



# **Pakistan National Shipping Corporation**

**UN-AUDITED REPORT  
FOR THE FIRST QUARTER ENDED  
SEPTEMBER 30, 2009**



## CORPORATE INFORMATION

<b>BOARD</b>	:	<b>Vice Admiral (Retd) Sikandar V. Naqvi</b> HI(M), Chariman
		<b>Mrs. Rukhsana Saleem</b> Member
		<b>Mr. Rasheed Y. Chinoy</b> Member
		<b>Capt. Syed Akhlaq Hussain Abidi</b> Member
		<b>Mr. Khalid Idress</b> Member
		<b>Mr. Jahangir Siddiqui</b> Member
		<b>Mr. Khowaja Obaid Imran Ilyas</b> Member
<b>AUDIT COMMITTEE OF THE BOARD</b>	:	<b>Mr. Rasheed Y. Chinoy</b> – Chairman <b>Mrs. Rukhsana Saleem</b> – Member <b>Capt. Syed Akhlaq Hussain Abidi</b> – Member <b>Mr. Khowaja Obaid Imran Ilyas</b> – Member
<b>SECRETARY</b>	:	<b>Ms. Zainab Suleman</b>
<b>HEAD OFFICE</b>	:	<b>PNSC Building</b> , Moulvi Tamizuddin Khan Road Karachi - 74000
<b>AUDITORS</b>	:	A. F. Ferguson & Co., Chartered Accountants Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants
<b>SHARE REGISTRAR</b>	:	Technology Trade (Pvt) Ltd.
<b>BANKERS</b>	:	<b>Allied Bank Limited</b> <b>Bank Al-Falah Limited</b> <b>Faysal Bank Limited</b> <b>Habib Bank Limited</b> <b>Habib Metropolitan Bank Limited</b> <b>JS Bank Limited</b> <b>MCB Bank Limited</b> <b>National Bank of Pakistan</b> <b>Meezan Bank Limited</b> <b>Royal Bank of Scotland</b> <b>Standard Chartered Bank</b> <b>United Bank Limited</b>



**PAKISTAN NATIONAL SHIPPING CORPORATION  
DIRECTORS' REPORT  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

The Directors of Pakistan National Shipping Corporation (PNSC) are pleased to present the un-audited financial statements for the first quarter ended September 30, 2009.

**OVERVIEW**

The PNSC Group achieved a turnover of Rs 1,732.951 million (including Rs 585.349 million from PNSC as compared to Rs 3,562.810 million (including Rs 1,385 million from PNSC) for the similar period last year. The decline in freight earnings was as per expectations, due to global shipping crisis. The Gross Profit for the period ended September 30, 2009 was Rs 267.086 million as against Rs 535.55 million for the same period last year.

**FUTURE PROSPECTS**

The shipping industry, as reported in the Annual Report 2009, continues to be under pressure. Management is however, making all efforts to minimize its adverse impact.

**Rasheed Y. Chinoy**  
**Director / Chairman of the meeting**

Karachi: October 27, 2009



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED BALANCE SHEET  
AS AT SEPTEMBER 30, 2009**

	(Unaudited) September 30, 2009	(Audited) June 30, 2009
Note	(Rupees in '000)	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7,780,344	8,264,524
Investment properties	969,296	969,296
Long-term investments in:		
- Related party (associate)	-	-
- Listed companies and an other entity	32,706	22,715
Long-term loans	934	1,012
Long-term deposits	90	90
Deferred tax - net	20,655	20,655
	<b>8,804,025</b>	<b>9,278,292</b>
<b>CURRENT ASSETS</b>		
Stores and spares	455,114	444,682
Trade debts	891,987	798,023
Agents' and owners' balances	24,906	20,420
Loans and advances	67,478	76,852
Deposits and short term prepayments	37,055	21,260
Interest / mark-up accrued	241,073	147,214
Other receivables	179,150	136,052
Incomplete voyages	74,864	83,587
Insurance claims	35,475	33,063
Short-term investments	4,204,461	5,108,614
Cash and bank balances	3,286,129	2,223,490
	<b>9,497,692</b>	<b>9,093,257</b>
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Trade and other payables	977,609	1,366,078
Provision against damage claims	99,810	99,810
Taxation - net	397,613	252,268
	<b>1,475,032</b>	<b>1,718,156</b>
<b>NET CURRENT ASSETS</b>	<b>8,022,660</b>	<b>7,375,101</b>
	<b>16,826,685</b>	<b>16,653,393</b>
<b>SHARE CAPITAL AND RESERVES</b>		
Issued, subscribed and paid-up share capital	1,320,634	1,320,634
Reserves	14,802,797	14,512,150
	<b>16,123,431</b>	<b>15,832,784</b>
<b>MINORITY INTEREST</b>		
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP</b>	<b>1,961</b>	<b>1,895</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>	<b>16,125,392</b>	<b>15,834,679</b>
- Group	447,528	596,672
- Minority	2,148	2,148
	<b>449,676</b>	<b>598,820</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities	251,617	219,894
	<b>16,826,685</b>	<b>16,653,393</b>
<b>CONTINGENCIES AND COMMITMENTS</b>		
	3	

The annexed notes 1 to 7 form an integral part of these consolidated financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Quarter ended September 30, 2009	Quarter ended September 30, 2008
	----- (Rupees in '000) -----	
<b>REVENUES</b>		
Chartering revenues	703,941	1,828,720
Freight	1,013,220	1,719,796
Rental income	15,790	14,294
	1,732,951	3,562,810
<b>EXPENDITURE</b>		
Fleet expenses - direct	1,462,267	3,023,473
- indirect	3,598	3,793
	1,465,865	3,027,266
<b>GROSS PROFIT</b>	267,086	535,544
Administrative and general expenses	133,273	108,551
Other operating expenses	82,256	40,231
Finance costs	5,778	39,146
	221,307	187,928
Other operating income	261,927	211,086
<b>PROFIT BEFORE TAXATION</b>	307,706	558,702
Taxation	166,137	125,806
<b>PROFIT AFTER TAXATION</b>	141,569	432,896
<b>Attributable to:</b>		
Equity holders of the Group	141,503	432,851
Minority interest	66	45
	141,569	432,896
	----- (Rupees) -----	
<b>EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP - BASIC</b>	1.07	3.28

The annexed notes 1 to 7 form an integral part of these consolidated financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Issued, subscribed and paid-up share capital	Capital Reserve	Revenue reserve		Minority interest	Total
			General Reserve	Unappro- priated profit		
----- (Rupees in '000) -----						
<b>Balance at July 1, 2008</b>	1,320,634	131,344	129,307	11,311,996	1,694	12,894,975
Profit after taxation for the period ended September 30, 2008	-	-	-	432,851	45	432,896
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	-	-	-	255,390	-	255,390
Total income credited to equity				688,241	45	688,286
<b>Balance as at September 30, 2008</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>12,000,237</b>	<b>1,739</b>	<b>13,583,261</b>
<b>Balance at July 1, 2009</b>	1,320,634	131,344	129,307	14,251,499	1,895	15,834,679
Profit after taxation for the period ended September 30, 2009	-	-	-	141,503	66	141,569
Surplus realised on disposal of vessel	-	-	-	121,062	-	121,062
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	-	-	-	28,082	-	28,082
Total income credited to equity				290,647	66	290,713
<b>Balance as at September 30, 2009</b>	<b>1,320,634</b>	<b>131,344</b>	<b>129,307</b>	<b>14,542,146</b>	<b>1,961</b>	<b>16,125,392</b>

The annexed notes 1 to 7 form an integral part of these consolidated financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	4	<b>2,730,761</b>	2,663,701
Employees' gratuity paid		(27)	(175)
Employees' compensated absences paid		(7,328)	(13,328)
Post retirement medical benefits paid		(346)	(936)
Contributions to plan assets of employees' gratuity fund		-	-
Long-term loans		78	114
Taxes paid		(20,795)	(131,371)
Net cash generated from operating activities		<b>2,702,343</b>	2,518,005
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(55,030)	(2,595,188)
Proceeds from disposal of property, plant and equipment		199,813	-
Interest / mark-up received		111,384	80,819
Net cash generated from / (used in) investing activities		<b>256,167</b>	(2,514,369)
<b>Cash flows from financing activities</b>			
Dividend paid		(24)	(7)
Net cash used in financing activities		(24)	(7)
Net increase in cash and cash equivalents		<b>2,958,486</b>	3,629
Cash and cash equivalents at July 01		<b>3,432,104</b>	4,649,105
Cash and cash equivalents at September 30	5	<b>6,390,590</b>	4,652,734

The annexed notes 1 to 7 form an integral part of these consolidated financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION AND ITS SUBSIDIARY COMPANIES  
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

**1 THE GROUP AND ITS OPERATIONS**

Pakistan National Shipping Corporation (the Corporation), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979 and the Companies Ordinance, 1984 respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under long-term lease agreements. The Group's registered office is situated in 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 (the 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
- Lalazar Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited

**Associate company**

- Muhammadi Engineering Works Limited

The Group owns 55 percent of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100 percent of the share capital of the remaining eighteen subsidiary companies. All the fully owned subsidiaries of the Group operate one vessel / tanker each with the exception of Hyderabad Shipping (Private) Limited, Karachi Shipping (Private) Limited, Lahore Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Malakand Shipping (Private) Limited, Shalamar Shipping (Private) Limited, Sibi Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.



## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders as required under section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

These financial statements are unaudited and comprise of the balance sheet as at September 30, 2009 and the profit and loss account, statement of changes in equity and the cash flow statement for the first quarter ended September 30, 2009.

The items of comparative balance sheet presented in these financial statements as at June 30, 2009 have been extracted from the audited consolidated financial statements of the Group for the year ended June 30, 2009 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statements are for the quarter ended September 30, 2008.

### 2.2 Accounting policies

The accounting policies and the methods of computation of balances adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the group for the year ended June 30, 2009.

## 3 CONTINGENCIES

There has been no material change in the status of contingencies reported in the financial statements of the group for the year ended June 30, 2009.

	Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008
----- (Rupees in '000) -----			
<b>4 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>307,706</b>	558,702
Adjustments for non cash charges and other items:			
Depreciation		<b>314,870</b>	540,228
Amortisation		-	825
Loss on disposal of property, plant and equipment		<b>24,528</b>	-
Provision no longer required written back		-	(10,065)
Provision for employees' gratuity		<b>20,734</b>	698
Provision for employees' compensated absences		<b>11,399</b>	9,994
Provision for post retirement medical benefits		<b>7,293</b>	3,229
Interest / mark-up income		<b>(205,243)</b>	(109,896)
Interest / mark-up expense		-	4,272
(Gain) / Loss on revaluation of long-term investments in listed companies		<b>(9,991)</b>	11,357
Unrealised exchange loss on long term financing		-	33,928
Working capital changes	4.1	<b>2,259,465</b>	1,620,429
		<b>2,730,761</b>	2,663,701



Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008
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----- (Rupees in '000) -----

#### 4.1 WORKING CAPITAL CHANGES

(Increase) / decrease in current assets:

Stores and spares	(10,432)	(52,982)
Trade debts - net	(93,964)	(457,574)
Agents' and owners' balances - net	(4,486)	(14,117)
Loans and advances	9,374	(20,133)
Deposits and prepayments	(15,795)	(13,263)
Other receivables (net)	(43,098)	(164,963)
Incomplete voyages	8,723	(49,230)
Insurance claims	(2,412)	(27,342)
Short-term investments	2,800,000	1,592,692
	<b>2,647,910</b>	793,088

Increase / (decrease) in current liabilities:

Trade and other payables	(388,445)	831,272
Incomplete voyages	-	(3,931)
	<b>(388,445)</b>	827,341
	<b>2,259,465</b>	1,620,429

<b>(Unaudited)</b>	(Audited)
<b>September 30,</b>	June 30,
<b>2009</b>	2009
<b>(Rupees in '000)</b>	

#### 5 CASH AND CASH EQUIVALENTS

Short-term investments	3,104,461	1,208,614
Cash and bank balances	3,286,129	2,223,490
	<b>6,390,590</b>	3,432,104

#### 6. TRANSACTIONS WITH RELATED PARTIES

Related parties comprise of companies affiliated to the holding company and their directors, key executives of the holding company and employee funds maintained by the holding company. Transactions with related parties essentially entail dividend income received from related investee companies, freight income and chartering revenue etc. Transactions with related parties are carried out on arms length basis.

Transactions entered into with key management personnel as per their terms of employment are also included in related party transactions. The significant transactions carried out by the group with related parties during the period are given below:



	<b>Quarter ended September 30, 2009</b>	Quarter ended September 30, 2008
	----- <b>(Rupees in '000)</b> -----	
Contribution to provident fund	<b>2,658</b>	1,943
Key management personnel compensation	<b>4,192</b>	3,434
Directors' fee	<b>260</b>	55
Investment in Term Deposit Receipts (TDRs)	<b>300,000</b>	300,000
Interest income on TDRs received	<b>20,083</b>	3,312
Premium paid on account of medical health insurance	<b>4,461</b>	6,898

**7. DATE OF AUTHORISATION**

These financial statements were authorised for issue on 27 October 2009 by the Board of Directors of the Corporation.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING  
CORPORATION**

**UN-AUDITED  
INTERIM FINANCIAL STATEMENTS**

**FOR THE FIRST QUARTER ENDED  
SEPTEMBER 30, 2009**



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM BALANCE SHEET  
AS AT SEPTEMBER 30, 2009**

	(Unaudited) September 30, 2009	(Audited) June 30, 2009
Note	----- (Rupees in '000) -----	
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,189,722	1,149,157
Investment properties	969,296	969,296
Long-term investments in:		
- Related parties (subsidiaries and an associate)	1,558,416	1,558,416
- Listed companies and an other entity	32,706	22,715
	1,591,122	1,581,131
Long-term loans and advances		
- Related party (a subsidiary)	5,008,387	5,008,387
- Others	934	1,012
	5,009,321	5,009,399
Deferred tax - net	20,655	20,655
	8,780,116	8,729,638
<b>CURRENT ASSETS</b>		
Stores and spares	25,793	22,622
Trade debts	333,862	369,276
Agents' and owners' balances	24,906	20,420
Loans and advances	67,478	76,852
Deposits and short term prepayments	36,696	20,901
Interest / mark-up accrued	240,998	147,207
Other receivables	73,165	77,941
Incomplete voyages	-	5,969
Insurance claims	510	2,859
Short-term investments	4,204,461	5,108,614
Cash and bank balances	3,280,196	2,217,680
	8,288,065	8,070,341
<b>LESS: CURRENT LIABILITIES AND PROVISIONS</b>		
Trade and other payables	9,250,673	9,433,142
Provision against damage claims	99,810	99,810
Incomplete voyages	16,290	-
Taxation - net	419,035	276,666
	9,785,808	9,809,618
<b>NET CURRENT LIABILITIES</b>	(1,497,743)	(1,739,277)
	7,282,373	6,990,361
<b>REPRESENTED BY:</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
Issued, subscribed and paid-up share capital	1,320,634	1,320,634
Reserves	5,031,524	4,768,806
	6,352,158	6,089,440
<b>SURPLUS ON REVALUATION OF FIXED ASSETS - NET OF TAX</b>	678,598	681,027
<b>NON-CURRENT LIABILITIES</b>		
Deferred liabilities	251,617	219,894
	7,282,373	6,990,361
<b>CONTINGENCIES AND COMMITMENTS</b>	4	

The annexed notes 1 to 8 form an integral part of these financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Quarter ended September 30, 2009	Quarter ended September 30, 2008
	----- (Rupees in '000) -----	
<b>REVENUES</b>		
Chartering revenues	521,952	1,280,848
Services fee	47,747	90,705
Rental income	<u>15,649</u>	<u>14,126</u>
	<b>585,348</b>	<b>1,385,679</b>
<b>EXPENDITURE</b>		
Fleet expenses - direct	<u>233,481</u>	<u>1,003,099</u>
- indirect	<u>3,483</u>	<u>3,424</u>
	<u>236,964</u>	<u>1,006,523</u>
<b>GROSS PROFIT</b>	<b>348,384</b>	<b>379,156</b>
Administrative and general expenses	<u>129,288</u>	<u>100,747</u>
Other operating expenses	<u>55,456</u>	<u>31,958</u>
Finance costs	<u>5,390</u>	<u>38,628</u>
	<b>190,134</b>	<b>171,333</b>
Other operating income	<u>261,237</u>	<u>181,369</u>
<b>PROFIT BEFORE TAXATION</b>	<b>419,487</b>	<b>389,192</b>
Taxation	<u>159,198</u>	<u>115,845</u>
<b>PROFIT AFTER TAXATION</b>	<b><u>260,289</u></b>	<b><u>273,347</u></b>

----- (Rupees) -----

<b>EARNINGS PER SHARE - BASIC</b>	<u>1.97</u>	<u>2.07</u>
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The annexed notes 1 to 8 form an integral part of these financial statements.

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

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Issued, subscribed and paid-up share capital	Capital Reserve	Unappro- priated profit	Total
----- (Rupees in '000) -----				
<b>Balance at July 1, 2008</b>	1,320,634	126,843	3,979,938	5,427,415
Profit after taxation for the period ended September 30, 2008	-	-	273,347	273,347
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	-	-	3,737	3,737
Total income credited to equity			277,084	277,084
<b>Balance as at September 30, 2008</b>	<u>1,320,634</u>	<u>126,843</u>	<u>4,257,022</u>	<u>5,704,499</u>
<b>Balance at July 1, 2009</b>	1,320,634	126,843	4,641,963	6,089,440
Profit after taxation for the period ended September 30, 2009	-	-	260,289	260,289
Surplus on revaluation of property, plant and equipment realised through incremental depreciation charged on related assets for the period - net of tax	-	-	2,429	2,429
Total income credited to equity			262,718	262,718
<b>Balance as at September 30, 2009</b>	<u>1,320,634</u>	<u>126,843</u>	<u>4,904,681</u>	<u>6,352,158</u>

The annexed notes 1 to 8 form an integral part of these financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

	Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008
----- (Rupees in '000) -----			
<b>Cash flows from operating activities</b>			
Cash generated from operations	5	2,921,657	2,584,242
Employees' gratuity paid		(27)	(175)
Employees' compensated absences paid		(7,328)	(13,328)
Post retirement medical benefits paid		(346)	(936)
Long-term loans		78	114
Taxes paid		(16,830)	(120,812)
Net cash generated from operating activities		2,897,204	2,449,105
<b>Cash flows from investing activities</b>			
Fixed capital expenditure		(50,268)	(65,566)
Advance to subsidiary company		-	(2,460,722)
Proceeds from disposal of property, plant and equipment		-	-
Interest / mark-up received		111,452	80,857
Net cash generated from / (used in) investing activities		61,184	(2,445,431)
<b>Cash flows from financing activities</b>			
Dividend paid		(24)	(7)
Net cash used in financing activities		(24)	(7)
Net increase in cash and cash equivalents		2,958,363	3,667
Cash and cash equivalents at July 1		3,426,294	4,644,350
Cash and cash equivalents at September 30	6	6,384,657	4,648,017

The annexed notes 1 to 8 form an integral part of these financial statements.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



**PAKISTAN NATIONAL SHIPPING CORPORATION  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2009**

**1 THE CORPORATION AND ITS OPERATIONS**

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 third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under long term lease arrangements. The Corporation is listed on the Karachi and Lahore Stock Exchanges. The Corporation's registered office is situated in PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

The Corporation had applied for delisting from the Lahore and Islamabad Stock Exchanges which was approved by the Securities and Exchange Commission of Pakistan (SECP). The Lahore Stock Exchange (LSE) had filed an appeal in the Lahore High Court against the order of SECP and the Court has decided the the case in favour of LSE. Consequently, the Corporation has filed an appeal in the Supreme Court against the order of the High Court and at present the matter of delisting from LSE is pending subject to a final decision by the Supreme Court.

**2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Statement of compliance**

These financial statements have been prepared in accordance with requirements of the International Accounting Standard No. 34 'Interim Financial Reporting' and are being submitted to the shareholders, as required under Section 245 of the Companies Ordinance, 1984 and the listing regulations of the Karachi Stock Exchange.

These financial statements are unaudited and comprise of the balance sheet as at September 30, 2009 and the profit and loss account, statement of changes in equity and the cash flow statement for the first quarter ended September 30, 2009.

The items of comparative balance sheet presented in these financial statements as at June 30, 2009 have been extracted from the audited financial statements of the Corporation for the year ended June 30, 2009 whereas the items of comparative profit and loss account, statement of changes in equity and cash flow statements are for the quarter ended September 30, 2008.

**2.2 Accounting policies**

The accounting policies and the methods of computation of balances adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual audited financial statements of the Corporation for the year ended June 30, 2009.

**3 ADVANCE TO SUBSIDIARY**

This represents advance for investment in one of the subsidiary companies for purchase of vessel.

**4 CONTINGENCIES**

There has been no material change in the status of contingencies reported in the financial statements of the Corporation for the year ended June 30, 2009.



	Note	Quarter ended September 30, 2009	Quarter ended September 30, 2008
----- (Rupees in '000)-----			
<b>5 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		419,487	389,192
Adjustments for non cash charges and other items:			
Depreciation / amortization		9,703	10,103
Provision for employees' gratuity		20,734	930
Provision for employees' compensated absences		11,399	3,804
Provision for post retirement medical benefits		7,293	1,431
Interest / mark-up income		(205,243)	(109,896)
Interest / mark-up expense		-	4,272
Provision no longer required written back		-	10,065)
(Gain) / Loss on revaluation of long-term investments in listed companies		(9,991)	11,357
Unrealised exchange loss on long term financing		-	33,928
Working capital changes	5.1	2,668,275	2,249,186
		<u>2,921,657</u>	<u>2,584,242</u>
<b>5.1 WORKING CAPITAL CHANGES</b>			
(Increase) / decrease in current assets:			
Stores and spares		(3,171)	(3,218)
Trade debts - net		35,414	(86,519)
Agents' and owners' balances - net		(4,486)	(14,117)
Loans and advances		9,374	(20,133)
Deposits and prepayments		(15,795)	(13,264)
Other receivables (net)		4,776	243,238
Incomplete voyages		22,259	4,674
Insurance claims		2,349	292
Short term investments		2,800,000	1,592,692
		2,850,720	1,703,645
Increase / (decrease) in current liabilities:			
Trade and other payables		(182,445)	540,125
Incomplete voyages		-	5,416
		<u>(182,445)</u>	<u>545,541</u>
		<u>2,668,275</u>	<u>2,249,186</u>
		(Unaudited)	(Audited)
		September 30,	June 30,
		2009	2009
----- (Rupees in '000)-----			
<b>6 CASH AND CASH EQUIVALENTS</b>			
Short term investments		3,104,461	1,208,614
Cash and bank balances		3,280,196	2,217,680
		<u>6,384,657</u>	<u>3,426,294</u>



## 7 TRANSACTIONS WITH RELATED PARTIES

- 7.1 The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates).

Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services. Further, transactions entered into with the key management personnel as per their terms of employment are also included in related party transactions.

Service fees on account of rendering of technical, commercial, administrative and financial services are charged to related parties on the basis of mutually agreed terms.

The significant transactions carried out by the Corporation with related parties during the period are given below:

	<b>Quarter ended September 30, 2009</b>	Quarter ended September 30, 2008
	----- (Rupees in '000) -----	
Service fee charged to subsidiary companies	<b>47,747</b>	90,705
Rental expense	<b>83</b>	83
Delivery of stores and spares	<b>3,383</b>	5,850
Retirement benefits cost charged to subsidiary companies	<b>1,678</b>	7,756
Contribution to provident fund	<b>2,223</b>	1,839
Key management personnel compensation	<b>4,192</b>	3,434
Directors' fee	<b>260</b>	55
Investment in Term Deposit Receipts (TDRs)	<b>300,000</b>	300,000
Interest income on TDRs received	<b>20,083</b>	3,312
Premium paid on account of medical health insurance	<b>4,461</b>	6,898
Advance to subsidiary	<b>-</b>	2,460,722

- 7.2 In addition, the Corporation is also 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 with each of the subsidiary companies.

## 8 DATE OF AUTHORISATION

These financial statements were authorised for issue on 27 October 2009 by the Board of Directors of the Corporation.

**Rasheed Y. Chinoy**  
Director / Chairman of the meeting

**Rukhsana Saleem**  
Director



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