

# QUARTERLY REPORT

September 30, 2009



**PICT**

REGISTERED & HEAD OFFICE:

2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi 74000, Pakistan.  
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**PICT**

Pakistan International Container Terminal Limited

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## COMPANY INFORMATION

### BOARD OF DIRECTORS

<b>Chairman</b>	Capt. Haleem A. Siddiqui
<b>Chief Executive</b>	Capt. Zafar Iqbal Awan
<b>Directors</b>	Mr. Aasim Azim Siddiqui Mr. Sharique Azim Siddiqui Syed Nizam A. Shah Mr. Ali Raza Siddiqui Mr. M. Masood A. Usmani, FCA

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<b>Chief Operating Officer</b>	Mr. Sharique Azim Siddiqui
<b>Chief Financial Officer</b>	Mr. M. Masood A. Usmani, FCA
<b>Company Secretary</b>	Mr. Arsalan I. Khan, ACA

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### AUDIT COMMITTEE

<b>Chairman</b>	Syed Nizam A. Shah
<b>Members</b>	Mr. Aasim Azim Siddiqui Mr. Ali Raza Siddiqui
<b>Chief Internal Auditor</b>	Mr. Noman Yousuf
<b>Secretary</b>	Mr. Arsalan I. Khan, ACA

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<b>Auditors</b>	<b>Ford Rhodes Sidat Hyder &amp; Co.</b> Chartered Accountants 6 <sup>th</sup> Floor, Progressive Plaza Beaumont Road, P.O. Box 15541, Karachi-75530
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<b>Legal Advisor</b>	<b>Kabraji &amp; Talibuddin</b> 64 - A/1, Gulshan -e -Faisal Bath Island Karachi 75530. <b>Usmani &amp; Iqbal</b> Advocates & Solicitors, 604 - 9, 6 <sup>th</sup> Floor, Business Centre, Mumtaz Hassan Road Karachi. <b>The Continental Law Associates</b> Panorama Centre, Saddar, Karachi.
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<b>Bankers</b>	Faysal Bank Limited Samba Bank Limited JS Bank Limited United Bank Limited Standard Chartered Bank Dubai Islamic Bank Pakistan Limited Albaraka Islamic Bank Limited Barclays Bank PLC HSBC Bank Middle East Limited
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<b>Registered &amp; Head Office</b>	2 <sup>nd</sup> Floor, Business Plaza Mumtaz Hassan Road, Karachi. Tel: 32400450-3 Fax: 32400281
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<b>Terminal</b>	Berth 6-9, East Wharf Karachi. Tel: 32855701-14 Fax: 32854815 UAN. (+9221)111-311-PICT (7428)
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<b>Registrar / Transfer Agent</b>	Technology Trade Services (Pvt.) Limited. 241-C, Block-2, P.E.C.H.S., Karachi. Tel: 34391316-7
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## DIRECTORS' REPORT

The Directors have pleasure in presenting the un-audited financial statements for the quarter ended September 30, 2009.

### General Review:

The company during the quarter from July 2009 to September 2009 observed the continuity in growth in container handling volumes and revenues. PICT handled 146,607 TEUs (Twenty Foot Equivalent Container Units) during the period from July 2009 to September 2009 as compared to 119,041 TEU handled during the corresponding period last year showing a growth of 23%.

We are presently operating with a total of six Quayside Cranes, two Mobile Harbor Cranes and twenty Rubber Tyred Gantry Cranes along with the other ancillary equipment. The phase 4 equipment have been installed and commissioned. This has significantly added to our Berth and Yard handling capacity.

### Operating & Financial Results for the quarter ended September 30, 2009:

	<i>Rs. in 000's</i>
Profit before tax	380,232
Less: Provision for taxation	<u>101,927</u>
Profit after taxation	278,305
Un-appropriated profit brought forward	1,874,994
1 <sup>st</sup> Interim dividend at Rs. 1.5 (15%) per ordinary share	<u>(136,441)</u>
Un-appropriated profit carried forward	<u><u>2,016,858</u></u>
Earnings per ordinary share- Basic	<u><u>Rs. 3.01</u></u>

During the quarter ended September 30, 2009, the Company has shown a consistent growth in terms of turnover. The Company has achieved a turnover of Rs. 1,273.53 million as compared to Rs. 1,051.77 million in corresponding period last year showing a growth of 21%.

Gross profit for the quarter ended September 30, 2008 amounted to Rs. 566.80 million as compared to Rs. 551.48 million in the same period last year showing an increase of 3%. Profit after tax amounted to Rs. 278.31 million as compared to Rs. 13.60 million in the corresponding period last year showing an increase of 1,946%, which is mainly due to the huge exchange losses booked last year as compared to the current period.

**Future Plans:**

The company has started the negotiations for the finalisation of the Implementation Agreement with Port Qasim Authority for the establishment of Pakistan's first modern bulk Terminal for the handling of Coal, Clinker and Cement at Port Qasim. This is in line with the vision to be the pioneering group of Pakistani entrepreneurs and professionals to set up modern cargo handling infrastructure facilities in the ports in Pakistan to meet the growing demands of cargo handling in the country. The Coal, Clinker and Cement Terminal will be developed to handle 8 million tons per annum of cargo in a state-of-the-art fully mechanized terminal which will curtail environmental pollution and modernize the port infrastructure of the country.

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 the Board**

**KARACHI:**

**Dated: October 30, 2009**

**Capt. Zafar Iqbal Awan  
Chief Executive**

**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED**  
**CONDENSED INTERIM BALANCE SHEET**  
**AS AT SEPTEMBER 30, 2009**

	Note	September 30, 2009 (Un-Audited)	June 30, 2009 (Audited)
		-----	(Rs. in thousands) -----
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		5,741,108	5,756,510
Intangible assets		179	251
Long-term deposits		<u>83,572</u>	<u>83,573</u>
		5,824,859	5,840,334
<b>CURRENT ASSETS</b>			
Stores and spares		263,597	253,915
Trade debts - unsecured		440,223	388,046
Advances		55,532	33,794
Deposits and prepayments		126,698	42,673
Other receivables		20,943	13,663
Investments		598,314	560,779
Taxation - net		117,525	98,728
Cash and bank balances		<u>754,534</u>	<u>491,188</u>
		2,377,366	1,882,786
<b>TOTAL ASSETS</b>		<u><u>8,202,225</u></u>	<u><u>7,723,120</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised capital		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,089,610	1,089,610
Unappropriated profit		<u>2,016,858</u>	<u>1,874,994</u>
		3,106,468	2,964,604
<b>NON-CURRENT LIABILITIES</b>			
Long-term financing		2,650,336	2,656,028
Liabilities against assets subject to finance lease		233,302	233,303
Deferred tax liability		842,888	747,038
Staff compensated absences		<u>20,151</u>	<u>24,152</u>
		3,746,677	3,660,811
<b>CURRENT LIABILITIES</b>			
Trade and other payables		590,816	499,724
Dividend payable		136,441	-
Accrued interest on long term financing		70,277	66,388
Current maturity of liabilities against assets subject to finance lease		59,999	62,309
Current maturity of long-term financing		<u>491,547</u>	<u>469,284</u>
		1,349,080	1,097,705
<b>CONTINGENCIES AND COMMITMENTS</b>	4		
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>8,202,225</u></u>	<u><u>7,723,120</u></u>

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

**Capt. Zafar Iqbal Awan**  
**CHIEF EXECUTIVE**

**Aasim Azim Siddiqui**  
**DIRECTOR**

**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED  
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009  
(UN-AUDITED)**

	Notes	September 30, 2009	September 30, 2008
		----- (Rs. in thousands) -----	
Turnover - net		1,273,528	1,051,771
Terminal operating costs		706,725	500,288
<b>Gross profit</b>		<u>566,803</u>	<u>551,483</u>
Administrative expenses		96,502	80,896
Other operating income		32,859	14,781
		<u>503,160</u>	<u>485,368</u>
Finance costs		52,233	55,302
Loss on Fair Value Derivative	5	2,009	97,848
Exchange Loss	6	68,686	313,437
<b>Profit before taxation</b>		<u>380,232</u>	<u>18,781</u>
Taxation		101,927	5,182
<b>Profit after taxation</b>		<u><u>278,305</u></u>	<u><u>13,599</u></u>
<b>Earnings per ordinary share- Basic</b>		<u><u>3.01</u></u>	<u><u>0.10</u></u>
<b>Earnings per ordinary share - Diluted</b>		<u><u>2.55</u></u>	<u><u>0.12</u></u>

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

**Capt. Zafar Iqbal Awan  
CHIEF EXECUTIVE**

**Aasim Azim Siddiqui  
DIRECTOR**

**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED  
CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009  
(UN-AUDITED)**

	Notes	September 30, 2009	September 30, 2008
		----- (Rs. in thousands) -----	
<b>CASH FLOWS FROM OPERATIONS</b>	<b>8</b>		
Tax paid		593,962	439,577
Finance costs paid		(25,108)	(2,758)
		(52,233)	(45,832)
Net cash generated from operating activities		<u>516,621</u>	<u>390,987</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment & payment in relation to capital work-in-progress		(21,969)	(127,763)
Purchase of investments - net		(37,534)	-
Net cash used in investing activities		<u>(59,503)</u>	<u>(127,763)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long-term financing - net		(190,336)	(198,490)
Lease rentals paid		(3,436)	(3,341)
Net cash used in financing activities		<u>(193,772)</u>	<u>(201,831)</u>
Net increase in cash and cash equivalents		<u>263,346</u>	<u>61,393</u>
Cash and cash equivalents at the beginning of the period		491,188	390,458
Cash and cash equivalents at the end of the period		<u><u>754,534</u></u>	<u><u>451,851</u></u>

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

**Capt. Zafar Iqbal Awan  
CHIEF EXECUTIVE**

**Aasim Azim Siddiqui  
DIRECTOR**



**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED  
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009  
(UN-AUDITED)**

	Issued, subscribed and paid-up capital		Unappropriated profit	Total
	Ordinary shares	Redeemable preference shares		
Balance as at June 30, 2008	909,610	180,000	1,230,188	2,319,798
Profit after Taxation for the period	-	-	13,599	13,599
<b>Balance as at September 30, 2008</b>	<b>909,610</b>	<b>180,000</b>	<b>1,243,787</b>	<b>2,333,397</b>
Balance as at June 30, 2009	909,610	180,000	1,874,994	2,964,604
Profit after taxation for the period	-	-	278,305	278,305
First Interim Dividend @ 15%			(136,441)	(136,441)
<b>Balance as at September 30, 2009</b>	<b>909,610</b>	<b>180,000</b>	<b>2,016,858</b>	<b>3,106,468</b>

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

**Capt. Zafar Iqbal Awan**  
**CHIEF EXECUTIVE**

**Aasim Azim Siddiqui**  
**DIRECTOR**

**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED SEPTEMBER 30, 2009  
(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 is now listed on the Karachi Stock Exchange. The registered office of the Company is situated at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The terminal office of the Company is located at berth 6 to 9, East Wharf, Kemari Road, Karachi Port.
- 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.

**2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS**

These condensed interim financial statements are un-audited and are being submitted to the shareholders in accordance with 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", as applicable in Pakistan. These financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the company for the year ended June 30, 2009.

**3. ACCOUNTING POLICIES**

The accounting policies adopted for the preparation of these condensed interim financial statements are the same as those applied in preparation of annual published financial statements of the company for the year ended June 30, 2009.

**4. CONTINGENCIES AND COMMITMENTS**

**4.1 Contingencies**

- 4.1.1** During the year ended June 30, 2007, the Trustees of the Port of Karachi filed a civil suit against the Company in the Honorable High Court of Sindh alleging mis-declaration of the category of goods upon import by the Company of Quayside Container Crane and Rubber Tyred Gantry Cranes in the year 2004 and claiming a sum of Rs. 101.5 million being additional wharfage charges and Rs 203 million as penalty, with interest. According to the opinion of the legal counsel of the Company, there is no merit in this claim and hence there is a remote possibility that the case would be decided against the Company. Further, the legal counsel has also stated that, in any case, the penalty imposed will be disallowed by the Honorable High Court. In view thereof, no provision is considered necessary to be made in these financial statements by the management of the Company as it believes that the ultimate outcome of the matter would be in its favour.
- 4.1.2** During the year ended June 30, 2007, the Company has filed a interpleader civil suit against the Deputy District Officer, Excise and Taxation and the Trustees of the Port of Karachi (KPT) in the Honorable High Court of Sindh against the demand raised by the Deputy District Officer, Excise and Taxation under Section 14 of the Property Tax Act, 1958 to pay the property tax amounting to Rs. 34.6 million for the period from 2003 to 2007 out of the rent payable to KPT. The Honorable High Court of Sindh granted a stay order to Company ensuring that no coercive action is taken against the Company in due course until the case has been finalized. According to the opinion of the legal counsel of the Company, there is full merit in this suit and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision is considered necessary to be made in these financial statements by the management of the Company as it believes that the ultimate outcome of the matter would be in its favour.

	September 30, 2009 (Un-Audited)	June 30, 2009 (Audited)
	----- (Rs. in thousands) -----	
<b>4.2 Commitments</b>		
<b>4.2.1</b> Commitments for capital expenditure		
Civil works	113,306	95,910
Intangible assets	<u>15,740</u>	<u>15,399</u>
	<u>129,046</u>	<u>111,309</u>
<b>4.2.2</b> Letter of Guarantees	<u>163,100</u>	<u>161,300</u>
<b>4.2.3</b> Letters of Credit	<u>-</u>	<u>19,400</u>

5. This represents fair value adjustment on cross currency interest rate swap agreement with local commercial bank for notional amount of Rs.343.75 million, maturing up to July 2011. Under swap arrangements the principal payable amount of Rs.343.75 million is swapped with US dollar component at Rs 60.49 per US dollar making loan amount to US dollar 5.68 million. Besides foreign currency component, the Company would receive three months KIBOR rates and pay pay three months LIBOR and spread of 3.15% as per the respective arrangement, which will be settled quarterly. The swap is being used to hedge the exposure to change in the fair value of Company's lease obligations which are based on KIBOR. The outstanding balance of this cross currency interest rate swap was Rs.218.75as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 58.675 million un-favourable to the Company as of the balance sheet date. The unwinding cost of the said cross currency swap as determined by the bank as of September 30, 2009 was 86.977 million. The swap arrangements has exposed the Company with foreign currency risk on the US\$ value converted at the agreement date of principal amount of the loan

6. This represents the net exchange loss in respect of borrowings in foreign currency.

**7. RELATED PARTIES TRANSACTIONS**

Significant transactions entered by the Company with related parties are as follows:

	September 30, 2009	June 30, 2009
	----- (Rs. in thousands) -----	
<b>Major shareholders</b>		
<i>Premier Mercantile Services (Private) Limited</i>		
Stevedoring Charges	160,666	525,569
Storage Charges	7,873	41,684
Equipment Charges	6,900	27,600
<b>Entities having directors in common with the Company</b>		
<i>Premier Software (Private) Limited</i>		
Software maintenance charges	675	2,700
<i>Marine Services (Private) Limited</i>		
Revenue from container handling	1,882	43,449
<i>Port Link International (Private) Limited</i>		
Revenue from container handling	209	2,033
<i>AMI Pakistan (Private) Limited</i>		
Revenue from container handling	-	45
<i>Travel Club (Private) Limited</i>		
Traveling expenses	902	3,416
<b>7.1 Staff retirement contribution plan</b>		
Contribution to staff provident fund	2,874	9,920

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

September 30,      September 30,  
2009                      2008  
----- (Rs. in thousands) -----

## 8. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	380,232	18,781
Adjustments for non-cash items:		
Depreciation & Amortization	99,692	69,886
Finance costs	70,277	55,302
Exchange Loss	68,686	313,437
Loss on Fair value of Derivative	2,009	97,848
Unrealized loss on investment	107	5,843
	240,771	542,316
<b>Operating profit before working capital changes</b>	<b>621,003</b>	<b>561,097</b>
<b>(Increase)/decrease in current assets</b>		
Stores and spares	(9,680)	(14,443)
Trade debts	(52,176)	(93,688)
Advances, deposits, prepayments and other receivables	(54,155)	(19,348)
	(116,011)	(127,479)
	504,992	433,618
<b>Increase/(decrease) in current liabilities</b>		
Trade payables, accrued and other liabilities	88,970	5,959
<b>Cash generated from operations</b>	<b>593,962</b>	<b>439,577</b>

## 9. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on October 30, 2009.

## 10. DIVIDEND

The Board of Directors in their Board meeting held on September 11, 2009 have approved a first interim cash dividend of Rs. 1.5 per share - 15% for the year ending June 30, 2010. The effect of this interim dividend has been accounted for in the financial statements for the period ended September 30, 2009. The members in their Annual General Meeting held on October 02, 2009 have approved stock dividend through issue of bonus shares in the proportion of one (1) ordinary share for every five (5) ordinary shares held 20%. The financial statements for the period ended September 30, 2009 do not include the effect of stock dividend which will be accounted for in the financial statements for the half year ended December 31, 2009.

## 11. GENERAL

Amounts have been rounded off to the nearest thousand rupees unless otherwise stated.

**Capt. Zafar Iqbal Awan**  
**CHIEF EXECUTIVE**

**Aasim Azim Siddiqui**  
**DIRECTOR**