

QUARTERLY REPORT

March 31, 2014



Pakistan International Container Terminal Limited



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**BOARD OF DIRECTORS**

Chairman	Capt. Haleem A. Siddiqui
Chief Executive	Capt. Zafar Iqbal Awan
Directors	Mr. Christian R. Gonzalez Mr. Aasim Azim 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. Owais Kazi
Company Secretary	Mr. Muhammad Hunain

AUDIT COMMITTEE

Chairman	Mr. Edgardo Q. Abesamis
Members	Mr. Aasim Azim 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 Azim 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
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Legal Advisors	Kabraji & Talibuddin 64 - A/1, Gulshan -e -Faisal, Bath Island Karachi 75530.
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Usmani & Iqbal
604 - 9, 6th 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
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Registered & Terminal Office	Berths 6 to 9, East Wharf, Karachi Port, Karachi - Pakistan. Tel: 32855701-14 Fax: 32854815 UAN. (+9221)111-11-PICT (7428)
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Share Registrar / Transfer Agent	Technology Trade (Pvt.) Limited. 241-C, Block-2, P.E.C.H.S., Karachi. Tel: 34391316-7 Fax: 32854815
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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 quarter ended March 31, 2014.

General Review

The Company, during the quarter, handled 185,319 TEUs (Twenty Foot Equivalent Container Units) as compared to 161,987 TEUs handled during the corresponding period.

Operating & Financial Results for the quarter ended March 31, 2014

These are summarized below:

	<i>(Rupees in '000)</i>
Profit before Taxation	926,056
Less: Taxation	<u>(312,720)</u>
Profit after taxation	613,336
Un-appropriated profit brought forward	1,698,273
Final dividend for the year ended December 31, 2013 on Ordinary Shares @110%	<u>(1,200,685)</u>
Un-appropriated profit carried forward	<u>1,110,924</u>
EPS Basic and diluted	<u>Rs. 5.62</u>

During the quarter ended March 31, 2014, the company achieved a turnover of Rs. 2,096.46 million as compared to Rs. 2,027.34 million in corresponding period last year showing a growth of 3.4%.

Gross profit for the quarter ended March 31, 2014 amounts to Rs. 1,053.84 million as compared to Rs. 1,126.12 million in the same period last year showing a decrease of 6.4%. Profit after tax amounted to Rs. 613.34 million as compared to Rs. 635.65 million in the corresponding period last year showing a decrease of 3.51%.

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 its profitability and ultimately the value of the business.

For and on behalf of Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi; April 24, 2014



**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014 (UN-AUDITED)**

	Note	March 31, 2014 (Un-Audited)	December 31, 2013 (Audited)
----- (Rupees in `000) -----			
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,518,065	4,693,036
Intangible assets		29,418	17,102
Long-term deposits		1,841	675
		<u>4,549,324</u>	<u>4,710,813</u>
CURRENT ASSETS			
Stores and spares		371,959	375,129
Trade debts		297,283	303,837
Advances unsecured, considered good		67,531	46,246
Deposits and prepayments		108,550	171,849
Other receivables		6,278	8,940
Short term investments		9,750	10,250
Taxation net		-	33,599
Cash and bank balances		1,795,485	2,015,717
		<u>2,656,836</u>	<u>2,965,567</u>
TOTAL ASSETS		<u><u>7,206,160</u></u>	<u><u>7,676,380</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up share capital		1,091,532	1,091,532
Unappropriated profit		1,110,924	1,698,273
		<u>2,202,456</u>	<u>2,789,805</u>
NON-CURRENT LIABILITIES			
Long-term Financing secured		1,493,777	1,493,777
Deferred taxation		917,729	942,759
Staff compensated absences		42,906	44,987
		<u>2,454,412</u>	<u>2,481,523</u>
CURRENT LIABILITIES			
Trade and other payables	6	2,465,482	2,391,755
Accrued markup		53,489	13,297
Taxation - net		30,321	-
		<u>2,549,292</u>	<u>2,405,052</u>
CONTINGENCIES AND COMMITMENTS			
TOTAL EQUITY AND LIABILITIES	7	<u><u>7,206,160</u></u>	<u><u>7,676,380</u></u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE QUARTER ENDED MARCH 31, 2014**

	Quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	----- (Rupees in `000) -----	
Turnover - net	2,096,462	2,027,340
Terminal operating costs	(1,042,622)	(901,224)
Gross Profit	1,053,840	1,126,116
Administrative expenses	(96,454)	(106,543)
Other income	28,820	27,001
Finance costs	(39,909)	(51,047)
Other expenses	(20,241)	(17,600)
Profit Before Taxation	926,056	977,927
Taxation	(312,720)	(342,275)
Profit After Taxation	613,336	635,652
EARNINGS PER ORDINARY SHARE Basic and Diluted	Rs. 5.62	Rs. 5.82

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED MARCH 31, 2014**

	Quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	----- (Rupees in `000) -----	
Profit for the period after tax	613,336	635,652
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the period - net of tax	<u>613,336</u>	<u>635,652</u>

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED MARCH 31, 2014**

	Quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
Note	----- (Rupees in `000) -----	
CASH FLOWS FROM OPERATING ACTIVITIES	1,222,091	1,821,125
Taxes paid	(273,830)	(428,329)
Leave encashment paid	(2,103)	(188)
Finance costs paid	(19)	(137,809)
Net cash generated from operating activities	946,139	1,254,799
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(9,500)	(20,980)
Proceeds from sale of property, plant and equipment	18,499	-
Redemption of investment	500	603,667
Interest received	25,981	20,561
Net cash generated from investing activities	35,480	603,248
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term financing - net	-	(248,963)
Long term deposits	(1,166)	-
Dividends paid on ordinary shares	(1,200,685)	(1,364,414)
Net cash used in financing activities	(1,201,851)	(1,613,377)
Net increase / (decrease) in cash and cash equivalents	(220,232)	244,670
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	1,795,485	1,792,735

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR



**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER MARCH 31, 2014
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Reserves		Sub Total	Total
		Capital redemption reserve fund	Unappropriated profit		
----- (Rupees in `000) -----					
Balance as at January 1, 2013	1,091,532	180,000	2,924,122	3,104,122	4,195,654
Profit for the period	-	-	635,652	635,652	635,652
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	635,652	635,652	635,652
Interim cash dividend for the yearended December 31, 2013 on Ordinary shares @ Rs. 12.5 / per share	-	-	(1,364,414)	(1,364,414)	(1,364,414)
Balance as at March 31, 2013	1,091,532	180,000	2,195,360	2,375,360	3,466,892
Balance as at January 1, 2014	1,091,532	180,000	1,518,273	1,698,273	2,789,805
Profit for the period	-	-	613,336	613,336	613,336
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	613,336	613,336	613,336
Final cash dividend for the year ended December 31, 2013 on Ordinary shares @ Rs. 11/- per share	-	-	(1,200,685)	(1,200,685)	(1,200,685)
Balance as at March 31, 2014	1,091,532	180,000	930,924	1,110,924	2,202,456

The annexed notes 1 to 11 form an integral part of these condensed interim financial statements.

**CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE**

**RAFAEL D. CONSING, JR.
DIRECTOR**



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER ENDED MARCH 31, 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 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 OF CONDENSED INTERIM FINANCIAL STATEMENTS

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 and have been prepared in accordance with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of and directives issued under the Companies Ordinance, 1984. In case where requirements differs the provision of and directives issued under the Companies Ordinance, 1984 have been followed. These interim condensed 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 audited 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 quarter ended March 31, 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

- 3.1. The accounting policies adopted in the preparation of these interim condensed 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 below.
- 3.2. During the period, the Company has changed its accounting policy for valuation of stores and spares with effect from January 1, 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.



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.

March 31, December 31,
2014 2013
(Un-Audited) (Audited)
----- (Rupees in `000) -----

5. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	4,498,420	4,378,136
Capital work-in-progress	19,645	314,900
	4,518,065	4,693,036

5.1. Additions / Disposals

	Quarter Ended		
	Operating Assets	Capital work- in-progress	Total
	(Rupees in `000)		
Cost			
Opening balance	7,682,939	314,900	7,997,839
Additions	288,099	7,329	295,428
Deletions / Transfers	(43,350)	(302,584)	(345,934)
	7,927,688	19,645	7,947,333
Accumulated depreciation			
Opening balance	(3,304,803)	-	(3,304,803)
Disposal	26,794	-	26,794
Charge for the period	(151,259)	-	(151,259)
	(3,429,268)	-	(3,429,268)
Written down value as at March 31, 2014 (Unaudited)	4,498,420	19,645	4,518,065
Written down value as at December 31, 2013 (Audited)	4,378,136	314,900	4,693,036

6. TRADE AND OTHER PAYABLES

These include Rs. 635.6 million (December 31, 2013: Rs. 481.6 million) payable to ICTSI in respect of technical services fee and Rs. 52.7 million (December 31, 2013: Rs. 44.9 million) payable to Premier Mercantile Services (Private) Limited, Rs. 34.6 million (December 31, 2013: Rs. 34.6 million) withheld by the Company from handling and marshalling charges billed by KPT, Rs. 0.25 million (December 31, 2013: Rs. 0.06 million) payable to Premier Software (Private) Limited and Rs. Nil (December 31, 2013: Rs. 0.14 million) payable to Travel Club (Private) Limited.



7. CONTINGENCIES AND COMMITMENTS

7.1. Contingencies

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

	March 31, 2014 (Un-Audited)	December 31, 2013 (Audited)
	----- (Rupees in `000) -----	
7.2 Commitments		
Commitments for capital expenditure - civil works	-	3,156
Letter of guarantee	<u>98,200</u>	<u>98,200</u>
Letters of credit	<u>6,968</u>	<u>5,403</u>

	<u>Quarter ended</u>	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	----- (Rupees in `000) -----	
8. FINANCE COSTS		
Interest on long-term financing	39,890	50,842
Bank charges	<u>19</u>	<u>205</u>
	<u>39,909</u>	<u>51,047</u>

9. RELATED PARTIES TRANSACTIONS

The related parties include major shareholders, 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 these condensed interim financial statements, with related parties are as under:



	Quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	----- (Rupees in `000) -----	
Major shareholders		
<i>ICTSI Mauritius Limited</i> Technical services fees	144,522	111,464
<i>Premier Mercantile Services (Private) Limited</i> Stevedoring charges	87,005	65,828
Entities having directors in common with the Company		
<i>Premier Software (Private) Limited</i> Software maintenance charges	100	-
<i>Marine Services (Private) Limited</i> Revenue from container handling	11,036	1,653
<i>Port Link International (Private) Limited</i> Revenue from container handling	4,623	2,747
<i>AMI Pakistan (Private) Limited</i> Revenue from container handling	1,725	1,116
<i>Travel Club (Private) Limited</i> Traveling expenses	1,268	2,155
<i>Rabia Azeem Trust</i> Donation	494	412
<i>Organisation for social development</i> Donation	900	900
Key Management Personnel Remuneration	43,184	50,731
Staff retirement contribution plan Contribution paid	4,460	4,283

9.1. The above transactions with related parties are entered into on arm's length basis.



	Quarter ended	
	March 31, 2014 (Un-Audited)	March 31, 2013 (Un-Audited)
	----- (Rupees in `000) -----	
10. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	926,056	977,928
Adjustments for non-cash items:		
Depreciation	151,259	154,000
Amortisation	4,249	4,080
Finance costs	39,909	51,047
Exchange loss - net	2,355	1,388
Other income	(27,167)	(25,782)
	170,605	184,733
Operating profit before working capital changes	1,096,661	1,162,661
(Increase) / decrease in current assets		
Stores and spares	3,170	6,388
Trade debts	6,555	(62,452)
Advances, deposits, prepayments and other receivables	41,978	31,053
	51,703	(25,011)
Increase in current liabilities		
Trade payables and other liabilities	73,727	683,475
Cash generated from operations	1,222,091	1,821,125

11. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on April 24, 2014.

CAPT. ZAFAR IQBAL AWAN
CHIEF EXECUTIVE

RAFAEL D. CONSING, JR.
DIRECTOR



Pakistan International Container Terminal Limited

Registered and Terminal Office:

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