



HALF YEARLY REPORT

JUNE 30, 2020



An ICTSI Group Company

Pakistan International Container Terminal Limited

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Vision

Be the container terminal of choice for trade at Karachi port



Mission

To be most reliable Port gateway of international trade with the commitment to provide customer centric services



COMPANY INFORMATION

Board of Directors

Chairman

Mr. Andrew James Dawes
(Non-Executive Director)
(Resigned on May 18, 2020)
Mr. Hans-Ole Madsen
(Non-Executive Director)
(Appointed on May 18, 2020)

Directors

Mr. Aasim Azim Siddiqui
(Non-Executive Director)
Ms. Gigi Iluminada Miguel
(Non-Executive Director)
Mr. Gordon Alan P. Joseph
(Independent Director)
Mr. Jacob Christian Gulmann
(Non-Executive Director)
Mr. Roman Felipe S. Reyes
(Independent Director)
Mr. Sharique Azim Siddiqui
(Non-Executive Director)

Company Secretary

Mr. Adil Siddique

Audit Committee

Chairman

Mr. Roman Felipe S. Reyes

Members

Mr. Sharique Azim Siddiqui
Ms. Gigi Iluminada Miguel

Chief Internal Auditor

Mr. Moammar Raza

Human Resource &

Remuneration Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Aasim Azim Siddiqui
Mr. Hans-Ole Madsen

Risk Management Committee

Chairman

Mr. Gordon Alan P. Joseph

Members

Mr. Hans-Ole Madsen
Mr. Sharique Azim Siddiqui

Key Management

Chief Executive Officer

Mr. Khurram Aziz Khan

Chief Financial Officer

Mr. Muhammad Hunain

External Auditors

EY Ford Rhodes

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

Al Baraka Bank (Pakistan) Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
Samba Bank Limited
Standard Chartered Bank (Pakistan) Limited

Registered & Terminal Office

Berths 6-9, East Wharf, Karachi Port, Karachi
UAN: +92-21-111 11 7428 (PICT)
Fax : +92-21-3285-4815
Email: investor-relations@pict.com.pk
Website: www.pict.com.pk

Share Registrar / Transfer Agent

CDC Share Registrar Services Limited,
CDC House, 99-B, Block B, S.M.C.H.S.,
Main Shahra-e-Faisal, Karachi - 74400
Tel: +92-21-111-111-500 Fax: +92-21-34326053



DIRECTORS' REPORT FOR THE HALF YEAR ENDED JUNE 30, 2020

We the undersigned for and on behalf of the Board of Directors hereby present un-audited condensed interim financial statements of the Company for the half year ended June 30, 2020, together with the Auditors' review report thereon.

BUSINESS PERFORMANCE REVIEW

Covid-19 pandemic has triggered the economic recession globally including slowdown in global trade, production and supply chain along-with lockdowns, travel restrictions and social distancing measures to contain the spread of the pandemic. Government of Pakistan (GOP) also took measures to contain the spread of Covid-19 which included smart lockdowns, suspension of flight operations, restrictions of inter-city movements and public gatherings & events.

Due to the economic slowdown during the first half of 2020, overall container volumes at Karachi Port dropped by 8%. This also impacted PICT volumes. However, through "Beyond the Gates" strategy coupled with quality service your Company managed to retain sustainable market share of 175,925 containers as compared to 182,969 containers handled in corresponding period last year.

Combating Covid-19 with Safety Measures & CSR Initiatives

Your Company stood with GOP and country fellow-men and continued to operate 24/7 with all possible effective precautionary measures to safeguard health and safety of employees through implementing social distancing practices, including work from home, increased use of personal protective equipment and presence of essential staff only in terminal premises. Your Company also took initiatives to support surrounding communities during the lockdown period by distributing ration to eligible families.

Combating Covid-19 with Business Initiatives

Being a responsible corporate entity, your company took an initiative to waive its applicable service charges on Covid-19 related import consignments which include hand sanitizers, protective masks, surgical gloves and Covid-19 testing kits.

Future Outlook

Global container market is expected to drop by 13% during 2020 amid relative easing in restrictions due to Covid-19 globally as suggested per World Trade Organisation. Your Company foresees slight improvement in global trade during later half of the year and resultant impacts on overall trade activity at Karachi Port. Further, your company is continuously pursuing Karachi Port Trust [KPT] for extension and expansion of "build, operate and transfer" contract with KPT.

OPERATING AND FINANCIAL RESULTS FOR THE HALF YEAR ENDED JUNE 30, 2020

	(Rupees in million)
Revenue	4,115.98
Gross Profit	1,833.14
Profit before taxation	1,650.36
Profit after taxation	1,171.79
Un appropriated profit brought forward	1,572.19
Un appropriated profit carried forward	1,816.19
Earnings per Ordinary Share – Basic and Diluted	Rs. 10.74



During the half year, the Company has achieved Revenue of Rs 4,115.98 million as compared to Rs 3,805.48 million in corresponding period last year despite slight decrease in container volumes by 4%. Further, your Company through operational excellence and cost optimizations concluded the half year with Gross Profit of Rs 1,833.14 million. The half year ended with net profit of Rs 1,171.79 million which is 17% higher as compared to corresponding period last year.

The Company is making concerted efforts to mitigate the effects of Covid-19 pandemic and competition through minimisation of costs, maximization of efficiencies, increased productivity through innovation while continuing the provision of improved services to the customers.

ACKNOWLEDGEMENT

The Board acknowledges the contribution of each and every employee of the Company. The Board also places on record its sincere gratitude to extremely valued shareholders, customers, suppliers, employees and financial institutions for their support, confidence and cooperation which enables the Company to sustain the competitive environment. The Board would also like to thank all concerned regulatory authorities for their prompt guidance and support. This continued support gives us confidence and courage and we remain committed to achieve excellence in all areas of operations.

The Board and management wish general public to stay safe from the Covid-19 pandemic and reboot for a prosperous and healthy Pakistan.

Thanking you all

On behalf of the Board of Directors



Mr. Hans-Ole Madsen
Chairman

Karachi,

Dated: August 17, 2020



Mr. Khurram Aziz Khan
Chief Executive Officer



بیانِ نظام

ہم مجلسِ نظام کی جانب سے 30 جون 2020 کو ختم ہونے والی ششماہی مدت کے لئے آپ کی کمپنی کے غیر محاسب شدہ مختصر عبوری مالیاتی گوشوارے بمعہ محاسب کی جائز رپورٹ پیش کرنے پر مسرور ہیں۔

کاروباری کارکردگی کا جائزہ

کوویڈ 19 عالمی وباء نے عالمی سطح پر معاشی بحران بشمول عالمی تجارت، پیداوار اور مال کی فراہمی میں سست روی کو متحرک کیا اسکے ساتھ ساتھ وباء کے روک تھام کیلئے لاک ڈاؤن، سفری پابندیاں اور معاشرتی دوری کے اقدامات کیے گئے۔ حکومت پاکستان نے بھی اس وباء کی روک تھام کے لیے اقدامات کیے جس میں ساڑھے لاک ڈاؤن، فلائٹ آپریشن کی معطلی، اندرون شہر سفر اور سماجی تفریبات پر پابندی شامل ہے۔ 2020 کے پہلے ششماہی کے دوران معاشی سست روی کے باعث، کراچی بندرگاہ پر مجموعی طور پر کنٹینرز کے حجم کے نمونہ 8% کمی واقع ہوئی۔ اس سے پی ای سی ٹی کا حجم بھی متاثر ہوا۔ تاہم، "بیونڈ واگٹس" حکمت عملی اور معیاری خدمات کے ذریعے، آپ کی کمپنی پائیدار مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی اور 175,925 کنٹینرز سنبھالے جو کہ گزشتہ سال کی اسی مدت کے دوران 182,969 رہے۔

حفاظتی اقدامات اور سی ایس آر کے ساتھ کوویڈ 19 کا مقابلہ

آپ کی کمپنی حکومت پاکستان اور ملک کی عوام کے ساتھ شانہ بشانہ کھڑی رہی اور ملازمین کی صحت اور حفاظت کو ہر ممکن موثر احتیاطی تدابیر کے ذریعے یقینی بنا کر کام کو جاری و ساری رکھا جن میں سماجی دوری کے طریقے، گھر سے کام، ذاتی حفاظتی ساز و سامان کے استعمال میں اضافہ اور میٹل میں صرف ضروری عملے کی موجودگی شامل ہے۔ آپ کی کمپنی نے لاک ڈاؤن کے دوران آس پاس کی کمیونٹیز کی مدد کے لیے اقدامات کیے اور مستحق خاندانوں کو راشن بھی تقسیم کیا۔

کاروباری اقدامات کے ساتھ کوویڈ 19 کا مقابلہ

ایک ذمہ دار کارپوریٹ شہری ہونے کے ناطے، آپ کی کمپنی نے کوویڈ 19 کی وباء سے مقابلے کرنے کے لیے ضروری درآمدی سامان پر اپنے قابل اطلاق سروس چارجز معاف کرنے کی پہل کی جس میں ہینڈ سینیٹائزرز، حفاظتی ماسک، سرجیکل دستانے اور کوویڈ ٹیسٹنگ کٹس شامل ہیں۔

مستقبل کا منظر نامہ

عالمی تجارتی تنظیم کی تجویز کے مطابق سال 2020 کے دوران عالمی سطح پر پابندیوں میں آسانی کے ساتھ عالمی کنٹینر مارکیٹ میں 13% کمی متوقع ہے۔ آپ کی کمپنی اگلے نصف سال کے دوران عالمی تجارت میں کچھ بہتری کی کرتی ہے جس کے اثرات کراچی پورٹ کے مجموعی تجارتی سرگرمیوں پر بھی پڑیں گے۔ مزید یہ کہ، آپ کی کمپنی کراچی پورٹ ٹرسٹ (کے پی ٹی) کے ساتھ "بلڈ، آپریٹ، اور ٹرانسفر" کے معاہدے میں توسیع اور پھیلاؤ کیلئے کے پی ٹی کے ساتھ مسلسل عمل پیرا ہے۔



30 جون 2020 کو ختم ہونے والی سہ ماہی مدت کے کاروباری اور مالیاتی نتائج

(روپے ملین میں)

4,115.98

1,833.14

1,650.36

1,171.79

1,572.19

1,816.19

Rs. 10.74

محاصل

مجموعی منافع

محصولات سے قبل منافع

بعد از محصولات منافع

آگے لایا گیا غیر منقسمہ منافع

غیر مختص منافع فرستادہ

بنیادی اور خفیف آمدنی فی عمومی حصص

ششماہی مدت کے دوران کمپنی نے کنٹینر کے حجم کے نمونوں میں 4% کی معمولی کمی کے باوجود 4,115.98 ملین روپے کی آمدنی حاصل کی جو کہ گزشتہ سال کے اسی مدت کے دوران 3,805.48 ملین روپے تھی۔ مزید یہ کہ، آپ کی کمپنی نے آپریشنل برتری اور لاگت کی اصلاح کے ذریعے 1,833.14 ملین روپے کا مجموعی منافع حاصل کیا۔ ششماہی مدت کا اختتام 1,171.79 ملین روپے خالص منافع سے ہوا جو کہ گزشتہ سال کے اسی ششماہی مدت کے مقابلے میں 17% زیادہ ہے۔

کمپنی ٹھوس کوششوں کے ساتھ استعداد کو بڑھانے، جدت کے ذریعے پیداواری صلاحیت میں اضافے اور اپنے گاہکوں کو بہتر معیاری خدمات کی فراہمی کے ذریعے کوویڈ 19 کی وبا اور مسابقت کے اثرات کو کم کرنا جاری رکھے ہوئے ہے۔

اظہار تشکر

مجلس نظماء ہر ایک ملازم کی شکرگزار ہے۔ مجلس نظماء اپنے انتہائی قابل قدر حصص یافتگان، گاہکوں، سپلائرز، ملازمین اور مالیاتی اداروں کی حمایت، اعتماد اور تعاون کا تہہ دل سے شکریہ ادا کرتی ہے جو کمپنی کو مسابقتی ماحول میں برقرار رکھنے کا باعث بنتے ہیں۔ ہم تمام انضباطی اداروں کی فوری طور پر رہنمائی اور تعاون کے بھی مشکور ہیں۔ یہ مسلسل حمایت ہمارے اعتماد اور حوصلہ افزائی کا باعث بنتا ہے جس کی وجہ سے ہم اپنی تمام عمل کاری میں عمدگی حاصل کرنے کے لیے پرعزم رہتے ہیں۔

بورڈ اور انتظامیہ اس بات کی خواہش مند ہے کہ عام عوام کوویڈ 19 کی عالمی وبا سے محفوظ رہیں اور خوشحال اور صحت مند پاکستان کے لیے دوبارہ آغاز کریں۔

آپ سب کا شکریہ۔

مجلس نظماء کی جانب سے

جناب خرم عزیز خان
کمپنی کے سربراہ

جناب ہانس اول میڈسن
چیئرمین

کراچی

بتاریخ 17 اگست 2020





EY Ford Rhodes
Chartered Accountants
Progressive Plaza, Beaumont Road
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Pakistan

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Pakistan International Container Terminal Limited Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Pakistan International Container Terminal Limited as at 30 June 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the financial statements for the six-months period then ended (here-in-after referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the three months period ended 30 June 2020 and 2019 have not been reviewed, as we are required to review only the cumulative figures of the six-months period ended 30 June 2020.

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 statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's review report is Mr. Arif Nazeer.



Arif Nazeer
Chartered Accountants

Place: Karachi

Date: 21 August 2020

A member firm of Ernst & Young Global Limited



**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in `000) -----	
NON-CURRENT ASSETS			
Property, plant and equipment	5	1,827,670	2,108,450
Intangibles		58,132	70,632
Long-term deposits		10,424	10,424
		<u>1,896,226</u>	<u>2,189,506</u>
CURRENT ASSETS			
Stores, spare parts and loose tools - net		437,203	427,508
Trade debts - net	6	417,682	438,165
Advances		20,342	6,389
Deposits, prepayments and other receivables		179,147	219,117
Short-term investments - net	7	-	-
Cash and bank balances		1,863,798	1,315,635
		<u>2,918,172</u>	<u>2,406,814</u>
TOTAL ASSETS		<u><u>4,814,398</u></u>	<u><u>4,596,320</u></u>
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital		1,091,532	1,091,532
Reserves		1,996,192	1,752,198
		<u>3,087,724</u>	<u>2,843,730</u>
NON-CURRENT LIABILITIES			
Deferred taxation - net	8	18,401	87,328
Long-term employee benefits		62,153	57,871
		<u>80,554</u>	<u>145,199</u>
CURRENT LIABILITIES			
Trade and other payables	9	1,518,211	1,518,866
Unclaimed dividends		57,771	55,885
Taxation - net		70,138	32,640
		<u>1,646,120</u>	<u>1,607,391</u>
TOTAL EQUITY AND LIABILITIES		<u><u>4,814,398</u></u>	<u><u>4,596,320</u></u>
CONTINGENCIES AND COMMITMENTS	10		

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020
(UN-AUDITED)**

		Half Year Ended		Quarter Ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Note		(Rupees in `000)			
Revenue – net		4,115,983	3,805,485	1,890,163	1,919,510
Cost of services		(2,282,838)	(2,175,661)	(1,064,322)	(1,110,928)
Gross profit		1,833,145	1,629,824	825,841	808,582
Administrative expenses		(267,917)	(245,004)	(119,437)	(120,316)
Other expenses		(4,562)	(10,295)	(604)	(8,097)
Finance cost		(328)	(254)	(66)	(155)
Other income	11	90,026	35,870	38,024	21,244
Profit before taxation		1,650,364	1,410,141	743,758	701,258
Taxation	12	(478,568)	(409,340)	(215,541)	(203,374)
Profit after taxation		1,171,796	1,000,801	528,217	497,884
Earnings per ordinary share - basic and diluted (Rupees)		10.74	9.17	4.84	4.56

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2020
(UN-AUDITED)

	Half Year Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	----- (Rupees in `000) -----			
Profit after taxation	1,171,796	1,000,801	528,217	497,884
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	1,171,796	1,000,801	528,217	497,884

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED JUNE 30, 2020
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Capital reserve Capital redemption reserve fund	Revenue reserve Unappropriated profit	Total reserves	Total
(Rupees in '000)					
Balance as at January 01, 2019	1,091,532	180,000	1,028,427	1,208,427	2,299,959
Profit after taxation	-	-	1,000,801	1,000,801	1,000,801
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,000,801	1,000,801	1,000,801
Final cash dividend for the year ended December 31, 2018 @ Rs.4.10/- per ordinary share	-	-	(447,528)	(447,528)	(447,528)
Interim cash dividend for the year ended December 31, 2019 @ Rs.4.0/- per ordinary share	-	-	(436,613)	(436,613)	(436,613)
Balance as at June 30, 2019	1,091,532	180,000	1,145,087	1,325,087	2,416,619
Balance as at January 01, 2020	1,091,532	180,000	1,572,198	1,752,198	2,843,730
Profit after taxation	-	-	1,171,796	1,171,796	1,171,796
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	-	1,171,796	1,171,796	1,171,796
Final cash dividend for the year ended December 31, 2019 @ Rs.7.50/- per ordinary share	-	-	(818,649)	(818,649)	(818,649)
Interim cash dividend for the year ending December 31, 2020 @ Re.1.0/- per ordinary share	-	-	(109,153)	(109,153)	(109,153)
Balance as at June 30, 2020	1,091,532	180,000	1,816,192	1,996,192	3,087,724

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED JUNE 30, 2020
(UN-AUDITED)

		Half Year Ended	
		June 30, 2020	June 30, 2019
	Note	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	15	1,953,897	1,431,619
Taxes paid		(509,997)	(456,827)
Long-term employee benefits paid		(1,576)	(2,576)
Finance cost paid		(328)	(254)
Net cash generated from operating activities		1,441,996	971,962
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(55,739)	(24,279)
Proceeds from disposal of operating fixed assets		349	3,006
Markup on saving accounts received		87,475	28,455
Net cash generated from investing activities		32,085	7,182
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(925,918)	(952,368)
Net cash utilised in financing activities		(925,918)	(952,368)
Net increase in cash and cash equivalents		548,163	26,776
Cash and cash equivalents at the beginning of the period		1,315,635	425,339
Cash and cash equivalents at the end of the period		1,863,798	452,115

The annexed notes from 1 to 20 form an integral part of these condensed interim financial statements.



Chief Financial Officer



Chief Executive Officer



Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED JUNE 30, 2020
(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 on October 15, 2003. The registered office of the Company is situated at Berths 6-9, East Wharf, Karachi Port, Karachi.
- 1.2.** The Company has a Build, Operate and 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 concession assets to KPT.
- 1.3.** The Company is a subsidiary of ICTSI Mauritius Limited whereas its ultimate parent company is International Container Terminal Services Inc., a company incorporated in Philippines.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These condensed interim financial statements of the Company for the half year ended June 30, 2020 have been prepared in accordance with the requirements of the International Accounting Standard (IAS 34) "Interim Financial Reporting", issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act) and the provisions of and directives issued under the Act. Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors and is being submitted to the shareholders as required under Section 237 of the Act. These condensed interim financial statements do not include all the information and disclosures as required in the annual audited financial statements and therefore should be read in conjunction with the annual audited financial statements of the Company for the year ended December 31, 2019.

The comparative condensed interim statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows have been extracted from the un-audited condensed interim financial statements of the Company for the period ended June 30, 2019.

The figures of the condensed interim statement of profit or loss for the quarter ended June 30, 2020 and June 30, 2019 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, 2020 and June 30, 2019.

2.2. Functional and presentation currency

These condensed interim financial statements are presented in Pakistani 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 these condensed interim financial statements are consistent with those followed in the preparation of the annual audited financial statements for the year ended December 31, 2019 except for the adoption of the following new amendments to International Financial Reporting Standards (IFRSs) by the Company, which became effective for the current period:

IFRS 3	Definition of a Business (Amendments)
IFRS 9 / IAS 39 / IFRS 7	Interest Rate Benchmark Reform (Amendments)
IFRS 16	COVID 19 Related Rent Concessions (Amendments)
IAS 1 / IAS 8	Definition of Material (Amendments)

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual periods beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on the Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

The adoption of the above amendments to accounting standards and revised Conceptual Framework did not have any material effect on the Company's condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS AND FINANCIAL RISK MANAGEMENT

The preparation of these condensed interim financial statements 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 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 annual audited financial statements as at and for the year ended December 31, 2019. The Company's financial risk management objectives and policies are consistent with those disclosed in the annual audited financial statements as at and for the year ended December 31, 2019.

5. PROPERTY, PLANT AND EQUIPMENT

		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in `000) -----	
Operating fixed assets	5.1	1,641,949	1,901,008
Capital work-in-progress (CWIP)		185,721	207,442
		<u>1,827,670</u>	<u>2,108,450</u>
5.1. Operating fixed assets			
Written down value at the beginning of the period / year		1,901,008	2,335,855
Additions / transfers from CWIP during the period / year	5.1.1	77,460	218,332
		<u>1,978,468</u>	<u>2,554,187</u>
Less:			
Disposals during the period / year at written down value	5.1.2	(811)	(1,139)
Depreciation charged during the period / year		<u>(335,708)</u>	<u>(652,040)</u>
		<u>(336,519)</u>	<u>(653,179)</u>
		<u>1,641,949</u>	<u>1,901,008</u>



June 30, December 31,
2020 2019
(Un-audited) (Audited)
----- (Rupees in '000) -----

5.1.1. Additions / transfers from CWIP during the period / year

Leasehold improvements	18,690	28,128
Container / terminal handling / workshop equipment	52,414	157,205
Port power generation	-	9,536
Computers and other equipment	6,272	20,063
Furniture and fixtures	84	3,400
	<u>77,460</u>	<u>218,332</u>

5.1.2. Disposals during the period / year at written down value

Computers and other equipment	811	886
Furniture and fixtures	-	253
	<u>811</u>	<u>1,139</u>

6. TRADE DEBTS - net

Includes Rs. 3.18 million (December 31, 2019: Rs. 2.42 million) receivable from related parties.

June 30, December 31,
2020 2019
(Un-Audited) (Audited)
Note ----- (Rupees in '000) -----

7. SHORT-TERM INVESTMENTS - net

At amortised cost

Certificate of investments (COIs)	43,000	43,000
Allowance for expected credit losses	(43,000)	(43,000)
	<u>-</u>	<u>-</u>

7.1

7.1 Represents investment in COIs of Saudi Pak Leasing Company (the Investee Company). The Investee Company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. Due to uncertainties involved, the Company has carried impairment provision in these condensed interim financial statements as a matter of prudence, however, the Company is continuously pursuing for the recovery of the investment amount.

June 30, December 31,
2020 2019
(Un-audited) (Audited)
----- (Rupees in '000) -----

8. DEFERRED TAXATION - net

Credit / (debit) balances arising in respect of timing differences relating to:

Accelerated tax depreciation and amortisation	136,558	204,345
Provisions	(118,157)	(117,017)
	<u>18,401</u>	<u>87,328</u>

9. TRADE AND OTHER PAYABLES

Includes Rs. 143.80 million (December 31, 2019: Rs. 146.99 million) payable to related parties.



10. CONTINGENCIES AND COMMITMENTS

10.1. Contingencies

Except for the contingencies mentioned below, as at June 30, 2020, there is no material change in the status of matters reported in note 16.1 as contingencies in audited financial statements of the Company for the year ended December 31, 2019.

- 10.1.1.** In 2019, Additional Commissioner Inland Revenue (ACIR) amended the deemed assessments of the Company for the tax years 2018 and 2014 by passing the orders under section 122(5A) of the Income Tax Ordinance, 2001 and made certain additions/disallowance to the taxable income and tax credits claimed by the Company and raised the income tax demands of Rs. 537,247 million and Rs. 451,828 million respectively. The Company filed the appeals before Commissioner Inland Revenue – Appeals (CIR-A) who accepted the Company's contention in almost all respects except for couple of matters, for which CIR-A directed the ACIR for re-examination. Being aggrieved by the decision of CIR-A, the Company and ACIR filed the appeals before Appellate Tribunal Inland Revenue (ATIR) which are now pending for adjudication.

The tax advisor of the Company is of the view that the issues involved in the appeals will be decided in favor of the Company. Accordingly, no provision in respect of the aforementioned demands raised by ACIR has been made in these condensed interim financial statements.

- 10.1.2.** Section 14A of Customs Act, 1969 was amended through Finance Act 2013 effective from July 01, 2013, according to which port authorities shall provide at its own cost adequate security and accommodation to customs staff for residential purposes, offices, examination charges, detention and storage of goods and for other departmental requirements to be determined by the Collector of Customs and shall pay utility bills, rent and taxes in respect of such accommodation.

The Company through its legal advisor filed a joint petition with other terminal operators and challenged the applicability of the aforementioned amendment in law before High Court of Sindh (HCS) which granted an interim order in favor of the terminals in November 2013. In January 2020, HCS dismissed the joint petition, however, suspended the judgment for filing an appeal before the Supreme Court of Pakistan (SCP).

The Company has filed a joint Civil Appeal with other terminal operators challenging the impugned HCS Judgement before SCP. On March 03, 2020, SCP has suspended the operation of the impugned judgment and granted leave to appeal. The legal advisor of the Company is of the opinion that the Company has a reasonable chance of success in this case. Accordingly, no provision has been made in this respect in these condensed interim financial statements.

June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----	

10.2. Commitments

10.2.1. Commitments for capital expenditure	<u>17,620</u>	<u>30,198</u>
10.2.2. Outstanding letters of guarantee	<u>159,354</u>	<u>144,354</u>
10.2.3. Outstanding letters of credit		
Utilised	5,487	41,572
Unutilised	<u>294,513</u>	<u>258,428</u>
10.2.4. Commitments in respect of HMS charges to KPT:		
Not later than one year	199,071	190,552
Later than one year but not later than five years	<u>416,084</u>	<u>516,142</u>
	<u>615,155</u>	<u>706,694</u>



11. OTHER INCOME

Includes Rs. 87.81 million (June 30, 2019: Rs. 28.46 million) markup on savings accounts.

Half Year Ended		Quarter Ended	
June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Un-audited) -----			
----- (Rupees in '000) -----			

12. TAXATION

Current	547,495	477,587	247,302	237,001
Deferred	(68,927)	(68,247)	(31,761)	(33,627)
	<u>478,568</u>	<u>409,340</u>	<u>215,541</u>	<u>203,374</u>

13. FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, advances, trade deposits, other receivables and short-term investments. Financial liabilities consist of trade and other payables and unclaimed dividends. The fair values of financial instruments are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique.

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

14. RELATED PARTY TRANSACTIONS

The related parties include the Parent Company, associated companies, entities having directors in common with the Company, Staff Provident Fund, directors and other key management personnel. All the transactions with related parties are entered into at agreed terms duly approved by the Board of Directors of the Company. Details of transactions / balances with related parties, other than those which have been specifically disclosed elsewhere in these condensed interim financial statements, are mentioned below:

	Half Year Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
----- (Un-audited) -----				
----- (Rupees in '000) -----				
Parent Company				
Technical services fee	<u>242,117</u>	<u>223,852</u>	<u>111,186</u>	<u>112,912</u>
Associated companies / other related parties				
Terminal handling services and other charges	<u>176,856</u>	<u>177,350</u>	<u>91,879</u>	<u>86,434</u>
Revenue from container handling	<u>14,220</u>	<u>26,862</u>	<u>7,873</u>	<u>5,963</u>
Dividends	<u>795,786</u>	<u>758,297</u>	<u>795,786</u>	<u>758,297</u>



	Half Year Ended		Quarter Ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Un-audited)			
	(Rupees in '000)			
Key management personnel				
Managerial remuneration	105,825	140,594	40,964	80,610
Company's contribution to provident fund	3,938	3,552	2,028	1,829
Staff retirement contribution plan				
Provident fund contribution	12,428	11,668	6,210	5,865
Directors				
Fee for attending meetings	4,145	3,851	1,824	1,771

	Half Year Ended	
	June 30, 2020	June 30, 2019
	(Un-audited)	
	(Rupees in '000)	

15. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	1,650,364	1,410,141
Adjustments for non-cash items:		
Depreciation and amortisation	348,208	339,933
Finance cost	328	254
Accrual for long-term employee benefits	5,858	4,941
Exchange loss - net	4,562	10,245
Mark-up on saving accounts	(87,811)	(28,456)
Loss / (gain) on disposal of operating fixed assets - net	462	(2,120)
	271,607	324,797
Operating profit before working capital changes	1,921,971	1,734,938
Decrease / (increase) in current assets		
Stores, spare parts and loose tools - net	(9,695)	33,755
Trade debts - net	20,483	(43,613)
Advances, deposits, prepayments and other receivables	26,355	(30,479)
	37,143	(40,337)
	1,959,114	1,694,601
Decrease in current liabilities		
Trade and other payables	(5,217)	(262,982)
Cash generated from operations	1,953,897	1,431,619

16. EXEMPTION FROM APPLICABILITY OF IFRIC-12 "SERVICE CONCESSION ARRANGEMENTS"

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of S.R.O No. 24(1)/2012 dated January 16, 2012 has given relaxation for the implementation of IFRIC-12 "Service Concession Arrangements" due to the practical difficulties faced by the companies. However, 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 had to follow IFRIC-12, the effect on these condensed interim financial statements would be as follows:



June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----	

Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) - written down value	<u>1,129,717</u>	<u>1,271,774</u>
Reclassification from spares to intangible assets	<u>31,519</u>	<u>31,855</u>
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	<u>258,041</u>	<u>301,048</u>
Recognition of present value of concession liability on account of intangibles (HMS)	<u>543,908</u>	<u>624,258</u>
Interest expense for the period / year on account of intangibles (HMS)	<u>17,167</u>	<u>42,156</u>
Amortisation expense for the period / year on account of intangibles (HMS)	<u>43,007</u>	<u>86,014</u>
Amortisation expense for the period / year on account of concession assets (PPE and spares)	<u>171,801</u>	<u>314,693</u>
Increase in profit before tax for the period / year on account of reversal of HMS	<u>97,517</u>	<u>180,684</u>

17. DIVIDEND AND APPROPRIATION

The Board of Directors in their board meeting held on August 17, 2020 have recommended an interim cash dividend of Rs 12.74 (December 31, 2019: Rs 18.00) per ordinary share for the year ending December 31, 2020.

18. SIGNIFICANT EVENT

The World Health Organization declared Corona Virus (COVID-19) as a global pandemic on January 30, 2020. COVID-19 has spread throughout the country and measures taken by the Government of Pakistan to reduce the spread of the COVID-19 include lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. Port and Container Terminal Operations, being essential services have been permitted by the Government. Consequently, the operation of the Company has continued to operate. The Company has started to observe decline in general business, including container throughput and revenues. With the growing number of cases in Pakistan and overall uncertain situation about the impacts and duration for which such situation will continue, the overall impact on the entity's financial position and financial performance cannot be predicted with reasonable certainty. However, the Company has already incurred and will continue to incur costs as the Company continues to mitigate the adverse impact of the outbreak on its operations. The management continues to monitor the developing situation and would proactively manage any risk arising thereof.

19. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on August 17, 2020.

20. GENERAL

Certain figures in these condensed interim financial statements have been rearranged / reclassified for better presentation, the effect of which is immaterial. Figures have been rounded off to the nearest thousand rupees.



Chief Financial Officer



Chief Executive Officer



Director



Registered and Terminal Office:

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