

Quarterly

For the Period Ended
September 30, 2008

Report



PICT

REGISTERED & HEAD OFFICE:

2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi 74000, Pakistan.
Tel: 2400450-3 Fax: 2400281 E-mail: info@pict.com.pk Website: www.pict.com.pk

PICT

Pakistan International Container
Terminal Limited



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COMPANY INFORMATION

BOARD OF DIRECTORS

Chairman	Capt. Haleem A. Siddiqui
Chief Executive	Capt. Zafar Iqbal Awan
Directors	Mr. Aasim Azim Siddiqui Mr. Sharique Azim Siddiqui Mr. Danish Azim Siddiqui Syed Nizam A. Shah Mr. Ali J. Siddiqui
Chief Financial Officer & Company Secretary	Mr. M. Masood Ahmed Usmani, FCA

AUDIT COMMITTEE

Chairman	Syed Nizam A. Shah
Members	Mr. Aasim Azim Siddiqui Mr. Ali J. Siddiqui
Chief Internal Auditor	Mr. Noman Yousuf
Secretary	Mr. Arsalan I. Khan, ACA

AUDITORS

Ford Rhodes Sidat Hyder & Co .
Chartered Accountants
6th Floor, Progressive Plaza, Beaumont Road.
P.O. Box 15541, Karachi-75530
Tel: 5650007-11

LEGAL ADVISORS

Kabraji & Talibuddin
64-A/1, Gulshan-e-Faisal, Bath Island, Karachi

Usmani & Iqbal
6th Floor, Business Centre,
Mumtaz Hassan Road, Karachi.

BANKERS

Faysal Bank Ltd.
Crescent Commercial Bank Ltd.
JS Bank Ltd.
United Bank Ltd.
Standard Chartered Bank (Pakistan) Ltd.

REGISTERED & HEAD OFFICE

2nd Floor, Business Plaza,
Mumtaz Hassan Road, Karachi.
Tel: 2400450-3 Fax: 2400281
E-mail: info@pict.com.pk

TERMINAL OFFICE

Berth # 6-9, East Wharf, Karachi.
UAN. (+9221) 111 11 PICT (7428) Fax: (+9221) 2855715

REGISTRAR/TRANSFER AGENT

Technology Trade (Pvt.) Ltd.
241-C, Block-2, P.E.C.H.S., Karachi.
Tel: (92-21) 4391316-7

DIRECTORS' REVIEW

The Directors have pleasure in presenting the un-audited financial statements for the quarter ended September 30, 2008.

General Review:

The overall economy of Pakistan during the last quarter was under continuous pressures not only from the internal factors of reduction in USD reserves and widening gap in the balances of payments, but also from the global financial meltdown. Despite all the pressures the company during the quarter from July 2008 to September 2008, observed the continuity in growth in container handling volumes and revenues. PICT handled 119,041 TEUs (Twenty Foot Equivalent Container Units) during the period from July 2007 to September 2007 as compared to 102,723 TEUs handled during the corresponding period last year showing a growth of 16%.

However, the continuous weakening of Pak Rupee against US Dollar during the quarter has eroded the profits, as the company has booked an exchange loss of Rs. 313.44 million on revaluation of its long term foreign currency loans and Rs. 97.85 million on foreign currency derivative. This loss has been calculated resulting from the US Dollar exchange rate raising from PKR 68.2 to 78.8. In the event of exchange rate stabilising in the coming year losses will not be significant.

Operating & Financial Results for the quarter ended September 30, 2008:

Rs. in 000's

Profit before tax	18,781
Less: Provision for taxation	5,182
Profit after taxation	<u>13,599</u>
Un-appropriated profit brought forward	<u>1,230,188</u>
Un-appropriated profit carried forward	<u>1,243,787</u>
Earnings per ordinary share- Basic	<u>Rs. 0.10</u>

During the quarter ended September 30, 2008, the Company has shown a consistent growth in terms of turnover. The Company has achieved a turnover of Rs. 1,051.77 million as compared to Rs. 647.07 million in corresponding period last year showing a growth of 63%.

Gross profit for the quarter ended September 30, 2008 amounted to Rs. 551.48 million as compared to Rs. 264.00 million in the same period last year showing an increase of 108%. Profit after tax amounted to Rs. 13.60 million as compared to Rs. 109.77 million in the corresponding period last year showing a decrease of 88%.

Future Plans:

The phase 4 equipment comprising of Two Quayside Cranes and Ten Rubber Tyred Gantry Cranes have arrived and are in the commissioning and installation phase. This will significantly enhance the Berth and Yard handling capacity.

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 24, 2008

**Capt. Zafar Iqbal Awan
Chief Executive**

**PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED
CONDENSED INTERIM BALANCE SHEET AS AT SEPTEMBER 30, 2008**

	Note	September 30, 2008 (Un-Audited)	June 30, 2008 (Audited)
		----- (Rs. in thousands) -----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment		1,650,379	1,583,748
Intangible assets		2,416,139	2,420,919
Long-term deposits		89,073	89,074
Deferred costs		21	764
		<u>4,155,612</u>	<u>4,094,505</u>
CURRENT ASSETS			
Stores and spares		236,464	222,021
Trade debts - unsecured		342,965	249,275
Advances		29,838	25,653
Deposits and prepayments		82,549	58,973
Other receivables		6,254	6,817
Investments		839,116	706,580
Taxation - net		-	-
Cash and bank balances		451,851	390,458
		<u>1,989,037</u>	<u>1,659,777</u>
TOTAL ASSETS		<u><u>6,144,649</u></u>	<u><u>5,754,282</u></u>
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital		<u>2,000,000</u>	<u>2,000,000</u>
Issued, subscribed and paid-up capital		1,089,610	1,089,610
Unappropriated profit		1,243,787	1,230,188
		<u>2,333,397</u>	<u>2,319,798</u>
NON-CURRENT LIABILITIES			
Long-term financing		1,950,082	1,745,570
Liabilities against assets subject to finance lease		292,896	295,548
Deferred tax liability		532,417	529,035
Staff compensated absences		16,400	16,400
		<u>2,791,795</u>	<u>2,586,553</u>
CURRENT LIABILITIES			
Trade and other payables		364,480	286,354
Accrued interest on long term financing		77,470	51,788
Current maturity of liabilities against assets subject to finance lease		73,771	74,460
Current maturity of long-term financing		435,748	366,385
Taxation-net		67,988	68,944
		<u>1,019,457</u>	<u>847,931</u>
CONTINGENCIES AND COMMITMENTS	4		
TOTAL EQUITY AND LIABILITIES		<u><u>6,144,649</u></u>	<u><u>5,754,282</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, 2008
(UN-AUDITED)

	Notes	September 30, 2008	September 30, 2007
		----- (Rs. In thousands) -----	
Turnover net		1,051,771	647,068
Terminal operating costs		500,288	383,064
Gross profit		551,483	264,004
Administrative expenses		80,896	49,346
Other operating income		14,781	13,953
		485,368	228,611
Finance costs		55,302	42,751
Loss on Fair Value of Derivative	5	97,848	-
Exchange Loss	6	313,437	3,580
Profit before taxation		18,781	182,280
Taxation		5,182	72,508
Profit after taxation		13,599	109,772
Earnings per ordinary share Basic		0.10	1.15 (Restated)
Earnings per ordinary share Diluted		0.12	1.00

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, 2008
(UN-AUDITED)

	Notes	September 30, 2008	September 30, 2007
		----- (Rs. In thousands) -----	
CASH FLOWS FROM OPERATIONS	8	439,577	240,216
Tax paid		(2,758)	(2,599)
Finance costs paid		(45,832)	(33,377)
Net cash generated from operating activities		390,987	204,240
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(6,572)	(25,337)
Payment in relation to capital work-in-progress		(121,191)	(52,633)
Net cash used in investing activities		(127,763)	(77,970)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long-term financing - net		(198,490)	(13,505)
Security deposits against lease assets		-	288
Lease rentals paid		(3,341)	(4,147)
Net cash used in financing activities		(201,831)	(17,364)
Net increase/(decrease) in cash and cash equivalents		61,393	(108,906)
Cash and cash equivalents at the beginning of the period		390,458	380,540
Cash and cash equivalents at the end of the period		451,851	489,446

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, 2008
(UN-AUDITED)**

	<u>Issued, subscribed and paid-up capital</u>				
	Ordinary shares	Redeemable preference shares	Reserve for issue of bonus shares /Dividends	Unappropriat- ed profit	Total
Balance as at June 30, 2007	758,008	180,000	151,602	870,530	1,808,538
Transfer to reserve for issue of bonus shares in respect of stock dividend for the year ended june 30,2007 declared subsequent to the year end	-	-	151,602	(151,602)	-
Profit After Taxation for the period	-	-	-	109,772	109,772
Balance as at September 30, 2007	758,008	180,000	151,602	828,700	1,918,310
Balance as at June 30, 2008	909,610	180,000	151,602	1,230,188	2,319,798
Profit after taxation for the period	-	-	-	13,599	13,599
Balance as at September 30, 2008	909,610	180,000	151,602	1,243,787	2,333,397

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 FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2008
(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 INTERIM CONDENSED FINANCIAL STATEMENTS

These 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, 2008.

3. ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these financial statements are the same as those applied in preparation of financial statements for the preceding year ended June 30, 2008.

3.1. Change in Accounting Policies.

During the year, effective from July 01' 2008 following classes of Property, Plant & Equipment have been transferred to Intangible assets from operating tangible fixed assets. This change has been accounted for as an adoption of the interpretation on the approved accounting standards, IFRIC 12 - "Service Concession Arrangements".

Description

Own

Mobile Harbour Crane
 Ship to Shore Cranes - STS
 Rubber Tyred Gantry Cranes - RTG
 Gantry Tracks
 Port Equipment

Leased

Ship to Shore Cranes - STS
 Rubber Tyred Gantry Cranes - RTG
 Port Equipment

4. CONTINGENCIES AND COMMITMENTS

4.1 Contingencies

- 4.1.1** During the year ended June 30, 2008, 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, 2008, 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, 2008	June 30, 2008
	(Un-Audited)	(Audited)
	----- (Rs. in thousands) -----	
4.2 Commitment		
Commitments for capital expenditure		
Civil works	534,341	586,520
Crane and equipments	1,323,613	1,146,715
Intangible assets	29,948	26,674
	<u>1,887,902</u>	<u>1,759,909</u>
4.2.2 Performance bond issued by a commercial bank on behalf of the Company in favour of KPT	<u>78,200</u>	<u>68,200</u>
4.2.3 Letters of Credit	<u>19,400</u>	<u>35,583</u>

5. The Company has entered into a cross currency interest rate swap agreement with a local commercial bank for a notional amount of Rs. 343.50 million, maturing up to July 2011. Under swap arrangement 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 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 arrangement is Rs. 281.50 million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 97.85 million unfavourable to the Company as of the balance sheet date. The swap arrangement 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, 2008	June 30, 2008
	----- (Rs. in thousands) -----	
Major shareholders		
<i>Premier Mercantile Services (Private) Limited</i>		
Stevedoring charges	86,419	56,917
Entities having directors in common with the Company		
<i>Premier Software (Private) Limited</i>		
Software maintenance charges	675	426
<i>Marine Services (Private) Limited</i>		
Revenue from container handling	4,629	7,662
<i>Port Link International (Private) Limited</i>		
Revenue from container handling	416	1,547

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

<i>AMI Pakistan (Private) Limited</i>		
Revenue from container handling	38	211
<i>Travel Club (Private) Limited</i>		
Traveling expenses	1,308	127
7.1 Staff retirement contribution plan		
Contribution to staff provident fund	4,823	2,604

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

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

8. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	18,781	182,280
Adjustments for non-cash items:		
Depreciation & amortisation	69,886	65,462
Finance costs	55,302	39,171
Exchange Loss	313,437	3,580
Loss on Fair Value of Derivative	97,848	-
Unrealised loss on investment	5,843	10,223
Operating profit before working capital changes	542,316	118,436
	561,097	300,716
(Increase)/decrease in current assets		
Stores and spares	(14,443)	(7,795)
Trade debts	(93,688)	(77,795)
Advances, deposits, prepayments and other receivables	(19,348)	(26,860)
	(127,479)	(112,450)
	433,618	188,266
Increase/(decrease) in current liabilities		
Trade payables, accrued and other liabilities	5,959	51,950
Cash generated from operations	439,577	240,216

9. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on October 24, 2008.

10. GENERAL

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR