term deposits	6	1,547	1,547
		<u>3,449,462</u>	<u>3,712,525</u>
CURRENT ASSETS			
Stores, spare parts and loose tools		345,366	359,944
Trade debts		339,529	409,538
Advances	7	30,252	34,727
Deposits, prepayments and other receivables		162,268	234,278
Cash and bank balances	8	579,390	816,352
		<u>1,456,805</u>	<u>1,854,839</u>
TOTAL ASSETS		<u>4,906,267</u>	<u>5,567,364</u>
<u>EQUITY AND LIABILITIES</u>			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,153,468	1,602,152
		<u>2,245,000</u>	<u>2,693,684</u>
NON-CURRENT LIABILITIES			
Long-term financing	9	-	298,755
Deferred tax	10	512,423	591,887
Long-term employee benefits		47,667	42,972
		<u>560,090</u>	<u>933,614</u>
CURRENT LIABILITIES			
Trade and other payables		1,084,636	1,251,671
Unclaimed dividend		156,449	31,981
Accrued markup on long-term financing		3,276	5,555
Current maturity of long-term financing	9	597,511	597,511
Taxation-net		259,305	53,348
		<u>2,101,177</u>	<u>1,940,066</u>
TOTAL EQUITY AND LIABILITIES		<u>4,906,267</u>	<u>5,567,364</u>
CONTINGENCIES AND COMMITMENTS	11		

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



Pakistan International Container Terminal Limited

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2016 (UN-AUDITED)

	Note	Half Year Ended		Quarter Ended	
		June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
		(Rupees in `000)			
Revenue		4,848,162	4,240,451	2,422,867	2,106,977
Cost of services	12	(2,399,286)	(2,221,693)	(1,221,395)	(1,089,340)
Gross profit		2,448,876	2,018,758	1,201,472	1,017,637
Administrative expenses	13	(203,520)	(205,641)	(107,394)	(108,924)
Other income	14	47,898	30,203	22,730	9,423
Finance cost	15	(29,059)	(72,051)	(12,654)	(33,565)
Other expenses	16	(46,315)	(40,481)	(22,583)	(17,408)
Profit before taxation		2,217,880	1,730,788	1,081,571	867,163
Taxation	17	(810,961)	(634,664)	(458,705)	(349,738)
Profit after taxation		1,406,919	1,096,124	622,866	517,425
Earnings per ordinary share - basic and diluted		Rs. 12.89	Rs. 10.04	Rs. 5.71	Rs. 4.74

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2016
(UN-AUDITED)**

	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	----- (Rupees in `000) -----			
Profit for the period	1,406,919	1,096,124	622,867	517,425
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	<u>1,406,919</u>	<u>1,096,124</u>	<u>622,867</u>	<u>517,425</u>

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED JUNE 30, 2016
(UN-AUDITED)**

		Half Year Ended	
		June 30, 2016	June 30, 2015
	Note	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	19	2,472,408	1,874,585
Taxes paid		(684,468)	(238,192)
Long-term employee benefits paid		(828)	(2,836)
Finance cost paid		(31,338)	(77,569)
Long-term deposits		-	300
Net cash generated from operating activities		1,755,774	1,556,288
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(13,894)	(49,824)
Proceeds from disposal of plant and equipment		13,128	6,000
Markup received		37,920	41,224
Net cash generated from / (used in) investing activities		37,154	(2,600)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(298,755)	(298,755)
Dividends paid		(1,731,135)	(927,802)
Net cash used in financing activities		(2,029,890)	(1,226,557)
Net (decrease) / increase in cash and cash equivalents		(236,962)	327,131
Cash and cash equivalents at the beginning of the period		816,352	724,044
Cash and cash equivalents at the end of the period	8	579,390	1,051,175

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2016
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital redemption reserve fund	Unappropriated profit	Sub Total	
			(Rupees in '000)		
As at January 01, 2015	1,091,532	180,000	1,312,364	1,492,364	2,583,896
Profit for the period	-	-	1,096,124	1,096,124	1,096,124
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,096,124	1,096,124	1,096,124
Final cash dividend for the year ended December 31, 2014 @ Rs. 3.5/- per ordinary share	-	-	(382,036)	(382,036)	(382,036)
Interim cash dividend for the year ended December 31, 2015 @ Rs. 5/- per ordinary share	-	-	(545,766)	(545,766)	(545,766)
As at June 30, 2015	1,091,532	180,000	1,480,686	1,660,686	2,752,218
As at January 01, 2016	1,091,532	180,000	1,422,152	1,602,152	2,693,684
Profit for the period	-	-	1,406,919	1,406,919	1,406,919
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,406,919	1,406,919	1,406,919
Final cash dividend for the year ended December 31, 2015 @ Rs.9/- per ordinary share	-	-	(982,378)	(982,378)	(982,378)
Interim cash dividend for the year ending December 31, 2016 @ Rs.8/- per ordinary share	-	-	(873,225)	(873,225)	(873,225)
As at June 30, 2016	1,091,532	180,000	973,468	1,153,468	2,245,000

The annexed notes from 1 to 22 form an integral part of this condensed interim financial information.

CHIEF EXECUTIVE

DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE HALF YEAR ENDED JUNE 30, 2016
(UN-AUDITED)**

1. CORPORATE INFORMATION AND OPERATIONS

- 1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on, listed on the Pakistan Stock Exchange Limited (formerly Karachi Stock Exchange Limited) on October 15, 2003. The registered office of the Company is situated at Berths no. 6 to 9, East Wharf, Karachi Port, Karachi.
- 1.2. The Company has a Build Operate Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002. After the expiry date, the Company will transfer all the related concession assets to KPT, as disclosed in note 20 to this condensed interim financial information.
- 1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.54 percent (2015: 64.54 percent) shareholding of the Company and is the parent company of the Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

This condensed interim financial information of the Company for the half year ended June 30, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

This condensed interim financial information is un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 245 of the Ordinance. This condensed interim financial information does not include all the information and disclosures required in the annual audited financial statements, and should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2015.

The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2015, whereas, the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been extracted from the un-audited condensed interim financial information of the Company for the period ended June 30, 2015.

The figures of the condensed interim profit and loss account for the quarter ended March 31, 2016 and March 31, 2015 and notes forming part thereof have not been reviewed by the auditors of the Company, as they have reviewed the cumulative figures for the half year ended June 30, 2016 and June 30, 2015.

2.2. Functional and presentation currency

This condensed interim financial information is presented in Pakistan Rupees which is the functional and presentation currency of the Company and figures are rounded off to the nearest thousand rupees unless otherwise specified.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this condensed interim financial information are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2015 except as disclosed below:

New / Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments to IFRSs which became effective for the current period:

IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment).

IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment).

There were certain other amendments to the IFRSs which became effective during the current period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

Improvements to Accounting Standards Issued by the IASB

IFRS 7 – Financial Instruments: Disclosures - Applicability of the offsetting disclosures to condensed interim financial statements.

IAS 34 – Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

There were certain other improvements to the IFRSs which became effective during the current period but are considered not to be relevant or have any significant effect on the Company's operations and are, therefore, not disclosed in this condensed interim financial information.

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

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

The preparation of this condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgments made by the management in applying the Company's accounting policies and areas where assumptions and estimates are significant are same as those applied to the annual audited financial statements as at and for the year ended December 31, 2015. The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended December 31, 2015.

	June 30, 2016	December 31, 2015
Note	(Un-audited)	(Audited)
	----- (Rupees in `000) -----	

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	3,416,534	3,631,075
Capital work-in-progress (CWIP)	5.2	19,208	68,901
		<u>3,435,742</u>	<u>3,699,976</u>



	Note	June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited)
5.1. Operating fixed assets			
Net book value at the beginning of the period / year		3,631,075	4,086,982
Additions / transfers from CWIP during the period / year	5.1.1	60,341	127,854
		<u>3,691,416</u>	<u>4,214,836</u>
Less:			
Disposal during the period / year at book value	5.1.2	8,926	24,879
Depreciation charged during the period / year		265,956	558,882
		<u>274,882</u>	<u>583,761</u>
		<u>3,416,534</u>	<u>3,631,075</u>
5.1.1. Additions / transfers from CWIP during the period / year			
Leasehold improvements		2,290	2,516
Port power generation		-	11,581
Ancillary plant and workshop equipment		4,996	58,987
Vehicles		-	14,583
Computers and other equipment		53,055	39,273
Furniture and fixtures		-	914
		<u>60,341</u>	<u>127,854</u>
5.1.2. Disposals during the period / year at book value			
Ancillary plant and workshop equipment		8,599	19,778
Vehicles		-	5,101
Computers and other equipment		327	-
		<u>8,926</u>	<u>24,879</u>
5.2. Capital work-in-progress - Advances to suppliers and contractors	5.2.1	19,208	68,901
5.2.1	During the period, additions to 'Advances to suppliers and contractors' amounted to Rs. 12.6 million (December 31, 2015: Rs.88.0 million) and transfers to operating fixed assets amounted to Rs. 62.4 million (December 31, 2015: Rs.44.3 million).		
6. LONG-TERM DEPOSITS			
These represent, security deposits paid to various parties. These are unsecured, considered good and non-interest bearing.			
	Note	June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited)
7. ADVANCES			
Unsecured, considered good			
Suppliers and contractors		28,800	33,563
Employees		1,452	1,164
		<u>30,252</u>	<u>34,727</u>
7.1	These advances are non-interest bearing.		

		June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited) ----- (Rupees in '000) -----
8. CASH AND BANK BALANCES			
With banks in:			
- current accounts			
- Conventional banking		163,328	33,566
- Islamic banking		10	10
		<u>163,338</u>	<u>33,576</u>
- saving accounts			
- Conventional banking	8.1	304,714	723,647
- Islamic banking	8.1	80,638	36,956
		<u>385,352</u>	<u>760,603</u>
		548,690	794,179
Cash and pay orders in hand		<u>30,700</u>	<u>22,173</u>
		<u>579,390</u>	<u>816,352</u>

- 8.1. These carry profit at rates ranging from 4.0 to 6.8 percent (December 31, 2015: 4.0 to 8.7 percent) per annum.

		June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited) ----- (Rupees in '000) -----
9. LONG-TERM FINANCING			
Secured			
Loan from banking company	9.1	597,511	896,266
Less: current maturity of long-term financing		<u>597,511</u>	<u>597,511</u>
		-	<u>298,755</u>

- 9.1. Represents a long-term local currency loan obtained on Diminishing Musharakah basis. The Musharakah units are to be purchased during a period of 4 years in 5 equal semi-annual installments commencing from April 2015. This facility is secured against all present and future fixed assets of the Company excluding land and building.

		June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited) ----- (Rupees in '000) -----
10. DEFERRED TAX			
Credit / (debit) balances arising in respect of timing differences relating to:			
Accelerated tax depreciation and amortisation		623,553	691,738
Provision for doubtful debts		(473)	(471)
Provision for obsolescence in stores, spare parts and loose tools		(9,068)	(9,359)
Provision for impairment in short-term investment		(13,330)	(13,760)
Others		<u>(88,259)</u>	<u>(76,261)</u>
		<u>512,423</u>	<u>591,887</u>

11. CONTINGENCIES AND COMMITMENTS

11.1. Contingencies

- 11.1.1.** In 2007, the trustees of the KPT filed a civil suit against the Company in the Honorable High Court of Sindh (HCS) alleging mis-declaration of the category of goods upon import of Ship to Shore cranes and Rubber Tyre Gantry cranes in the year 2004 and thereby claiming a sum of Rs.304.5 million with interest since default in payment of wharfage charges alongwith penalty thereon.

As per the Company's legal advisor, the case is at the final stage as evidence and final arguments have been completed. Now judgment of the case is reserved with HCS. One of the Supreme Court Judgment relating to similar suit was brought to the perusal of HCS during final arguments in which, wharfage charges were held as illegal and without lawful authority.

The Company's legal advisor is confident that there is no merit in this claim and hence there is remote possibility that the case would be decided against the Company. The Company based on the merits of the aforementioned matter and as per the advice of its legal advisor expects a favourable outcome and accordingly, no provision in respect of above has been made in this condensed interim financial information.

- 11.1.2.** In 2007, the Deputy District Officer (DDO), Excise and Taxation, Division-B Karachi, raised a demand under section 14 of the Urban Immovable Properties Tax Act, 1958, against the Company for payment of property tax amounting to Rs. 34.6 million for the period from 2003 to 2007 out of the Handling, Marshalling and Storage (HMS) Charges payable to KPT in respect of Berths No 6 to 9, East Wharf, Keamari. The Company has filed an interpleader civil suit against the demand raised by DDO and KPT before the HCS. HCS granted a stay order in 2007 directing that no coercive action be taken against the Company until the case has been finalised. HCS issued an order in 2013 directing the Company to deposit the abovementioned sum with the Nazir of HCS, out of amount withheld by the Company from HMS Charges billed by KPT for the period from July 1 to December 31, 2007. Accordingly, the Company complied with the order of HCS and deposited the same with the Nazir of HCS.

In 2014, the DDO raised further demand against the Company for payment of property tax amounting to Rs. 96.1 million for the period from 2008 to 2014 out of the HMS Charges payable to KPT. The Company filed an application before HCS for obtaining directions for withholding of the amount out of HMS Charges payable to KPT and depositing the same with Nazir of HCS. In 2015, HCS issued orders directing the Company to deposit the abovementioned sum out of amount payable by the Company for HMS Charges billed by KPT amounting to Rs. 151.9 million for the period from July 1, 2015 to June 30, 2016 with Nazir of HCS. HCS further directed the Company to deposit the remaining HMS Charges due and payable onwards with the Nazir of HCS in four equal quarterly installments till the disposal of the instant suit. Accordingly, the Company complied with the order of HCS and periodically deposited Rs. 137.8 million with the Nazir of HCS. Further, subsequent to the period ended June 30, 2016, the Company also deposited last installment amounted to Rs. 14.1 million. The amount deposited with Nazir of HCS is netted off with the HMS payable to KPT.

The decision of the suit is pending and based on the views of the Company's legal advisor, the management believes that there may be no adverse implication for depositing the payments due to KPT in view of complying with the HCS's order. Accordingly, no provision has been made in this respect in this condensed interim financial information.

- 11.1.3.** While completing the tax audit proceedings for the tax year 2013, the Commissioner Inland Revenue (CIR) had modified the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001. The CIR had made certain disallowances / additions towards the taxable income and raised an income tax demand of Rs.130.4 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) against the aforesaid order who partly decided the appeal in favour of the Company. The Company made the payment of Rs. 100.0 million and in respect of issues confirmed by the CIR(A), the Company filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR), pending for adjudication. The legal counsel of the Company is of the view that the issues involved in the appeal will be decided in favour of the Company.

The Company based on the merits of the aforementioned matter and as per the advice of its legal advisor expects a favourable outcome and accordingly, no provision in respect of excess demand raised by the CIR has been made in this condensed interim financial information.

	June 30, 2016 (Un-audited) ----- (Rupees in '000) -----	December 31, 2015 (Audited)
11.2. Commitments		
Commitments for capital expenditure	2,018	-
Outstanding letters of guarantee	109,354	104,454
Outstanding letters of credit	3,790	1,884
11.2.1. Handling, Marshalling and Storage charges payable to KPT:		
Not later than one year	166,746	153,489
Later than one year but not later than five years	942,336	707,492
Later than five years	207,768	609,359
	1,316,850	1,470,340

Half Year Ended		Quarter Ended	
June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
----- (Un-audited) -----			
----- (Rupees in '000) -----			

12. COST OF SERVICES

Salaries, wages and other benefits	247,849	244,594	133,888	114,844
Provident fund contribution	7,223	7,168	3,808	3,529
Staff training	252	460	149	100
Terminal handling and services	364,909	310,142	186,140	145,454
Royalty	465,556	389,854	237,189	196,448
Handling, marshalling and storage charges	77,480	82,066	38,740	38,616
Fuel and power	247,230	261,477	119,613	130,453
Stores, spare parts, loose tools and other maintenance charges	128,765	132,632	65,558	68,370
Technical services fee	383,065	326,745	195,265	162,487
Rent, rates and taxes	126,361	94,454	69,878	45,907
Insurance	54,713	39,592	26,247	20,427
Software maintenance charges	10,594	10,543	5,299	5,272
Office maintenance	20,198	18,138	9,375	8,588
Travelling, conveyance and vehicle running expenses	678	369	380	133
Communication, printing and Stationery	1,065	674	592	571
Utilities	1,897	2,360	1,014	1,168
Depreciation and amortization	241,433	272,868	121,833	132,021
Others	20,018	27,557	6,427	14,952
	2,399,286	2,221,693	1,221,395	1,089,340

13. ADMINISTRATIVE EXPENSES

Included herein are Ijarah rentals amounting to Rs.1.0 million (June 30, 2015: Rs.0.9 million) paid to Habib Bank Limited against the lease of motor vehicles.

Note	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Un-audited)			
	(Rupees in '000)			
14. OTHER INCOME				
Income from financial assets				
Markup on saving accounts				
- Conventional banking	37,504	33,156	18,375	18,003
- Islamic banking	2,494	8,457	1,455	3,905
	39,998	41,613	19,830	21,908
Income from non - financial assets				
Gain / (loss) on disposal of property, plant and equipment	4,201	(14,564)	(100)	(14,779)
Scrap sales	3,699	1,505	3,000	645
Reversal of provision on stores, spare parts and loose tools	-	1,649	-	1,649
	7,900	(11,410)	2,900	(12,485)
	47,898	30,203	22,730	9,423
15. FINANCE COST				
Markup on long-term financing	9	28,835	71,888	12,568
Bank charges		224	163	86
		29,059	72,051	12,654
16. OTHER EXPENSES				
Exchange loss-net	16.1	1,052	5,253	370
Workers' Welfare Fund		45,263	35,228	22,213
		46,315	40,481	22,583

16.1. Exchange loss-net arising on foreign currency financial assets and liabilities.

Note	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Un-audited)			
	(Rupees in '000)			
17. TAXATION				
Current		767,006	621,735	362,618
Deferred		(79,464)	(87,721)	(27,332)
Prior	17.1	123,419	100,650	123,419
		810,961	634,664	458,705

17.1. The Finance Act, 2015 introduced a one-time super tax at the rate of 3 percent for rehabilitation of temporarily displaced persons for the tax year 2015 on all types of income whether taxable under the normal law or under the final tax regime. The Finance Act, 2016 has now extended this levy for a further period of one year i.e. to the tax year 2016.

The effect of above amendment has been incorporated in this condensed interim financial information and an amount of Rs 123.4 million (June 30, 2015: 100.7 million) has been recognised as prior year tax charge.

18. RELATED PARTY TRANSACTIONS

The related parties include the Parent Company, associated companies, entities having directors in common with the Company, directors and other key management personnel. Details of transactions, other than those which have been specifically disclosed elsewhere in this condensed interim financial information, with related parties as mentioned below are entered under normal commercial terms:

	Half Year Ended		Quarter Ended	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
	(Un-audited)			
	(Rupees in '000)			
Associated companies / undertakings				
Technical services fee	383,065	326,745	195,265	162,487
Terminal handling services and rent	266,129	216,561	131,640	109,888
Revenue from container handling	31,074	27,939	13,282	16,580
Traveling expenses	4,943	4,640	3,509	641
Software maintenance	540	300	270	150
Donations	1,800	-	1,200	-
Dividend Paid	1,518,605	832,175	1,518,605	489,515
Key management personnel				
Remuneration	115,437	83,956	50,723	36,613
Staff retirement contribution plan				
Provident fund contribution	10,888	10,416	5,768	5,013

June 30,
2016
----- (Un-audited) -----
----- (Rupees in '000) -----

19. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	2,217,880	1,730,788
Adjustments for non-cash items:		
Depreciation and amortization	268,029	302,610
Finance cost	29,059	71,888
Accrual for long-term employee benefits	5,523	-
Reversal for obsolescence on stores, spare parts and loose tools	-	(1,652)
Unrealised exchange loss	1,133	2,292
Mark-up on saving accounts	(39,998)	(41,613)
(Gain) / loss on disposal of plant and equipment	(4,201)	14,564
	259,545	348,089
Operating profit before working capital changes	2,477,425	2,078,877
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	14,578	16,096
Trade debts	70,009	(2,578)
Advances, deposits, prepayments and other receivables	78,564	72,760
	163,151	86,278
	2,640,576	2,165,155
Decrease in current liabilities		
Trade and other payables	(168,168)	(290,570)
Cash generated from operations	2,472,408	1,874,585

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

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of the S.R.O No. 24(I)/2012 dated January 16, 2012 has given relaxation for the implementation of IFRIC - 12 “Service Concession Arrangements” due to the practical difficulties facing the companies. However, the SECP made it mandatory to disclose the impact on the results due to application of IFRIC-12.

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

	June 30, 2016 (Un-audited) ----- (Rupees in ‘000) -----	December 31, 2015 (Audited)
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) – written down value	1,574,668	1,973,973
Reclassification from spares to intangible assets	141,991	253,910
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	607,412	650,663
Recognition of present value of concession liability on account of intangibles (HMS)	1,060,073	1,104,761
Interest expense charged for the period / year on account of intangibles (HMS)	32,056	63,966
Amortisation expense charged for the period / year on account of intangibles (HMS)	43,251	86,739
Amortisation expense charged for the period / year on account of concession assets (PPE and spares)	138,402	297,666
Increase in profit before tax for the period / year on account of reversal of handling and marshalling charges	77,480	151,442

21. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 25, 2016 have recommended an interim cash dividend of Rs. 7.2 per ordinary share for the year ending December 31, 2016 (December 31, 2015: Cash Dividend of Rs. 27).

22. DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information has been authorised for issue by the Board of Directors of the Company on August 25, 2016.

CHIEF EXECUTIVE

DIRECTOR

www.jamapunji.pk



سرمایہ کاری سمجھداری کے ساتھ



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- Licensed Entities Verification
- Scam meter*
- Jamapunji games*
- Tax credit calculator*
- Company Verification
- Insurance & Investment Checklist
- FAQs Answered
- Stock trading simulator (based on live feed from KSE)
- Knowledge center
- Risk profiler*
- Financial calculator
- Subscription to Alerts (event notifications, corporate and regulatory actions)
- Jamapunji application for mobile device
- Online Quizzes



Jama Punji is an Investor
Education Initiative of
Securities and Exchange
Commission of Pakistan

[jamapunji.pk](https://www.facebook.com/jamapunji.pk)

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices



**Pakistan International Container
Terminal Limited**

Registered and Terminal Office:

Berths 6 to 9, East Wharf, Karachi Port, Karachi - Pakistan.

UAN: (+9221) 111 11 PICT (7428) Fax: 32854815

E-mail: investor-relations@pict.com.pk

Website: www.pict.com.pk



A publication of Pakistan International Container Terminal Ltd. All rights reserved.