

QUARTERLY REPORT

September 30, 2014



Pakistan International Container Terminal Limited

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PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED

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.

**BOARD OF DIRECTORS**

Chairman	Capt. Haleem A. Siddiqui
Chief Executive	Capt. Zafar Iqbal Awan
Directors	Mr. Christian R. Gonzalez Mr. Aasim A. Siddiqui Mr. Edgardo Q. Abesamis Mr. Rafael D. Consing, Jr. Mr. Jose Manuel M. De Jesus Mr. Hans-Ole Madsen

COMPANY INFORMATION

Chief Financial Officer	Mr. Muhammad Owais Kazi
Company Secretary	Mr. Muhammad Hunain

AUDIT COMMITTEE

Chairman	Mr. Edgardo Q. Abesamis
Members	Mr. Aasim A. Siddiqui Mr. Jose Manuel M. De Jesus
Chief Internal Auditor	Mr. Moammar Raza
Secretary	Mr. Muhammad Hunain

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Chairman	Mr. Edgardo Q. Abesamis
Members	Mr. Aasim A. Siddiqui Mr. Jose Manuel M. De Jesus

Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants 6 th Floor, Progressive Plaza, Beaumont Road P.O. Box 15541, Karachi-75530
Legal Advisors	Kabraji & Talibuddin 64 - A/1, Gulshan -e -Faisal, Bath Island Karachi 75530 Usmani & Iqbal 604 - 9, 6 th Floor Business Centre, Mumtaz Hassan Road Karachi The Continental Law Associates Panorama Centre, Saddar, Karachi
Bankers	Albaraka Islamic Bank Pakistan Limited Askari Bank Limited Bank Islami Pakistan Limited Barclays Bank PLC, Pakistan Faysal Bank Limited Habib Bank Limited JS Bank Limited National Bank of Pakistan Samba Bank Limited
Registered & Terminal Office	Berths 6 to 9, East Wharf, Karachi Port Karachi - Pakistan Tel: 32855701-14 Fax: 32854815 UAN. (+9221)111-11-PICT (7428)
Share Registrar / Transfer Agent	Technology Trade (Pvt.) Limited 241-C, Block-2, P.E.C.H.S., Karachi Tel: 34391316-7



Directors' Report

The Directors are pleased to present the Un-audited Condensed Interim Financial Statements of Pakistan International Container Terminal Limited (the Company) for the nine months period ended September 30, 2014.

General Review

The Company, during nine months period ended September 30, 2014, handled 514,661 TEUs (Twenty Foot Equivalent Container Units) as compared to 509,973 TEUs handled during the corresponding period last year.

Operating & Financial Results for the nine months period ended September 30, 2014

These are summarized below:

	(Rupees in '000)
Profit before Taxation	2,201,319
Less: Provision for taxation	(688,300)
Profit after taxation	1,513,019
Un-appropriated profit brought forward	1,698,273
Final cash dividend for the year ended December 31, 2013 on Ordinary shares @ 110%	(1,200,685)
Interim cash dividend for the year ending December 31, 2014 on Ordinary shares @ 70%	(764,072)
Un-appropriated profit carried forward	1,246,535
Earnings per shares - basic and diluted	Rs. 13.86

During the period ended September 30, 2014, the Company achieved a turnover of Rs. 5,711.7 million as compared to Rs. 5,881.4 million in corresponding period last year showing a decrease of 2.9%, reason being decrease of dwell time and unfavorable container mix.

Gross profit for the nine months period ended September 30, 2014 amounted to Rs. 2,601.9 million as compared to Rs. 2,984.1 million in the same period last year showing a decrease of 12.8%. Profit after tax amounted to Rs. 1,513.0 million as compared to Rs. 1,664.9 million in the corresponding period last year showing a decrease of 9.1%.

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. Finally, the Board assures you that the management is fully aware of its responsibility towards its stakeholders and is determined to increase the profitability and ultimately the value of the business.

For and on behalf of the Board of Directors.

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi: October 28, 2014

**CONDENSED INTERIM BALANCE SHEET****AS AT SEPTEMBER 30, 2014**

		September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	Note	----- (Rupees in `000) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,244,312	4,693,036
Intangible assets		20,920	17,102
Long-term deposits		1,900	675
		<u>4,267,132</u>	<u>4,710,813</u>
CURRENT ASSETS			
Stores and spares		380,093	375,129
Trade debts		305,862	303,837
Advances - unsecured, considered good		63,088	46,246
Deposits and prepayments		234,535	171,849
Other receivables		12,489	8,940
Short term investments		-	10,250
Taxation - net		76,757	33,599
Cash and bank balances		1,193,352	2,015,717
		<u>2,266,176</u>	<u>2,965,567</u>
TOTAL ASSETS		<u>6,533,308</u>	<u>7,676,380</u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		<u>1,246,535</u>	<u>1,698,273</u>
		<u>2,338,067</u>	<u>2,789,805</u>
NON-CURRENT LIABILITIES			
Long-term financing - secured	6	1,195,022	1,493,777
Deferred taxation		842,068	942,759
Staff compensated absences		41,406	44,987
		<u>2,078,496</u>	<u>2,481,523</u>
CURRENT LIABILITIES			
Trade and other payables		1,763,685	2,391,755
Accrued markup		54,305	13,297
Current portion of long-term financing	6	298,755	-
		<u>2,116,745</u>	<u>2,405,052</u>
TOTAL EQUITY AND LIABILITIES		<u>6,533,308</u>	<u>7,676,380</u>
CONTINGENCIES AND COMMITMENTS			
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The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

AASIM AZIM SIDDIQUI
DIRECTOR



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2014
(UN-AUDITED)**

	Nine Months Ended		Quarter Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
Note	----- (Rupees in `000) -----			
Operating revenue - net	5,711,772	5,881,376	1,922,086	1,995,818
Terminal operating costs	(3,109,880)	(2,897,241)	(1,127,119)	(1,025,057)
Gross profit	2,601,892	2,984,135	794,967	970,761
Administrative expenses	(300,118)	(321,146)	(105,990)	(104,693)
Other income	79,490	98,024	26,344	35,464
Finance costs	(121,613)	(141,383)	(41,129)	(42,015)
Other charges	(58,332)	(57,394)	(22,735)	(19,386)
Profit before taxation	2,201,319	2,562,236	651,457	840,131
Taxation	(688,300)	(897,364)	(210,239)	(319,990)
Profit after taxation	1,513,019	1,664,872	441,218	520,141
Earnings per ordinary share - basic & diluted	Rs. 13.86	Rs. 15.25	Rs. 4.04	Rs. 4.77

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

AASIM AZIM SIDDIQUI
DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS AND QUARTER ENDED SEPTEMBER 30, 2014
(UN-AUDITED)**

	<u>Nine Months Ended</u>		<u>Quarter Ended</u>	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	----- (Rupees in `000) -----			
Profit after taxation	1,513,019	1,664,872	441,218	520,141
Other comprehensive income - net of taxation	-	-	-	-
Total comprehensive income	<u>1,513,019</u>	<u>1,664,872</u>	<u>441,218</u>	<u>520,141</u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

AASIM AZIM SIDDIQUI
DIRECTOR



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(UN-AUDITED)**

	Note	Nine Months Ended	
		Sep 30, 2014	Sep 30, 2013
		----- (Rupees in `000) -----	
Cash generated from operations	10	3,088,479	4,262,464
Taxes paid		(832,148)	(912,195)
Compensated absences paid		(3,581)	(753)
Finance costs paid		(80,605)	(233,889)
Net cash generated from operating activities		<u>2,172,145</u>	<u>3,115,628</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(37,702)	(64,313)
Proceeds from redemption / sale of investments		500	607,163
Payment in relation to capital work-in-progress		(7,329)	-
Profit received		75,054	81,037
Proceeds from disposal of property, plant and equipment		17,524	8,015
Net cash generated from investing activities		<u>48,047</u>	<u>631,902</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		-	(497,926)
Dividends paid		(3,041,332)	(2,892,559)
Long-term deposits		(1,225)	-
Net cash used in financing activities		<u>(3,042,557)</u>	<u>(3,390,485)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(822,365)</u>	<u>357,045</u>
Cash and cash equivalents at the beginning of the period		2,015,717	1,548,065
Cash and cash equivalents at the end of the period		<u><u>1,193,352</u></u>	<u><u>1,905,110</u></u>

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

AASIM AZIM SIDDIQUI
DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(UN-AUDITED)

	Issued, subscribed and paid-up capital	Reserves			Total
		Capital redemption reserve fund	Unappropriated profit	Sub Total	
	Ordinary shares				
----- (Rupees in '000) -----					
Balance as at January 01, 2013	1,091,532	180,000	2,924,122	3,104,122	4,195,654
Profit after taxation	-	-	1,664,872	1,664,872	1,664,872
Other comprehensive income - net of taxation	-	-	-	-	-
Total comprehensive income	-	-	1,664,872	1,664,872	1,664,872
Interim cash dividend for the year ended December 31, 2013 on Ordinary shares @ Rs. 12.5/-	-	-	(1,364,414)	(1,364,414)	(1,364,414)
Interim cash dividend for the year ended December 31, 2013 on Ordinary shares @ Rs. 14/-	-	-	(1,528,144)	(1,528,144)	(1,528,144)
Balance as at September 30, 2013	1,091,532	180,000	1,696,436	1,876,436	2,967,968
 Balance as at January 01, 2014	 1,091,532	 180,000	 1,518,273	 1,698,273	 2,789,805
Profit after taxation	-	-	1,513,019	1,513,019	1,513,019
Other comprehensive income - net of taxation	-	-	-	-	-
Total comprehensive income	-	-	1,513,019	1,513,019	1,513,019
Final cash dividend for the year ended December 31, 2013 on Ordinary shares @ Rs. 11/-	-	-	(1,200,685)	(1,200,685)	(1,200,685)
Interim cash dividend for the year ending December 31, 2014 on Ordinary shares @ Rs. 2/-	-	-	(218,306)	(218,306)	(218,306)
Interim cash dividend for the year ending December 31, 2014 on Ordinary shares @ Rs. 5/-	-	-	(545,766)	(545,766)	(545,766)
Balance as at September 30, 2014	1,091,532	180,000	1,066,535	1,246,535	2,338,067

The annexed notes from 1 to 12 form an integral part of these condensed interim financial statements.



CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE



AASIM AZIM SIDDIQUI
DIRECTOR



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2014
(UN-AUDITED)**

1. THE COMPANY AND ITS OPERATIONS

- 1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on, listed on the Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at berths 6 to 9, East Wharf, 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 land and all the related concession assets to KPT.
- 1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.53 percent shareholding of the Company and is the ultimate Parent Company of the Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements are unaudited. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 (the Ordinance) and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34, "Interim Financial Reporting" and provisions of and directives issued under the Ordinance. In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed. These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended December 31, 2013.

The comparative balance sheet presented in these condensed interim financial statements has been extracted from the audited annual financial statements of the Company for the year ended December 31, 2013, 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 statements of the Company for the period ended September 30, 2013.

2.2. Functional and presentation currency

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

3. SIGNIFICANT ACCOUNTING POLICIES AND DISCLOSURES

- 3.1. The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended December 31, 2013 except for the change in accounting policy as explained in note 3.2.
- 3.2. During the period, the Company has changed its accounting policy for valuation of stores and spares with effect from January 01, 2014. In accordance with the new policy, stores and spares are valued on First In First Out (FIFO) cost basis whereas previously these were valued on weighted average cost basis. The said accounting policy has been revised to bring the policy of the Company in agreement with the policy adopted by the ultimate Parent Company (ICTSI).

The aforesaid change in accounting policy will result in immaterial change in amount of stores and spares of prior period. As a result such prior period effect has not been accounted for retrospectively and aforesaid impact has been taken in the financial statements of the current period.

- 3.3. Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company except where changes affected presentation and disclosures in these condensed interim financial statements.

4. ACCOUNTING ESTIMATES AND FINANCIAL RISK MANAGEMENT

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

In preparing these condensed interim financial statements, 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 financial statements as at and for the year ended December 31, 2013. 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, 2013.

	Note	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
		----- (Rupees in `000) -----	
5. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	4,224,667	4,378,136
Capital work-in-progress		19,645	314,900
		<u>4,244,312</u>	<u>4,693,036</u>
5.1 Operating fixed assets			
Book value at the beginning of the period / year		4,378,136	4,909,336
Additions during the period / year	5.1.1	<u>316,620</u>	<u>70,500</u>
		4,694,756	4,979,836
Less:			
Disposal during the period / year - at book value	5.1.2	<u>16,564</u>	<u>354</u>
Depreciation charged during the period / year		<u>453,525</u>	<u>601,346</u>
		<u>470,089</u>	<u>601,700</u>
		<u>4,224,667</u>	<u>4,378,136</u>
5.1.1. Additions during the period / year			
Leasehold improvements		24,069	-
Port improvements		1,446	4,086
Port equipment		120,181	44,181
Port power generation		159,329	190
Vehicles		5,583	536
Computers		1,888	10,122
Furniture and fixtures		3,515	1,039
Office equipment		609	10,346
		<u>316,620</u>	<u>70,500</u>
5.1.2. Disposals during the period / year			
Vehicles		16,244	-
Computers		320	-
Port equipment		-	354
		<u>16,564</u>	<u>354</u>



	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
6. LONG-TERM FINANCING - secured		
Long-term financing	1,493,777	1,493,777
Less: current portion of long-term financing	298,755	-
	<u>1,195,022</u>	<u>1,493,777</u>

7. CONTINGENCIES AND COMMITMENTS

7.1. Contingencies

There are no major changes in the status of contingencies as reported in the annual financial statements for the year ended December 31, 2013.

	September 30, 2014 (Un-audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
7.2. Commitments		
Commitments for capital expenditure		
Civil works	-	3,156
Letter of guarantee	96,300	98,200
Letter of credit	-	5,403

8. FINANCE COSTS

	Nine Months Ended		Quarter Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	(Un-audited)			
	(Rupees in '000)			
Interest on long-term financing	121,445	141,112	41,115	41,997
Bank charges	168	271	14	18
	<u>121,613</u>	<u>141,383</u>	<u>41,129</u>	<u>42,015</u>

9. RELATED PARTIES TRANSACTIONS

The related parties include the ultimate Parent Company, associated companies, entities having directors in common with the Company, directors and other key management personnel. The transactions with related parties as mentioned below are entered under normal commercial terms.

	Nine Months Ended		Quarter Ended	
	Sep 30, 2014	Sep 30, 2013	Sep 30, 2014	Sep 30, 2013
	(Un-audited)			
	(Rupees in '000)			
Holding Company				
Technical services fee	<u>363,714</u>	<u>358,180</u>	<u>123,908</u>	<u>128,637</u>
Associated companies/undertakings				
Stevedoring charges	<u>270,858</u>	<u>243,158</u>	<u>109,567</u>	<u>106,494</u>
Revenue from container handling	<u>56,443</u>	<u>25,827</u>	<u>25,626</u>	<u>11,595</u>
Traveling expenses	<u>6,916</u>	<u>6,513</u>	<u>1,918</u>	<u>1,639</u>
Donations	<u>3,485</u>	<u>4,156</u>	<u>698</u>	<u>1,457</u>
Key management personnel				
Remuneration	<u>128,422</u>	<u>135,331</u>	<u>53,327</u>	<u>52,385</u>
Staff retirement contribution plan				
Contribution to staff provident fund	<u>13,419</u>	<u>13,032</u>	<u>4,472</u>	<u>4,496</u>



September 30, September 30,
2014 2013
----- (Un-audited) -----
----- (Rupees in `000) -----

10. CASH FLOWS FROM OPERATING ACTIVITIES

Profit for the period before taxation	2,201,319	2,562,236
Adjustments for non-cash items:		
Depreciation / Amortisation	466,272	462,616
Provision for impairment	9,750	-
Gain on disposal of property, plant and equipment	(1,187)	(7,648)
Finance costs	121,613	141,382
Unrealized exchange loss	10,071	2,107
Profit on short term deposits	(75,054)	(85,156)
Gain on redemption of investment	-	(5,219)
Staff compensated absences	-	731
	<u>531,465</u>	<u>508,813</u>
Operating profit before working capital changes	2,732,784	3,071,049
Decrease / (increase) in current assets		
Stores and spares	(4,964)	(47,172)
Trade debts	(2,025)	(144,050)
Advances, deposits, prepayments and other receivables	(83,077)	(108,648)
	<u>(90,066)</u>	<u>(299,870)</u>
Increase in current liabilities		
Trade and other payables	445,761	1,491,285
Cash generated from operations	<u>3,088,479</u>	<u>4,262,464</u>

11. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on October 28, 2014 have recommended an interim cash dividend of Rs. 3 - 30% per ordinary share for the year ending December 31, 2014 (December 31, 2013: Cash Dividend Rs.14 - 140%).

12. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on October 28, 2014.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

AASIM AZIM SIDDIQUI
DIRECTOR