ANNUAL REPORT **2010**

Experience, Commitment and Service

Pakistan International Container Terminal Limited

Experience, Commitment and Service


PAKISTAN INTERNATIONAL CONTAINER TERMINAL

www.pict.com.pk

Pakistan International Container Terminal Limited

Head Office

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

Tel. (+9221) 32400450 **Fax.** (+9221) 32400281 **Email.** info@pict.com.pk **Website.** www.pict.com.pk

Terminal Office

Berth 6-9, East Wharf, Karachi, Pakistan. **UAN.** (+9221) 111 11 PICT (7428) **Fax.** (+9221) 32855715

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BOARD OF DIRECTORS

Capt. Haleem A. Siddiqui
Chairman

Capt. Zafar Iqbal Awan
Chief Executive Officer

Mr. Aasim Azim Siddiqui
Director

Mr. Sharique Azim Siddiqui
Director / Chief Operating Officer

Syed Nizam A. Shah
Director

Mr. Ali Raza Siddiqui
Director

Mr. M. Masood Ahmed Usmani
Director / Chief Financial Officer

COMPANY **INFORMATION**

Board of Directors

Chairman
Capt. Haleem A. Siddiqui

Chief Executive Officer
Capt. Zafar Iqbal Awan

Directors
Mr. Aasim Azim Siddiqui
Mr. Sharique Azim Siddiqui
Syed Nizam A. Shah
Mr. Ali Raza Siddiqui
Mr. M. Masood Ahmed Usmani, FCA

Chief Operating Officer
Mr. Sharique Azim Siddiqui

Chief Financial Officer
Mr. M. Masood Ahmed Usmani, FCA

Company Secretary
Mr. Arsalan I. Khan, ACA

Audit Committee

Chairman
Syed Nizam A. Shah

Members
Mr. Aasim Azim Siddiqui
Mr. Ali Raza Siddiqui

Chief Internal Auditor
Mr. Noman Yousuf

Secretary
Mr. Arsalan I. Khan, ACA

Auditors
Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants 6th Floor, Progressive Plaza,
Beaumont Road, P.O. Box 15541, Karachi-75530

Legal Advisors
Kabraji & Talibuddin, 64-A/1, Gulshan-e-Faisal, Bath Island, Karachi.
Usmani & Iqbal, 6th Floor, Business Centre, Mumtaz Hassan Road, Karachi.
The Continental Law Associates, Panorama Centre, Saddar, Karachi.

Bankers
Faysal Bank Limited
Samba Bank Limited
Dubai Islamic Bank Pakistan Limited
National Bank of Pakistan
Habib Bank Limited
JS Bank Limited
United Bank Limited
Standard Chartered (Pakistan) Bank Limited
HSBC Bank Middle East Limited
Albaraka Islamic Bank Limited
Barclays Bank PLC

Registered & Head Office
2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi.
Tel. 92-21-32400450-3 Fax. 92-21-32400281

Terminal
Berth 6-9, East Wharf Karachi. UAN. 111-11-PICT (7428)
Fax. 92-21-32855715

Registrar / Transfer Agent
Technology Trade Services (Pvt.) Ltd. 241-C, Block-2, P.E.C.H.S., Karachi.
Tel. 92-21-34391316-7

Vision

Operate a Container Terminal at Karachi Port that provides the highest level of quality services to its clients

Mission

A Company dedicated to fulfilling the Port Service requirements of Customers and Users of Karachi Port at an economic cost through optimum use of human and financial resources and giving a fair return to investors

Notice of the 9th Annual General Meeting

Notice is hereby given that the 9th Annual General Meeting of Pakistan International Container Terminal Limited will be held at **Beach Luxury Hotel**, Karachi, on Wednesday, October 13, 2010 at 3.30 p.m. to transact the following business:

ORDINARY BUSINESS:

1) To confirm the minutes of 8th Annual General Meeting of the Company held on October 02, 2009.

2) To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2010 together with Auditors` and Directors` Reports thereon.

3) To approve the payment of final dividend in cash @ 25% i.e. Rs. 2.5 per share of Rs. 10/- each as recommended by the Board of Directors of the Company, in addition to the interim dividend @ 15% i.e. Rs. 1.5 per share of Rs. 10/- each, declared on September 11, 2010 already paid thus making a total payment of dividend of Rs. 4/- per share (40%) for the year ended June 30, 2010.

4) To approve payment of final cash dividend on Preference Shares @ 10% (i.e., Re. 1/- per share of Rs. 10/- each) for the year ended June 30, 2010.

5) To appoint Auditors of the Company for the financial year ending June 30, 2011 and to fix their remuneration. The present auditors, being eligible, have offered themselves for re-appointment.

SPECIAL BUSINESS:

6) To consider, and if thought fit, to pass, with or without modification the following resolutions as a Special Resolution:

a) **RESOLVED THAT** the approval of the shareholders of the Company be and is hereby accorded in terms of Section 208 of the Companies Ordinance, 1984 for investment upto Rs. 4,000,000,000 (Rupees Four Billion Only) in Pakistan International Bulk Terminal (Private) Limited (PIBT), a wholly owned Subsidiary Company, for subscribing at par, fully paid-up 400,000,000 Ordinary shares of Rs.10/- each of PIBT.

FURTHER RESOLVED THAT Chief Executive Officer and/or any one directors of the Company be and are hereby authorized to invest the Company's funds at one time or from time to time as above and to make whole or any part of the aforesaid investment on such terms and conditions and in such manner as they may deem fit and to take and do and /or cause to be taken or done any/all necessary actions, deeds and things which are or may be necessary, incidental and/or consequential for giving effect to the aforesaid resolution.

b) **FURTHER RESOLVED THAT** "the members of the Company in General Meeting accord approval:

i) for further investment of Rs.89 million in the Certificates of Investment to be issued by Saudi Pak Leasing Company Limited, an associated undertaking;

ii) and ratify the investment of Rs.150 million made earlier by the Company in the Certificates of Investment issued by Saudi Pak Leasing Company Limited, an associated undertaking."

c) **FURTHER RESOLVED THAT**, "pursuant to the provisions of Section 28 of the Companies Ordinance, 1984, the existing Articles of Association of the Company be and are hereby substituted by the new set of updated Articles of Association laid before the meeting initialled by the Company Secretary for the purpose of identification"

d) **FURTHER RESOLVED THAT**, subject to the approval of the Securities and Exchange Commission of Pakistan, sub-clauses (1), (2) and (3) of paragraph-III of the Memorandum of Association of the Company be and are hereby deleted and substituted with the following and a new sub-clause (30) be and is hereby inserted in the said paragraph of the Memorandum of Association of the Company and the existing clause (30) is hereby renumbered as sub-clause (31):

"1. To carry on the business of container terminal operators, terminal operators, of coal, clinker and cement and other bulk cargo, public and private bonded warehousing, storing containers and other cargo (whether or not in bulk) on behalf of shipping lines and exporters/importers; forwarding of containers and other such cargo, operating container and other freight stations pertaining to such cargo and any other business or trade connected with the operation of a container Terminal or a terminal for coal, clinker and cement and other bulk cargo at any port or other location whether inside or outside Pakistan.

2. To carry on the business of loading and unloading containers and other Cargo of all types, including bulk cargo of all types, suppliers of labour on contract basis on daily, weekly/monthly rates or on any other basis; and hirers and suppliers of means of transportation such as trucks, camel carts, cranes, forklifts and similar other means of transportation.

Notice of the 9th Annual General Meeting

3. To carry on the business of exporters and importers of merchandise, machinery, equipment, spare parts, goods, or articles of alltypes, manufactured or otherwise, coal, clinker, cement and all other types of bulk cargo, produce of all kinds of or from any country or transport or carry or convey the same from one part of the country to another part thereof, act as manufacturers, representative, producers' representative, auctioneers, commission agent; to secure orders for supply of any articles or things and to carry out and comply with the said orders."

4. "30. To incorporate and invest in subsidiary company or companies having objects altogether or in part similar to those of this Company or carrying on any business capable of being conducted so as directly or indirectly to benefit the Company."

7) To transact any other business with the permission of the Chair.

By order of the Board
Arsalan I. Khan
Company Secretary

Karachi: Wednesday September 22, 2010

Statement under section 160(1)(b) of the Ordinance read with SRO865(I)/2000 dated December 06, 2000 is being sent to the members alongwith the notice of the meeting.

Notes:

1. Share Transfer Books of the Company will remain closed from October 06, 2010 to October 13, 2010 (both days inclusive). Transfer received in order at Company's Registrar, Technology Trade (Pvt.) Ltd., 241-C, Dagia House, P.E.C.H.S., Block 2, Karachi close of business on October 05, 2010 will be considered in time.

2. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Company's Registered Office, not less than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

3. CDC shareholders, entitled to attend and vote at this meeting, must bring with them their Computerized National Identity Cards/Passport in original alongwith Participants` ID Numbers and their Account Numbers to prove his/her identity, and in case of Proxy, must enclose an attested copy of his/her CNIC or Passport. Representatives of corporate members should bring the usual documents required for such purpose.

4. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

5. Shareholders are requested to notify any change in their addresses to the company immediately.

STATEMENT OF MATERIAL FACTS CONCERNING SPECIAL BUSINESS PURSUANT TO SECTION 160(1)(B) OF THE COMPANIES ORDINANCE, 1984

This statement is annexed to the Notice of the 9th Annual General Meeting of Pakistan International Container Terminal Limited to be held on October 13, 2010 at which special business is to be transacted: The purpose of this Statement is to set forth the material facts concerning such special business.

ITEM 6(a) OF THE AGENDA

a) Pakistan International Bulk Terminal (Private) Limited (PIBT) was incorporated on 26 March 2010 as a wholly-owned subsidiary of the Company. The Company intends to invest in PIBT in terms of Section 208 of the Companies Ordinance, 1984 upto Rs. 4,000,000,000 (Rupees Four Billion only) for subscribing, at par, fully paid-up 400,000,000 Ordinary shares of Rs.10/- each of PIBT from time to time.

b) PIBT's main business activities will include developing, managing and operating coal, clinker/cement ports and terminals worldwide, to handle and deal with all kinds and description of bulk cargo, transshipment, bonded warehousing, anchorage services to non-containerized cargo or general cargo and also to provide consultancy and advisory support on technical and operational issues related to domestic and international shipments and services and trade connected therewith.

c) The planned capacity of the project is to handle 8 million tones per annum of coal cement and clinker which is enhanceable upto 12million tones per annum. As per the current feasibility studies, the project cost is USD 140 million approximately.

d) In anticipation of the earnings and capital appreciation it is expected that the Company will generate reasonable profits in future and hence, the Board of Directors of the Company has approved to make equity investment in PIBT, subject to the approval of the members of the Company under Section 208 of the Companies Ordinance, 1984. Accordingly, the consent and approval of the members is sought for making the investment in PIBT as proposed in (a) above.

Notice of the
9th Annual General Meeting

e) The Directors and Chief Executive officer of the Company have an interest in PIBT in their respective capacities as directors/ chief executive officer and as shareholders of the Company.

f) Further information is in terms of notification No. SRO 865 (I) /2000 dated December 06 2000 are as follows:

Name of investee Company	Pakistan International Bulk Terminal Limited (PIBT)
Nature, amount & extent of investment	Equity investment upto Rs. 4,000,000,000 in the 400,000,000 ordinary shares of issued value of Rs. 10/- each of PIBT.
Average market price of the share intended to be purchased during preceding six months in case of listed companies	Not applicable, as the PIBT is a private limited company.
Break-up value of shares intended to be purchased	Rs.(1,454,714) per share is negative as the PIBT has recently been incorporated on 26 March 2010.
Price at which share will be purchased	Rs. 10 per share being the face value of each share.
Earnings per share of investee company in last three years	Not applicable, as being a new company not yet commenced its operations, therefore, EPS is also in negative.
Source of funds from where shares will be purchased	The shares shall be purchased from funds internally generated by the company.
Period for which investment will be made	Indefinite investment in the equity i.e. ordinary shares of PIBT.
Purpose of Investment	To make efficient use of the retained earnings in a diversified business venture. The investment has expected potential for growth.
Benefit likely to accrue	Since it is a strategic investment, therefore, long term benefits will accrue to the Company and ultimately to its shareholders.
Interest of Directors and their relatives in the investee company.	The Directors of the Company and their relatives have interest in the above resolution to the extent of their interest in the Company like any other shareholder of the Company.

ITEM 6(b) OF THE AGENDA
The Board of Directors approved and invested earlier Rs.150 million in the Certificates of Investment issued by Saudi Pak Leasing Company Limited at the mark up rates not lower than the rates offered by similar instruments/products. Accordingly, now, the consent and approval of the members of the Company is sought to ratify the said investment made earlier as approved by the Board of Directors of the Company and also seek approval for further investment of Pak Rs.89 million to be made during the year 2010-2011 in the said Certificates of Investment.

ITEM 6(c) OF THE AGENDA
The existing Articles of Association of the Company are severely out dated and are required to be revised in the light of the changes made in the Companies Ordinance, 1984 (the Ordinance), from time to time so as to bring the same in conformity with the provisions of the Ordinance, the Listing Regulations of the stock exchanges and of the Code of Corporate Governance. The existing Articles of Association of the Company have been substituted with the new set of Articles of Association, which will be laid before this Annual General Meeting of the Company for consideration of its shareholders and for adoption in substitution for the existing Articles of Association of the Company. In accordance with the requirements of Section 160(1) (b) of the Ordinance, copies of the proposed new set of Articles of Association will be available for inspection at the Registered Office of the Company during the working hours from the date of this notice upto October 12, 2010.

ITEM 6(d) OF THE AGENDA
The existing object clauses of the Memorandum of Association of the Company does not presently permit the Company to expand its business to undertake terminal operators of coal, clinker, cement and other bulk cargo and also to make inter-company investments in its subsidiary companies. Accordingly, the Board of Directors considers it expedient and necessary to amend the existing object clauses so as to permit the Company to undertake new line of business as discussed hereinabove and also to establish subsidiary companies to make inter-company investment.

Chairman's Review

I am pleased with the efforts made by the management of PICT for achieving growth in container handling in financial year 2009-10, inspite the tough economic and trade conditions within the country and internationally. The company has handled 602,106 TEUs (Twenty Foot Equivalent Container Units) during the year as compared to 513,580 TEUs last year - a growth of 17%. Our revenues have grown by 12% and consequently net profits before tax have seen a growth of 29%. Our growth has been commendable ever since we started commercial operations in 2002. All this has been possible by the Grace of God with the full dedication of our team of professionals.

Our priority is to add shareholder value by reinvesting our earnings in the company to support our expansion plans in order to capture a significant share in the growth in Pakistan's container throughput. The Directors of the Company recommends final cash dividend @ 25% (Rs. 2.5 per ordinary share) amounting to Rs. 272.88 million in addition to an interim dividend @15% (Rs. 1.5 per ordinary share) already paid during the year ended June 30, 2010. The Directors of the company also recommends final cash dividend on Preference Shares @ 10% p.a. (Re. 1 per preference share) amounting to Rs. 18 million.

We are presently operating with a total of Six Quayside Cranes, Two Mobile Harbour 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.

Negotiations have taken place during the year under review for the finalization of an Implementation Agreement with Port Qasim Authority for the establishment of Pakistan's first modern dirty bulk Terminal for the handling of Coal, Clinker and Cement at Port Qasim. And it is expected that the project will commence in the year 2010-11 subject to the necessary governmental approvals. This project is in line with our 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 millions tons per annum of dirty cargo in a state-of-the-art fully mechanized terminal which will curtail environmental pollution and modernize the port infrastructure of the country

On behalf of PICT, I would like to thank the management of KPT, our Lenders- the International Finance Corporation and the OPEC Fund for International Development, our clients and our valued shareholders.

Our objective remains to build the first Pakistani-owned container terminal in the country and to successfully operate at international norms of productivity and service, and to be second to none.

Capt. Haleem A. Siddiqui
Chairman

Karachi: August 31, 2010

Directors' Report

The Directors have pleasure in presenting the Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2010.

During the last year, PICT has shown progress in terms of growth in containers handled, increase in berth productivity, increase in company revenues and profits. The significant milestones achieved were the following:

- 17 percent growth in annual container throughput to 602,106 TEUs (Twenty Foot Equivalent Container Units) (2009: 513,580 TEUs);
- 12 percent growth in annual revenues to Rs. 5,125.12 (2009: Rs. 4,564.26) million;
- 23 percent growth in profits before interest and tax to Rs.1,707.82 (2009: Rs. 1,383.52) million; and
- 29 percent increase in profits before tax to Rs.1,520.96 (2009: Rs. 1,174.53) million.

Future Plans

We are also developing an off-dock container depot at Northern By-Pass at Karachi which will assist us to expand our handling capacities in synchronization with the increase in our terminal equipment.

As part of enhancing the operating capacity of the terminal a new Bridge Down-Ramp has been constructed and eight new inner gates have been made for improved efficiencies at the Gate.

After having received the Letter of Intent from Port Qasim Authority ("PQA"), negotiations with PQA for the setting up of a Coal, Clinker and Cement Terminal at Port Qasim on a 30 year BOT basis have taken place during the year under review. The concession is pending government procedural approval after which the Implementation agreement is expected to be signed. This will Inshallah be Pakistan's first dedicated dirty bulk cargo terminal to handle the growing volumes of Coal, Clinker and Cement at the ports in the country

Pictorial Review of Developments for the Year

New Specialized PACCS Yard Equipment
for Customs Examination

New Executive Block

New Guards Security Accomodation

New Building Entrance at Gate

New Building Entrance at Gate

Yard Construction

New Eight Lane Inner Gates and Gate House
under Construction

New Eight Lane Inner Gates and Gate House
under Construction

Old Bridge Dismantling

New Yard under Construction at Berth no. 5

New Yard Fully Operational at Berth no. 5

Extension of PACCS Yard

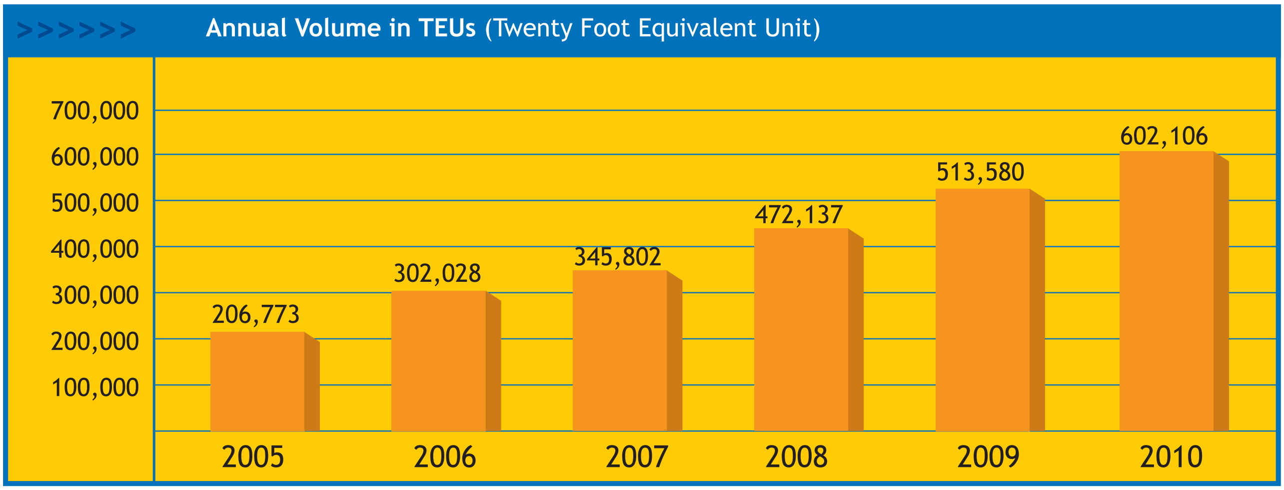
Extension of PACCS Yard

Northern Bypass ICD Construction

Northern Bypass ICD Construction

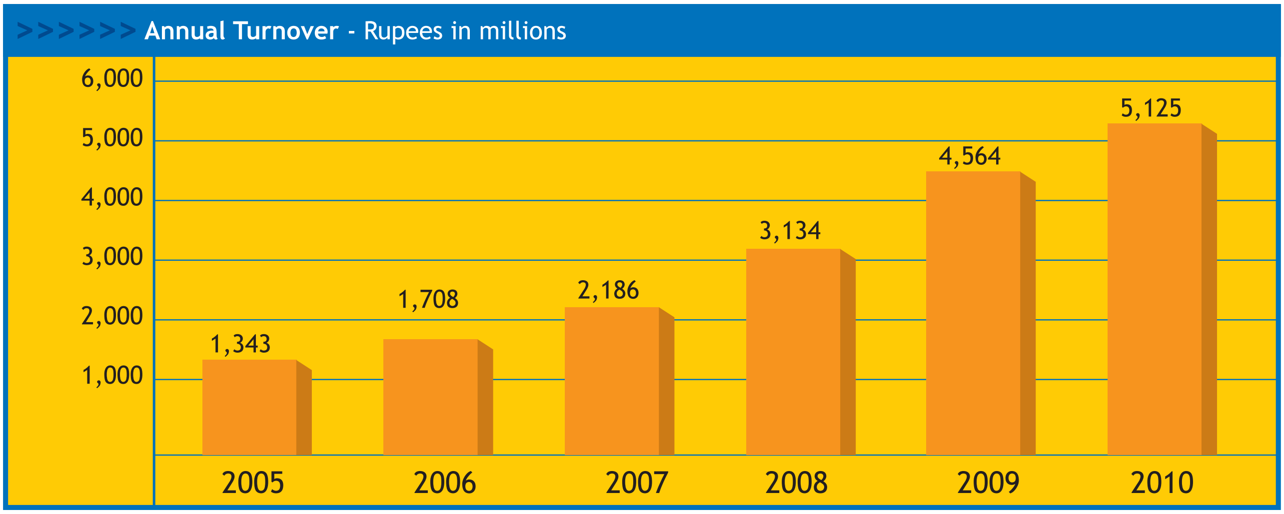
Operational Performance

The Company has shown growth both in terms of volume as well as revenue. During the year, the Company has handled 602,106 TEU's as compared to 513,580 TEU's in the last year showing a growth of 17%. This increase in volume is mainly attributable to the quality of service and state-of-the-art facilities being provided to the shipping lines calling at the Terminal.



Financial Performance

The Company's turnover has reached Rs. 5.125 billion in the eighth year after starting operations. The Company has shown an increase of 12% in revenues as compared to last year i.e. from Rs. 4,564.26 million to Rs.5,125.12 million.



Gross profit for the year has amounted to Rs. 2,183.05million (2009: Rs. 2,069.42 million). Gross margins for the year were 43% as compared to 45% last year.

The Company has posted a pre-tax profit of Rs. 1,520.96million (2009: Rs. 1,174.53 million) showing an increase of 29% from last year and post-tax profit of Rs. 907.81million (2009: Rs. 935.69 million) showing a decrease of 3% from last year figures.

Financial Results

These are summarized below:

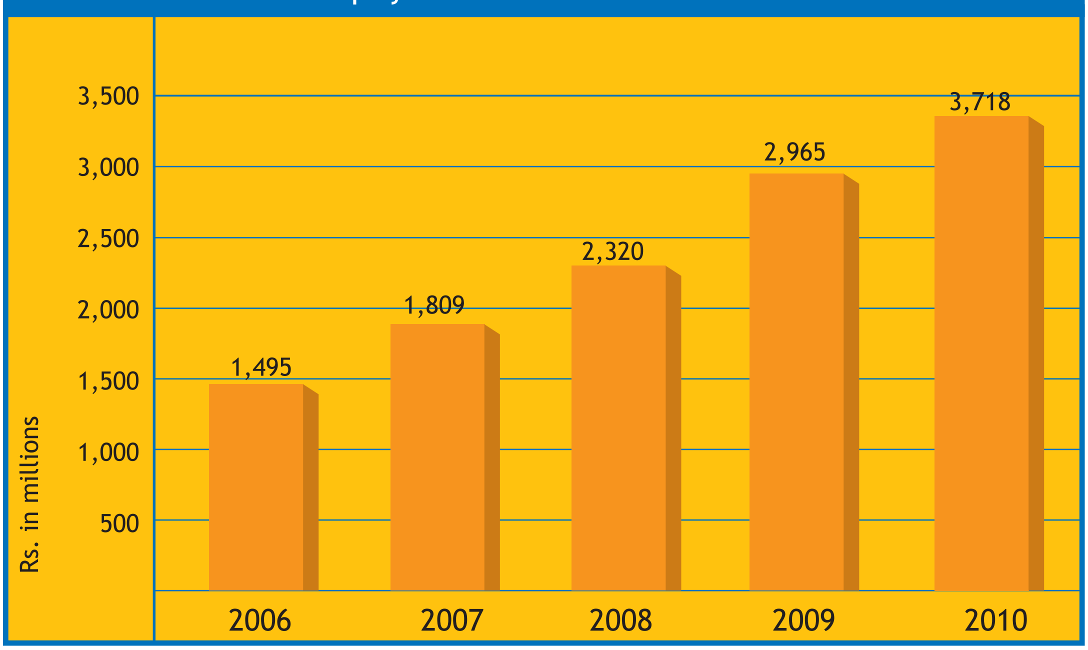
	Rs in 000's
Profit before taxation	1,520,960
Taxation	(613,147)
Profit after tax	907,813
Un-appropriated profit brought forward	1,874,994
Issuance of Bonus Shares for the year ended June 30, 2009 - Ordinary shares	(181,922)
Final dividend for the year ended June 30, 2009- Preference shares	(18,000)
Interim Dividend for the year ended June 30, 2010 - Ordinary Shares	(136,441)
Un-appropriated profit carried forward	2,446,444
EPS- Basic	Rs. 8.15
EPS- Diluted	Rs. 7.14

The Directors of the Company recommends final cash dividend @ 25% (Rs. 2.5 per ordinary share) amounting to Rs. 272.88 million in addition to an interim dividend @15% (Rs. 1.5 per ordinary share) already paid during the year ended June 30, 2010. The Directors of the company also recommends final cash dividend on Preference Shares on proportionate basis @ 10% p.a. (Re. 1 per preference share) amounting to Rs. 18 million. The approval of the members for the final dividends will be obtained at the Annual General Meeting to be held on October 13, 2010.

Share Holders' Equity & Capital Gearing

At the year end, the shareholders' equity stood at Rs. 3,717.98 million (2009: Rs. 2,964.60 million). Debt to Equity ratio is 46:54 as compared to 54:46 last year due to the repayment of loans during the year. The interest coverage for the year is 9.18 times as compared to 6.62 times last year. Current ratio at the year-end stood at 2.05 as compared to 1.72 last year.

>>>>>> Share Holders' Equity



Director's Report


IMS - Awareness Session

Integrated Management System (IMS)

PICT is the first Container Terminal in Pakistan to have an IMS Certification from Bureau Veritas Quality International. IMS integrates the main parameter of ISO9001:2008 (Quality Management System), ISO14001: 2008 (Environment Management System) and OSHAS 18001: 2008 (Occupational Safety and Health Standards). By complying with all the three standards we are actually committed to follow the World Bank Guidelines on Quality, Environment, Health and Safety.

Health Safety & Environment

The Company has implemented the ISO 9001:2008 (Quality Management System), ISO 14001:2008 (Environmental Management System) and OHSAS 18001:2008 (Occupational Health & Safety Management System) certification through a recognized consultant.


Fire Fighting Drill

ISPS Code Compliant Terminal

PICT is compliant with the International Ship and Port Facility Security Code whereby the Terminal facility is well equipped to deal with security threats and respond to potential emergencies. Furthermore, the Terminal is equipped with a camera surveillance system and monitors the entry of all vehicles into the Terminal.

Credit Rating by JCR-VIS

JCR-VIS Credit Rating Company Limited (JCR-VIS) has assigned entity credit rating of A (Single A) and A-2 (A Two) for the medium to long-term and short-term respectively to the Company. The outlook on the medium to long-term rating is 'Positive'.

Auditors

The auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being eligible they have offered themselves for reappointment. The Audit Committee has recommended the reappointment of the retiring auditors for the year ending June 30, 2011 and the Board agrees to the recommendation of the Audit Committee.

Compliance with the Code of Corporate Governance

The compliance with the Code of Corporate Governance set out by the Karachi Stock Exchange in the listing regulations, relevant for the year ended June 30, 2010 have been duly complied with. A statement to this effect is annexed with the report.

Board of Directors

During the year four meetings of the Board of Directors of the Company were held. These were attended as follows:

Name of Directors	Meetings Attended
Capt. Haleem A. Siddiqui	4
Capt. Zafar Iqbal Awan	4
Mr. Aasim A. Siddiqui	5
Mr. Sharique A. Siddiqui	4
Syed Nizam A. Shah	5
Mr. Ali Raza Siddiqui	4
Mr. M. Masood Ahmed Usmani	5

Audit Committee

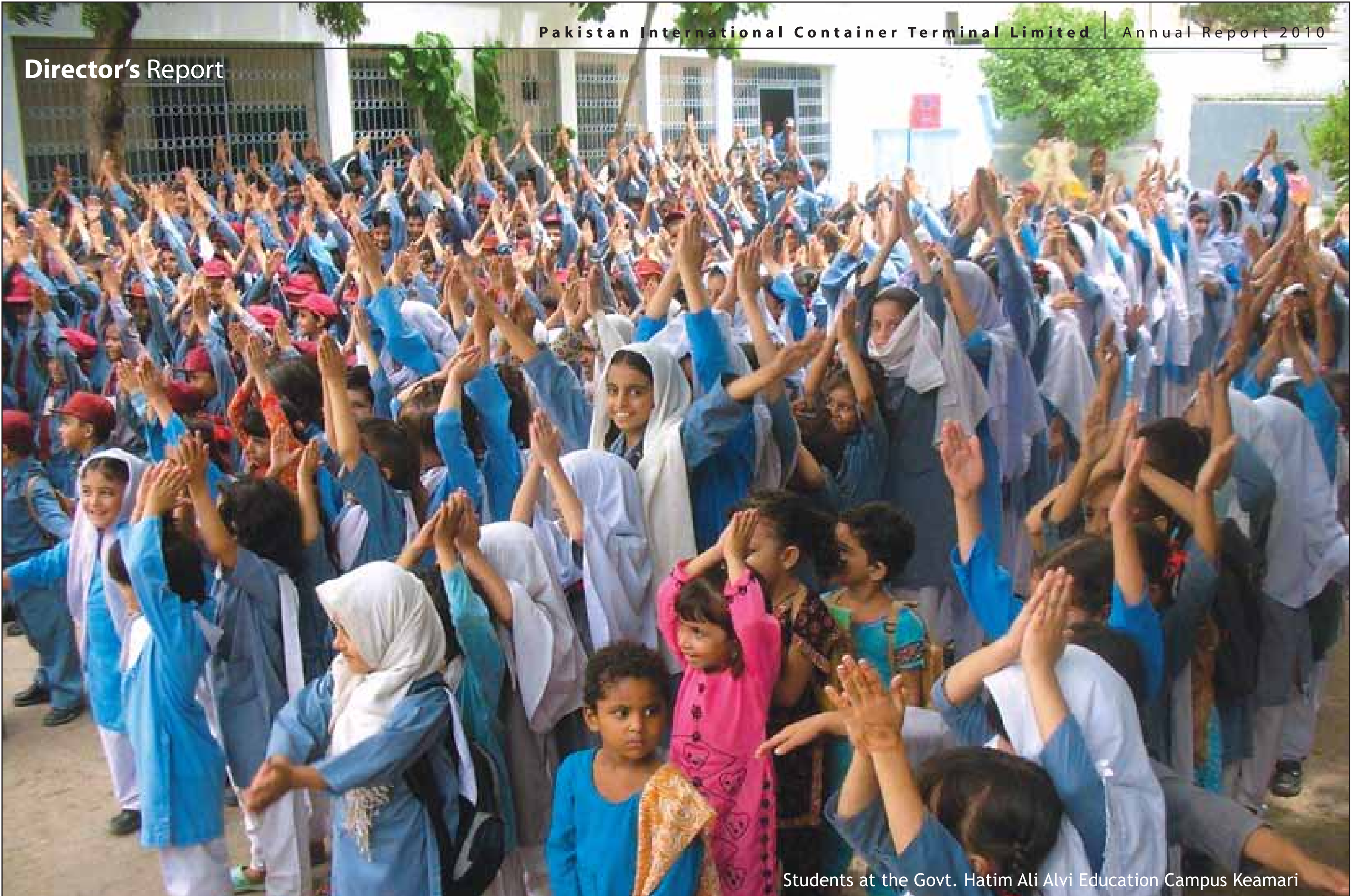
During the year four meetings of Audit Committee were held.

Corporate Governance and Financial Reporting Framework:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing, as detailed in the Listing Regulations.
- The key operating and financial data is annexed.
- The value of investments of provident fund based on their un-audited accounts as on June 30, 2010 was Rs. 91 million.
- Details of purchase/sale of shares of the company by its directors, CEO, CFO, Company Secretary and their spouses and minor children are given on page 70.
- Pattern of shareholding is included in the annexed shareholders' information.

Code of Ethics & Business Principles

The Board has adopted the Statement of Ethics and Business Principles, which is signed and acknowledged by all the Directors and employees of the Company and are required to abide by the Code.



Students at the Govt. Hatim Ali Alvi Education Campus Keamari

Corporate Social Responsibility

Pakistan International Container Limited embraces responsibility for the impact of its activities on the environment, consumers, employers, communities and all other stakeholders of the public sphere.

We consider Corporate Social Responsibility, CSR as an integral part of our business model and strongly adhere to the principle that in order for a business to grow it must monitor and ensure its adherence to ethical standards and international norms. We choose to implement strategies and processes that will produce an overall beneficial impact on society because we feel a responsibility towards the environment in which we operate and our immediate workforce.

In the past year, PICT has undertaken various initiatives in the areas of health, safety, education, environmental protection and preservation and other social activities of individuals and groups, attached directly or indirectly to its business activities. We have implemented a terminal safety program that arranges training and awareness sessions for persons linked directly or indirectly to terminal activities. We are the only Port Operator that has set up a sewage treatment facility at the port. We have arranged clean drinking water facilities at significant spots on the terminal and dedicated areas for tree plantation through the terminal area.

We have also expanded our activities to a much larger scale by supporting a social development policy institute called the Organization for Social Development Initiative ("OSDI"). By providing OSDI with the means and resources to promote sustainable development through poverty alleviation by providing the necessary resources and empowering the poor communities of Pakistan. OSDI is currently working in the rural areas of Sindh, Khyber Pukhtoon Khwa and Gilgit-Baltistan and has undertaken programs on livelihood assistance and community development like health, education, access to clean drinking water, renewable energy and youth development.

The following describe the scope of PICT's CSR programs:

Environmental protection measures

Due to the pressures of population and technology, our biophysical environment has deteriorated over the years, especially in urban areas which are highly industrialized. PICT believes in the protection of the environment and has an IMS policy which covers the three following standards:
ISO 9001:2008
ISO 14001:2008
OHSAS 18001:2008

Various facilities have been installed at the terminal and strict measures have been taken to help protect the environment. The details of these initiatives are as follows:

Reducing Emissions:

In order to reduce emissions 10 new electrically operated Rubber Tyred Gantrys (ERTGs or Green RTGs) have been inducted at the terminal. A plan is underway to convert the remaining 10 Rubber Tyred Gantrys also to ERTGs. Emission testing of the terminal equipment is being carried out on a quarterly basis.

Sewage Treatment Plant:

A sewage treatment plant of around 20m3/day has been installed at the new executive block at the terminal. A sample of its effluent is also being tested and the results have been found to be within acceptable limits. Another sewage treatment plant of 20 m3/day capacity is in the process of being installed near the Document Process Centre.

Waste Management:

Waste generated is segregated into hazardous and non-hazardous waste and stored in a separate area where access is controlled. The disposal of the waste is carried out through an Authorized Waste Contractor.

Leaky Container Area:

In order to contain the leakage of any hazardous cargo, we have designated a leaky container area to avoid any spills.

Oil Spill Control:

PICT has an oil spill control procedure to handle oil spills. Secondary containment trays and oil dust are available to control any spillage. In case of any leakage at sea side, an emergency response is sought from Marine Pollution Control Department (MPCD).

Work Permit System:

There is a proper work permit system from Health and Safety Department for hot work and work at height etc.

Power generation and sound attenuation:

PICT has its own power house which generates 10 MW of electricity and fulfills the energy requirements at the terminal. Sound attenuation has been achieved in the power house by the installation of louvers. The staff working inside the power house wear ear muffs as part of their procedures.

Welfare spending for under privileged classes:

PICT provides employment to individuals from all over Karachi belonging to different religions, sects, cultures and ages. We strongly believe in helping our employees in their dire need and to provide them with a comfortable environment where they can work effectively. We have set up special programs for the underprivileged employees so that they and their families can benefit as much as possible and have the means to have access to the basic facilities of life like education, health etc.

Children Education Assistance Program:

PICT supports the low-paid salary staff, by taking the responsibility of meeting the educational expenses of their children. All such staff is provided with the facility of getting reimbursement for the educational and related expenses of upto two children. Around 120 members of staff have benefited from this facility.

Out Patient/Consultant Clinic Facility:

To meet their medical expenses, lower salary staff has also been facilitated by providing allowance for Out Patient/Consultant visits with annual limits prescribed on the basis of their salary. This facility covers all the medical expenses incurred on his own treatment or the treatment of family members including, spouses, children and parents.

Burial Expenses:

For all the lower salary staff, in the case of death of any family members including spouse, children and parents, PICT covers all the expenses pertaining to burial.

Sponsoring Staff for Hajj:

In order to provide support to low-paid salary staff, who could not afford to perform Hajj, PICT provides this opportunity by holding a ballot for all such employees. Every year two employees are picked through ballot and all the expenses pertaining to the holy journey are borne by the Company.

Occupational Safety and Health:

Occupational Safety and Health of the employees is one of the primary concerns of PICT. We have a special department QHSE, Quality Health Safety and Environment which is dedicated to ensure the safety standard at the terminal and is continuously working to improve the occupational health of the employees and to eliminate or minimize any safety risks to its employees. We believe that the integration of Occupational Health and Safety system (OHSAS) requirements with existing business processes achieves significant efficiencies.

Trainings:

As part of OSHAS, safety awareness sessions and trainings are carried out on a regular basis. A total of 31 training sessions were conducted related to Occupational Safety and Health. These were attended by a total of 434 participants. The topics covered in these sessions included terminal and workplace safety, understanding fire safety arrangements, fire fighting and response to fire operations, basic first aid and safe driving techniques etc. Our management has noticed a better response to workplace safety guidelines among our employees as a result of these trainings and there has also been a reduction in the number of injuries at the workplace.

Safe Driving Training for Trailer Drivers


Behaviour Based Safety Training for Managerial Staff


Terminal Safety Training for Vendors & Contractors

Ambulance/Dispensary:

PICT has arranged and manages a 24 hour dispensary and ambulance at the terminal. Further, a casualty room with basic facilities has been setup to provide first aid treatment on the spot. This emergency facility is available to all the persons directly or indirectly involved in the day to day activities being carried out within the premises.

Staff sports:

PICT believes that people with healthy bodies and mind can work with maximum efficiency. To improve the performance of staff members, an open opportunity was given to all, to participate and perform in extracurricular activities. For this, a PICT cricket team has been formed, which regularly participates and plays matches at professional cricket grounds.

Community Investment and Welfare Schemes:

We seek to improve the general welfare of the community and would like to invest in local capacity-building exercises. This year we have engaged in community investment and welfare activities by adopting five schools in Kemari at the Hatim Ali Alvi campus and by initiating a health education series in Shirin Jinnah colony.

Adoption of FIVE Schools:

In November 2009, Pakistan International Container Ltd. (PICT) adopted five schools at Hatim Ali Alvi Campus in Keamari. The schools are the Hatim Ali Alvi school, the R.B.Shiva Ram school, M.Khan Gazi Khan Girls Primary school, M.Khan Gazi Khan Boys Primary school and Abdullah Gabool school. All the schools hold primary classes from Grades 1-V. The Hatim Ali Alvi school holds classes upto the 8th grade.

PICT is carrying out both qualitative and quantitative improvements in the school so that the children can benefit as much as possible.

In November 2009, before the schools were adopted, the total enrollment figure for the five schools was 1244. Before the schools closed for the summer vacation, the total enrollment figure in the schools was 1409. This indicates a total increase in enrollment of 165 new students since the adoption.

Infrastructure Development:

A major renovation process was initiated in which the roof of the Hatim Ali building which required reconstruction was repaired. A total of 23 fans, 130 desks and a 60 liter water cooler were purchased for the schools. A play area was also constructed to provide a friendly environment for the students.

Teachers Training:

We realize however, that the reconstruction of the physical environment, alone does not lead to better standards of education. We held two teacher training workshops at the school in March for a total of 43 teachers. The duration of each workshop was 15 hours. We have been monitoring the progress of these schools to see the extent to which they are incorporating new methods into their teaching practices and in the coming months we will be focusing on improving the teaching standards in these schools

Teachers Training

Health Education Series:

According to the World Health Organization report of 2010, under nutrition is the underlying cause in about one-third of all child deaths. Over the past year, a rise in food prices combined with falling incomes has led to an increased risk of malnutrition amongst children in Pakistan. Diarrhea continues to be a leading cause of death for children under 5 years of age in Pakistan. In addition to this, a very high percentage of women in die each year in this country due to complications during pregnancy and childbirth. Maternal mortality shows a very large gap between the rich and poor population of a country.

Keeping these statistics and facts in mind, a health education series was designed to specifically address the health of the new born infant and care of the mother during pregnancy. This lecture series is currently running at the Behbud clinic in Shirin Jinnah colony and the topics covered include pre- and post- natal care, proper nutrition and hygiene for infants and small children upto 6 years, prevention of diarrhea and the milestones in a child's development etc.

Donations for National Causes:

National cause donations contribute to the well being of the communities within which a company operates and strengthen the organization's links with these communities. PICT believes that donations to national causes are part of its social obligations and has contributed generously to OSDI to support its flood relief operations. PICT has always donated generously whenever the nation has gone through a catastrophe be it the earthquake in the Northern areas or the recent devastating flood in the entire country.

Supporting Efforts for Flood Relief:

The recent heavy rain falls and floods in the country have left thousands homeless. In view of this large scale of displacement amongst the population, OSDI immediately planned out an emergency relief operation to help the affected in Sindh and Khyber Pukhtoon Khwa province. PICT has contributed generously to OSDI to support the relief operation.

In Sindh, since OSDI is currently working in the districts of Shikarpur, Khairpur and Matyari. The initial relief activities were immediately directed to Shikarpur and Khairpur. Most of the villages in Shikarpur have been flooded severely including our focused villages of Malhee, Gul Burrioro and Old Zurkhel. People have lost their livelihoods, crops livestock and belongings and have fled from their homes to higher ground. A huge population of the devastated is gathered at the link road outside of Shikarpur in search of shelter and food. In view of this a camp has been set up besides the road which is currently providing relief to approximately 800 people. 67 tents have been set up and relief packages including necessary essentials like food items, clean drinking water, utensils, medicines and stoves have been distributed among the families. Due to the intensity of the disaster at Shikarpur, a second relief operation is being planned to provide relief to 2000 more people.

Similarly in Khairpur District, the people of our focused villages of Jan mohd Vandiar, Goth Pir Bux Bhonbharo, Mulko wahan and Kamal Khan lashari have suffered because of heavy rain falls. These households are also being provided relief items specially food for immediate relief. However other villages in the same area, which were closer to Indus river have been swept away because of the heavy floods. Due to the magnanimity of the devastation another camp has been set up near the village Sobhedhero, which is providing relief to approximately 400 people affected by heavy rain and floods. 33 tents have been set up at the camp and relief items have been distributed among the families to provide immediate relief.

In Matiari District a third camp has been established to provide relief to the flood affectes. 50 tents have been set up to provide shelter food and medicines for approximately 500 people.

OSDI-financed by PICT has been able to provide relief to more than 3000 people in these areas and is working endlessly to provide them food and shelter and help them survive through this devastating calamity.

Corporate Philanthropy:

PICT believes in giving charitable donations as part of its broader social responsibility. Charitable giving forms a major link between an organization and the communities its serves and leads to the formation of healthier communities. We support numerous charitable organizations who are working passionately to help the poor and less fortunate. Some of the recipients of the PICT's donation are listed below:

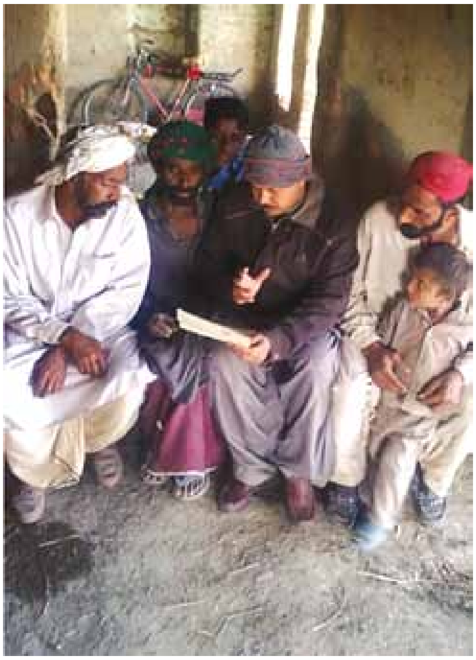
- Behbud Association
- Citizen Police Liasion Committee
- Department of Orthopedic Surgery
- Nigahban Welfare Association
- Pakistan Disabled Persons Welfare Organization
- Pakturk International School & Colleges
- Patients Behbud Society for AKUH
- Poor Patients Aid Society
- SZABIST Student Council
- The Karachi Oxford & Cambridge Society
- Child Aid Association
- The Indus Hospital
- Kiran Patients Welfare Society
- National Institute of Cardiovascular Diseseas
- Sindh Institute of Urology & transplantation
- SOS Children's Villages of Sindh
- Support Fund of Victims of Ashura - CDGK
- Fakhr-e-Imdad Foundation
- Edhi Foundation
- Ahmed E. H. Jaffer foundation
- Rabia Azim Trust

Rural Development Program:

We have also expanded our CSR activities to a much larger scale by supporting a social development policy institute called the Organization for Social Development Initiative ("OSDI").

OSDI considers sustainable development to be the only solution for the betterment of society and the people of Pakistan. This will be achieved by instigating economic activity in the region, providing access to universal education and addressing all related issues contributing towards poverty in the communities. OSDI has completed 37 projects in the areas of livelihood assistance and community outreach programs like crop cultivation, health, providing clean drinking water, water and sanitation, social enterprising In the rural areas of Mardan, Gilgit and Sindh

The following are a few of the projects that OSDI has undertaken in the past year:



Livestock Development Project – Jan Mohd Vandiar, Goth Pir Bux - Khairpur - Sindh

OSDI's Livestock Project, part of the Livelihood Assistance Program was initiated in the villages of Jan Mohd. Vandiar & Goth Kot Pir Bux Banbharo. People from these communities lead a semi-nomadic life and their livelihoods are largely dependent on livestock and agricultural activities. Our goal behind the project was to financially empower the underprivileged people of the Shambani Balouch community of the village Jan Mohd Vandiar and Banbharo community of the village Goth Kot pir Bux Banbharo. The projects were designed to raise their income levels so they can break free from the debilitating cycle of poverty. We aimed to provide them with the means and the tools to enable them to improve their livelihoods.

Community Based Sewage and Sanitation Program in Pirsai – Mardan-Khyber Pukhtoon Khwa

Recently OSDI completed a two part sanitation project in the village of Pirsai in Mardan District of Khyber Pukhtun Khwa province. Water and sanitation conditions were extremely poor in the village. The dirty sewage water from homes and shops flowed to the village street, villagers passing by and children playing in the streets came across this dirty water regularly, causing health hazards to the inhabitants. This problem further intensified during the rainy season when the contaminated water flowed back into the houses.

The project was initiated in the month of June and was effectively concluded in approximately 20 days. The first part of the project involved a construction of 2,500 ft. sewage line. The 12"x12" line runs from the centre of the village to a previously constructed 12 ft. deep septic tank. The community contributed roughly 59% of the cost by means of contributions and labour costs and the rest of the expenses were borne by OSDI.

The second part of the project involved construction and complete renovation of 10 washrooms in different village localities. OSDI oversaw the renovation of 8 lavatories in Govt. Primary School for Boys, Govt. Primary School for Girls, Madrassah for Girls and the village mosque. Moreover two new restrooms were constructed near the village awami hujra.

Hepatitis Screening Prevention and Eradication Campaign – Sukhio Mir Jut- Matiari - Sindh

In an attempt to combat the rising number of hepatitis cases in Sindh, OSDI initiated a hepatitis screening, eradication and prevention project with the collaboration of the Government of Sindh. The focused village for the project was Goth Sukhio Mir Jut, UC Hala in the district of Matyari in Sindh. The campaign began in the last week of February 2010, and was spread over a series of six camps during which screening and vaccination was carried out. ICT, ELIZA and PCR tests were performed for identifying the hepatitis B and hepatitis C virus carriers. The three doses of vaccination were also carried out during the camps and the last dose of vaccination was carried out in the last camp in the first week of June.

Besides the members of Sukhio Mir Jut the camp was visited by residents from six neighbouring villages as well.

The camps screened a total of 826 individuals of which 211 were children under the age of 15 (the ratio of male to female was 115: 96). In all 715 individuals received hepatitis vaccination (the ratio of male to female was 314: 409) and a total of 103 patients were deduced to be suffering from Hepatitis C virus. The infected Individuals were referred to the Government treatment program at Hala, where they are undergoing their treatment.

Wheat Crop Cultivation the village of Malhee- Shikarpur Sindh:

The village of Malhee is located approximately 20 kilometers due north of the city of Shikarpur in the Tehsil Khairpur of the district of Shikarpur.

To bring the local farmers out of the burden of high interest debt, OSDI identified three indigent households to give them interest – free loans to cultivate wheat. The three focused families of Khuda Bux, Saifullah, and M.Paryo were given loans in accordance with the land area they were to cultivate. The loan was not handed out in cash but in the presence and the willingness of farmer the loan was spent on purchase of seeds, renting a tractor for ploughing, and fertilizers. The project ran smoothly throughout its duration and the families utilized their profits to pay off their loans and to cater to their domestic needs.

Material Changes & Commitments:

Proposed final cash dividend on ordinary shares @ 25% (Rs. 2.5 per ordinary share) amounting to Rs. 272.88 million and proposed final dividend preference shares carrying dividend @10% p.a. (Re. 1 per preference share) amounting to Rs. 18 million. The Companies Ordinance, 1984 requires that events subsequent to the balance sheet date including declaration of dividend should be incorporated in the year it is declared. Therefore, the cash dividend on ordinary and preference shares proposed by the directors in the meeting held on August 31, 2010 shall be incorporated in the financial statements for the year ending June 30, 2011.

For and on behalf of Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi: August 31, 2010

Key Management

From Left to Right:
Capt. (R) Shaheen Pervez, Syed Masroor-ul-Hassan, Mr. Mohammad Zahid Ahmed, Mr. Mobin Ahmed Qureshi, Capt. Afzal Shaikh, Mr. Sharaf Basit Alavi, Mr. Mohammad Kamal, Mr. Safdar Abbas, Mirza Mujeeb Baig, Mr. Noman Yousuf, Mr. Kamran Samad, Mr. Moazzam Ali, Syed Muhammad Imran Moosa, Mr. Zeeshan I. Sabro, Capt. Ibrahim Zaheer Khan, Cdre. (R) Salim Ahmad Siddiqui, Capt. Zafar Iqbal Awan, Mr. Mumtaz Hassan Penkar, Mr. Perveiz Ahmed Khan, Mr. Mohsin Mushtaq , Mr. M. Masood Ahmed Usmani, Mr. Arsalan Iftikhar Khan, Syed Asad Ali, Mr. Rizwan Ahmed Khan, Mr. Riaz Ahmed Khan, Mr. Saud Ur Rehman, Syed Ziauddin, Mr. Mohammad Atiq, Mr. Waqar Ali Khan

Karachi, 26th March 2010: Container vessel: "Wan Hai 605" of WAN HAI Shipping Line and capacity of carrying 6039 TEU berthed at PICT berths at Karachi Port. PICT is handling the vessels of the shipping service comprising of the largest container vessels to call Pakistani Ports.

BUSINESS

Largest ever ship berths at PICT

By Our Staff Reporter

KARACHI, March 26: The Pakistan International Container Terminal (PICT) has received the largest ever container vessel to call at country's ports. With a carrying capacity of 6,039 boxes Wan Hai 605 belongs to South Korean shipping line.

The vessel with 40-meter beam and GRT 66,197 tons was accommodated on berth at East Wharf of the Karachi Port. During its stay the vessel is expected to load, unload 3,000 boxes.

With the arrival of large sized vessels importers and exporters would enjoy benefits accruing from economies of scale. This will also help the KPT to generate more revenue on increased tonnage.

Speaking on the occasion chairman PICT Capt Haleem Siddiqui said that the terminal has completed its all development phases at an investment cost of $150 million.

The terminal now could handle large sized vessels because the Karachi Port has deepened the approach channels and the draft of the berths. The KPT also managed to enhance the handling capacity of the port by inducting two modern tugs and is striving hard to meet port users' requirement for rapid clearance of cargo.

He claimed that PICT was the only container terminal in the country to be fully owned by Pakistanis and is also the only one to be listed on the Karachi Stock Exchange.

The terminal has been financed by the International Finance Corporation – a member of the World Bank group, and is also first private sector project to be financed by the Opec fund for international development.

He said that PICT has also installed a state-of-the-art container scanner for non-intrusive examination of cargo.

THE NEWS

BUSINESS NEWS

KPT handles 276-meter long mega ship

By our correspondent

KARACHI: The Karachi Port Trust (KPT) has successfully handled for the first time the berthing, loading and unloading of 276 meter long vessel carrying containerized cargo of 6,039 TEUs (Twenty-Foot Equivalent Units).

The landmark was possible when the KPT acquired two tugs to handle the mega ship, the deepening of channel was also a major factor in firming up this service as previously owners of larger vessels were reluctant to dock at Karachi Port.

The mega vessel Wan-Hai-605 docked at Berth Nos 6 and 7, East Wharf on March 25 and was expected to leave for its next destination within 30 hours after completing loading / unloading operation.

The vessel called under the agency of [illegible] (Pvt) Ltd whose MD/CEO [illegible] showed complete satisfaction while discussing with the Chairperson Nasreen Haq during her visit to PICT to witness the operation of the ship.

Intensive dredging in the approach channel of both the wharves i.e. East and West and widening / realignment of the navigational channel has enabled the KPT to accommodate considerably large vessels.

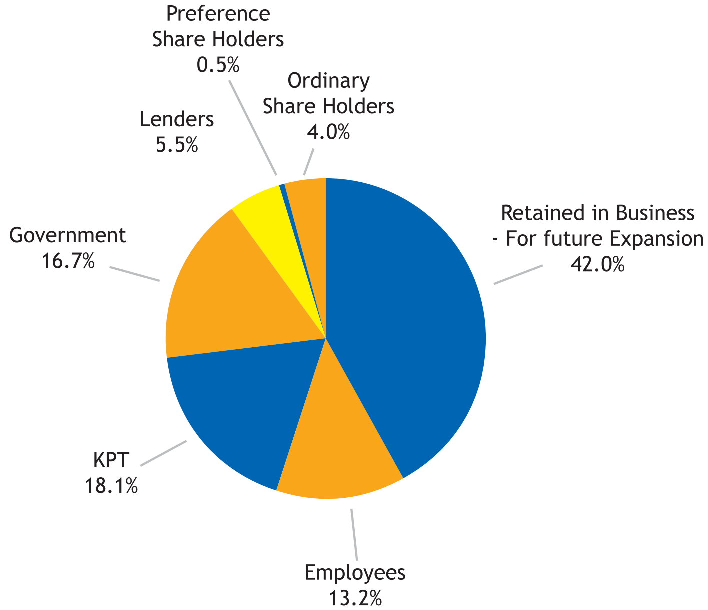

PICT
SWL 45LT
4
ZPMC
3
SWL 45LT
PICT
ZPMC

Key Operating & Financial Data

	2010	2009	2008	2007	2006
			Rupees in Millions		
TURNOVER & PROFITS					
Revenue	5,125.12	4,564.26	3,134.06	2,186.06	1,707.76
Gross Profit	2,183.05	2,069.42	1,325.60	808.07	640.67
Operating Profit	1,930.69	1,883.17	1,185.61	699.61	539.54
Profit Before Taxation	1,520.96	1,174.53	740.99	520.12	450.58
Profit After Taxation	907.81	935.69	529.26	331.19	291.27
ASSETS EMPLOYED					
Operating Assets - net	5,346.13	4,724.75	2,970.58	2,879.49	2,033.52
Intangible Assets - net	64.99	0.25	14.41	33.81	53.41
Net Current Assets	1,213.80	785.08	811.85	812.82	786.62
FINANCED BY					
Share Capital	1,271.53	1,089.61	1,089.61	938.01	938.01
Share Holder's Equity	3,717.98	2,964.60	2,319.80	1,808.50	1,495.4
Long Term Loans	2,298.04	2,656.03	1,745.57	1,301.40	1,416.99
STATISTICS					
Break up Value Per Ordinary Share (Rs.)	32.41	30.61	23.52	21.48	17.35
Market Value Per Ordinary Share (Rs.)	75.00	53.43	124.48	84.80	77.15
Earnings Per Ordinary Share (Rs.)	8.15	8.41	5.62	4.13	3.61
Total TEU's for the Year (Numbers)	602,106	513,580	472,137	345,802	302,028
Total Boxes for the Year (Numbers)	453,108	388,511	357,942	260,225	216,230
CAPITAL MARKET ANALYSIS RATIOS					
Price Earning Ratio	9.20	6.35	22.15	20.53	21.37
LIQUIDITY ANALYSIS RATIOS					
Current Ratio	2.05	1.72	1.96	2.82	2.86
PROFITABILITY ANALYSIS RATIOS					
Return on Assets (before tax)	18.97%	17.43%	14.61%	12.92%	14.53%
Return on Capital Employed (before tax)	45.52%	44.45%	35.90%	31.49%	33.34%
Return on Capital Employed (after tax)	27.17%	35.41%	25.64%	20.05%	21.55%
Gross Profit Margin	42.60%	45.34%	42.30%	36.96%	37.52%
Net Profit Margin-Before Tax	29.68%	25.73%	23.64%	23.79%	26.38%
Net Profit Margin-After Tax	17.71%	20.50%	16.89%	15.15%	17.06%
CAPITAL STRUCTURE ANALYSIS RATIOS					
Debt Ratio	37.37%	45.15%	44.03%	44.11%	45.03%
Debt Equity Ratio	46:54	54:46	52:48	52:48	52:48
Interest Coverage	9.18	6.62	4.70	3.93	6.19

Statement of Value Added

Value Added	2010 Rupees in 000's
Revenue	5,272,697
Net Cost of services rendered	1,988,095
	3,284,602
Other Income	96,807
	3,381,409
Distribution	
Employees	
- Salaries & Wages	446,658
Karachi Port Trust	
- Royalty & HMS Charges	611,888
Government	
- Taxes	563,262
Lenders	
- Mark up on Loans and Leased Assets	185,401
Preference Share Holders	
- Cash Dividend	18,000
Ordinary Share Holders	
- Cash Dividend	136,441
Retained in Business	1,419,759
	3,381,409



Distribution - %

Employees	13.2%
KPT	18.1%
Government	16.7%
Lenders	5.5%
Preference Share Holders	0.5%
Ordinary Share Holders	4.0%
Retained in Business - For future Expansion	42.0%
	100%

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

This statement is being presented to comply with the Code of Corporate Governance contained in the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The company has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent Non-Executive Directors. At present the Board consists of seven Directors out of which two are Non-Executive Directors, who are the nominee directors.

2. The Directors have confirmed that none of them is serving as a Director in more than ten listed companies, including this company.

3. All the Directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or NBFI. No Director in the board is a member of any of the Stock Exchanges in Pakistan.

4. There has been no casual vacancy in the Board during the year 2009-2010.

5. The nomination of Mr. Ali Raza Siddiqui in place of Mr. Ali J. Siddiqui has been received and the same has been filed within the stipulated time.

6. No new appointment of CFO or Head of Internal Audit has been made during the year.

7. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all of the directors and employees of the Company.

8. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

9. All the powers of the Board have been duly exercised and decisions on material transactions including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer and other Executive Directors, have been taken by the Board.

10. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2010

11. The director's report for this year has been prepared in accordance with the requirements of Code and fully describes the salient matters required to be disclosed.

12. The Directors' report for the year ended June 30, 2010 has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board.

14. The Directors, Chief Executive Officer and Executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

15. The Company has complied with all the corporate and financial reporting requirements of the Code.

16. The related party transaction have been placed before the audit committee and approved by the Board of directors to comply with the requirements of listing regulations 37 of the Karachi Stock Exchange (Guarantee) Limited.

17. The Board has formed an Audit Committee comprising of three members including the Chairman of the Committee. Two of the members are Non-Executive Directors.

18. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the committee have been formulated and advised to the committee for compliance.

19. Directors were sent on training to Pakistan Institute Corporate Governance "PICG", whereas an in-house orientation session was also arranged to understand the roles and responsibilities.

20. The Board has set up an effective internal audit function.

21. The statutory Auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan.

22. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

23. We confirm that all other material principles contained in the Code have been complied with.

Capt. Zafar Iqbal Awan
Chief Executive Officer

KARACHI: AUGUST 31, 2010

STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES ON TRANSFER PRICING FOR THE YEAR ENDED JUNE 30, 2010

The Company has fully complied with the Best practices on Transfer Pricing as contained in the Listing Regulations of the Stock Exchange.

Capt. Zafar Iqbal Awan
Chief Executive Officer

KARACHI: AUGUST 31, 2010

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan International Container Terminal Limited (the Company) to comply with the Listing Regulation No. 37 of the Karachi Stock Exchange (Guarantee) Limited, where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Sub-Regulation (xiii) of Listing Regulations 37 notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the company to place before the board of directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the board of directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, effective for the year ended 30 June 2010.

KARACHI: August 31, 2010

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

Financial Statements

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED** (the Company) as at **30 June 2010** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that :

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for changes as stated in note 2.1 to the accompanying financial statements with which we concur;

   ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2010** and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Without qualifying our opinion, we draw attention to the contents of note 15.2.3 to the financial statements. As fully explained in the said note, preference shares have been treated as part of equity in view of the requirements of the Companies Ordinance, 1984 and the matter of its classification will be dealt with in accordance with the clarification from the Securities and Exchange Commission of Pakistan.

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

KARACHI: August 31, 2010

BALANCE SHEET

AS AT JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	**5,800,338**	5,756,510
Intangible assets	5	**64,989**	251
Long-term Investment	6	**-**	-
Long-term deposits	7	**83,705**	83,573
		5,949,032	5,840,334
CURRENT ASSETS			
Stores and spares	8	**301,086**	253,915
Trade debts - unsecured	9	**237,352**	388,046
Advances - unsecured, considered good	10	**35,564**	33,794
Deposits and prepayments	11	**56,093**	42,673
Other receivables - unsecured	12	**30,181**	14,595
Short term investments	13	**592,372**	559,847
Taxation - net		**87,282**	98,728
Cash and bank balances	14	**1,026,176**	491,188
		2,366,106	1,882,786
TOTAL ASSETS		**8,315,138**	7,723,120
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised capital	15.1	**2,000,000**	2,000,000
Issued, subscribed and paid-up capital	15.2	**1,271,532**	1,089,610
Unappropriated profit		**2,446,444**	1,874,994
		3,717,976	2,964,604
NON-CURRENT LIABILITIES			
Long-term financing - secured	16	**2,298,040**	2,656,028
Liabilities against assets subject to finance lease	17	**173,394**	233,303
Deferred tax liability	18	**944,793**	747,328
Staff compensated absences	19	**28,628**	24,152
		3,444,855	3,660,811
CURRENT LIABILITIES			
Trade and other payables	20	**516,717**	499,724
Accrued interest on long - term financing		**55,899**	66,388
Current maturity of long - term financing	16	**519,782**	469,284
Current maturity of liabilities against assets subject to finance lease	17	**59,909**	62,309
		1,152,307	1,097,705
CONTINGENCIES AND COMMITMENTS	21		
TOTAL EQUITY AND LIABILITIES		**8,315,138**	7,723,120

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
Turnover - net	22	**5,125,117**	4,564,256
Terminal operating costs	23	**2,942,067**	2,494,840
Gross profit		**2,183,050**	2,069,416
Administrative expenses	24	**349,168**	263,814
Other operating income	25	**96,807**	101,058
		1,930,689	1,906,660
Finance costs	26	**185,857**	208,990
Other charges	27	**223,872**	523,142
Profit before taxation		**1,520,960**	1,174,528
Taxation	28	**613,147**	238,839
Profit after taxation		**907,813**	935,689
			(Restated)
Earnings per ordinary share - Basic	29.1	**Rs. 8.15**	Rs. 8.41
			(Restated)
Earnings per ordinary share - Diluted	29.2	**Rs. 7.14**	Rs. 7.36

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2010

	2010	2009
	--------- (Rs. in thousands) --------	
Profit for the year after tax	907,813	935,689
Other comprehensive income - net of taxation	-	-
Total comprehensive income for the year - net of tax	907,813	935,689

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

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CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
CASH FLOWS FROM OPERATIONS	34	**2,373,758**	2,035,636
Taxes paid		**(404,236)**	(188,218)
Finance costs paid		**(157,099)**	(134,704)
Net cash generated from operating activities		**1,812,423**	1,712,714
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(159,095)**	(28,135)
Proceeds from sale of property, plant and equipment		**3,576**	2,156
Payment in relation to capital work-in-progress		**(421,229)**	(2,020,563)
(Purchase) / redemption of Investments - net		**(25,534)**	140,318
Interest received		**59,844**	55,737
Net cash used in investing activities		**(542,438)**	(1,850,487)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Repayment) / Proceeds from long-term financing - net		**(485,186)**	652,767
Dividends paid on preference shares		**(18,000)**	(18,000)
Dividend paid on ordinary shares		**(139,252)**	(272,883)
Security deposits against leased assets		**(172)**	-
Lease rentals paid		**(92,387)**	(123,381)
Net cash (Used) / generated from financing activities		**(734,997)**	238,503
Net increase in cash and cash equivalents		**534,988**	100,730
Cash and cash equivalents at the beginning of the year		**491,188**	390,458
Cash and cash equivalents at the end of the year	14	**1,026,176**	491,188

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2010

	Issued, subscribed and paid-up capital			
	Ordinary shares	Redeemable preference shares	Unappropriated profit	Total
	------------- (Rs. in thousands) -------------			
Balance as at June 30, 2008	909,610	180,000	1,230,188	2,319,798
Profit for the year	-	-	935,689	935,689
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	935,689	935,689
Dividend on ordinary shares @ 30% for the year ended June 30, 2008	-	-	(272,883)	(272,883)
Dividend on preference shares @10% for the year ended June 30, 2008	-	-	(18,000)	(18,000)
Balance as at June 30, 2009	909,610	180,000	1,874,994	2,964,604
Profit for the year	-	-	907,813	907,813
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	907,813	907,813
Bonus shares issued during the period in the ratio of 1 ordinary share for every 5 shares held	181,922	-	(181,922)	-
Dividend on preference shares @10% for the year ended June 30, 2009	-	-	(18,000)	(18,000)
Interim dividend on ordinary shares @ 15% for the year ended June 30, 2010	-	-	(136,441)	(136,441)
Balance as at June 30, 2010	1,091,532	180,000	2,446,444	3,717,976

The annexed notes from 1 to 37 form an integral part of these financial statements.

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

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 listed on the Karachi Stock Exchange on October 15, 2003. 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 berths 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.

1.3. During the year, the Company in its Annual General Meeting held on October 02, 2009 passed a special resolution to incorporate a wholly owned subsidiary having objects similar to the Company. Consequently, the Company has incorporated its subsidiary Pakistan International Bulk Terminal (Private) Limited (PIBT) on March 22, 2010. The principal activities of PIBT will be business of container terminal operators, terminal operator of coal, clinker and cement and other bulk cargo etc. The Subsidiary is in start-up phase and has not commenced its operations.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan in pursuance of the Circular No. 21 dated June 22, 2009 has given relaxation for the implementation of IFRIC 12 - “Service Concession Arrangements” due to the practical difficulties facing the companies till the conclusion of the agreements entered on or before June 30, 2010 with the Government or other authority/entity.

These financial statements are separate financial statements of the Company in which investment in a subsidiary is accounted for on the basis of direct equity interest and is not consolidated. The Company has applied to SECP for exemption of presenting consolidated financial statements as the subsidiary company is in start-up phase and has not commenced its operations and therefore considered immaterial.

2.1 Changes in accounting policies and disclosures:

During the current year, the Company has adopted the following new and amended IFRSs as of July 01, 2009, which has resulted in extended disclosures as described below:

IAS-1 - Presentation of Financial Statements (Revised)
IFRS-7 - Financial Instruments: Disclosures (Amended)

IAS-1 - “Presentation of Financial Statements”

The revised IAS-1 was issued in September 2007 and became effective for financial years beginning on or after January 01, 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the standard has introduced a statement of comprehensive income, which presents all items of recognised income and expense, either as a single statement, or in two linked statements. The Company has opted to present two linked statements and accordingly has presented a separate statement of comprehensive income in these financial statements.

IFRS 7 - “Financial Instruments: Disclosures” (Amendments)

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. The fair value measurement disclosures are presented in note 30.7 to the financial statements. The liquidity risk disclosures are not significantly impacted by the amendments and are also presented in note 30.2 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Adoption of these standards and interpretations did not have any material effect on the financial statements of the Company except for certain additional disclosures in respect of IFRS 7 included in the relevant notes to the financial statements.

2.2 Standards and interpretations that become effective but not relevant to the Company:

The following standards (revised or amended) and interpretations became effective for the current financial year but are either not relevant or do not have any material effect on the financial statements of the Company:

IFRS 3 - Business Combinations (Revised)
IFRS 8 - Operating Segments
IAS 23 - Borrowing Costs (Revised)
IAS 27 - Consolidated and Separate Financial Statements (Revised)
IAS 32 - Financial Instruments (Amended for Puttable instruments and obligations arising on liquidation)
IAS 39 - Financial Instruments: Recognition and Measurement (Amended)
IFRIC 15 - Agreements for the Construction of Real Estate
IFRIC 16 - Hedges of a Net Investment in a Foreign Operation
IFRIC 17 - Distributions of Non-cash Assets to Owners
IFRIC 18 - Transfers of Assets from Customers

2.3 Standards, interpretations and amendments to approved accounting standards that are not yet effective:

The following revised standards and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective revised standard and interpretation:

Standards or interpretation	**Effective date (accounting periods beginning on or after)**
IAS 24 - Related Party Disclosures (Revised)	January 01, 2011
IAS 32 - Financial Instruments: Presentation - Amendments relating to Classification of Rights Issues	February 01, 2010
IFRS 2 - Share-based Payment: Amendments relating to Group - settled Share-based Payment Transactions	January 01, 2010
IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (Amendment)	January 01, 2011
IFRIC 19 - Extinguishing Financial Liabilities with Equity Instruments	July 01, 2010

The Company expects that the adoption of the above revision, amendments and interpretations of the standards will not have any material impact on the Company's financial statements in the period of initial application except for the implications of IAS 24 - Related Party Disclosures (revised), which may effect certain disclosures.

In addition to above addition to various accounting standards have also been issued by the IASB as a result of its annual improvement project in April 2009. Such improvements are generally effective for accounting periods beginning on or after 01 January 2010. The Company expects that such improvements of the standards will not have any material impact on the Company's financial statements in the period of initial application.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Basis of preparation

These financial statements have been prepared under the historical cost convention except for certain investments and derivatives which are carried at fair value as referred to in notes 3.10 and 3.23 below.

3.2. Significant accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

Property, plant and equipment and intangible assets

The Company reviews appropriateness of the rate of depreciation/amortization, useful life and residual value used in the calculation of depreciation/amortization. Further, where applicable, an estimate of the recoverable amount of assets is made for possible impairment on an annual basis. In making these estimates, the Company uses the technical resources available with the Company. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment and intangible assets, with corresponding effects on the depreciation / amortization charge and impairment.

Stores and spares

The Company reviews the net realizable value of stores and spares to assess any diminution in the respective carrying values. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade debts

The Company reviews its doubtful trade debts at each reporting date to assess whether provision should be recorded in the profit and loss account. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provisions.

Taxation

In making the estimate for income tax payable by the Company, the Company takes into account the applicable tax laws and the decision by appellate authorities on certain issues in the past.

Deferred tax assets are recognized for all unused tax losses and credits to the extent that it is probable that taxable profit will be available against which such losses and credits can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for impairment

The Company reviews carrying amount of assets annually to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

3.3. Fixed assets and depreciation

3.3.1 Property, plant and equipment

Owned

Operating property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged to profit and loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in Note 4.1. Depreciation on additions is charged from the month in which the asset is available to use and on disposals up to the month the respective asset was in use. Assets residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each financial year end.

The carrying values of property, plant and equipment are reviewed at each reporting date for indication that an asset may be impaired and carrying values may not be recovered. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount. The recoverable amount of property, plant and equipment is the greater of net selling price and value in use.

Maintenance and normal repairs are charged to profit and loss as and when incurred. Major renewals and improvements, if any, are capitalized when it is probable that respective future economic benefits will flow to the Company.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account in the period in which they arise.

Leased

Assets held under finance lease are stated at cost less accumulated depreciation and accumulated impairment losses, if any. These are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and the fair value of asset acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

Depreciation is charged to the profit and loss using the same basis as for owned assets.

3.3.2 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.4. Intangible assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and that the cost of such asset can also be measured reliably.

Costs incurred on the acquisition of computer software are capitalized and are amortized on straight line basis over their estimated useful life. Amortization is charged in the month in which the asset is put to use at the rates stated in Note 5 to the financial statements.

Development expenditure incurred on the project is capitalized when its future recoverability can reasonably be regarded as assured. These are amortized over a period of five years on straight line basis commencing from the date of completion of the project, on a monthly pro-rata basis.

Useful lives of intangible assets are reviewed, at each financial year end and adjusted if appropriate.

The carrying value of intangible assets are reviewed for impairment at each financial year end when events or changes in circumstances, indicate that the carrying value may not be recoverable.

3.5. Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of assets and incurred during the period in connection with the activities necessary to prepare the asset for its intended use are capitalized as a part of the cost of related asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

3.6. Stores and spares

These are valued at lower of moving average cost and net realizable value. Provision is made for slow moving items where necessary to bring these down to approximate net realizable value and is recognised in income. Net realizable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

3.7. Trade debts

Trade debts originated by the Company are recognised and carried at original invoice amounts less an allowance for doubtful debts. Provision for doubtful debts is based on the management's assessment of customers' outstanding balances and creditworthiness. Bad debts are written-off when identified.

3.8. Loans, advances and other receivables

After initial measurement these are carried at amortized cost less any allowance for impairment.

Gains and losses are recognised in the profit or loss when the loans, advances and other receivables are derecognised or impaired.

3.9. Investment in subsidiary

Investment in shares of the Company's subsidiary is stated at cost. Provision is made, for permanent impairment in the value of investment, if any.

3.10. Investments

The investments of the Company, upon initial recognition, are classified as investment at fair value through profit or loss, held to maturity investment or available for sale investment, as appropriate. The Company determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

When investments are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Investments at fair value through profit or loss

Financial assets at fair value through profit or loss includes financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss.

Investments which are acquired principally for the purpose of generating profit from short term fluctuations in price or dealer's margin are classified as held for trading. After initial recognition, these are stated at fair values with any resulting gains or losses recognized directly in the profit and loss account. Transaction costs are charged to profit and loss account when incurred.

Held-to-maturity investments

Investments with fixed or determinable payments and fixed maturity where management has both the positive intent and ability to hold to maturity are classified as held to maturity and are stated at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the investments are derecognized or impaired, as well as through the amortization process.

Available for sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. They are initially measured at fair value plus directly attributable transaction costs. After initial measurement, these are stated at fair values (except for unquoted investments where active market does not exist) with unrealized gains or losses recognized directly in equity until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in equity is recognized in the profit and loss account.

Fair value of investments

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments where there is no active market, fair value is determined using valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

3.11. Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

3.12. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any or on one half percent of turnover under Section 113 of the Income Tax Ordinance, 2001 whichever is higher.

Deferred

Deferred tax is recognized using the balance sheet liability method, on all temporary differences arising at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that the future taxable profits will be available against which the assets may be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recognized. Unrecognized deferred tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable profit will allow deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

3.13. Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs, and have not been designated 'as at fair value through profit or loss'. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using effective interest rate method.

Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

3.14. Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services render whether or not billed to the Company.

3.15. Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provision are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

3.16. Transactions with related parties

All transactions with related parties are carried out by the company using the methods prescribed under the Ordinance.

3.17. Revenue

- Revenues from port operations are recognised when services are rendered;
- Profit on deposits / saving accounts are recognised on time proportion basis; and
- Dividend income is recognised when the Company's right to receive the same is established.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

3.18. Staff retirement benefits

The Company operates an approved contributory provident fund for all eligible employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33% of the basic salary.

Contributions from the Company are charged to income for the year.

3.19. Staff compensated absences

The Company provides for its estimated liability towards leaves accumulated by employees on an accrual basis using current salary levels.

3.20. Financial Instruments

Financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument and are derecognised in case of assets, when the contractual rights under the instrument are realized, expire or surrendered and in case of liability, when the obligation is discharged, cancelled or expired.

3.21. Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has the enforceable legal right to set off the transaction and also intends either to settle on net basis or to realize the asset and settle the liability simultaneously. Income and expense arising from such assets and liabilities are also offset accordingly.

3.22. Foreign currency translations

Foreign currency transactions are translated into Pak Rupees (functional currency) using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees using the exchange rate at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to income currently.

3.23. Derivative financial instruments

The Company uses derivative financial instruments such as interest rate and cross currency swaps to hedge its risk associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives with positive market values (unrealized gains) are included in other asset and derivatives with negative market values (unrealized losses) are included in other liabilities in the balance sheet. Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are taken directly to the profit and loss account.

3.24. Dividend and other appropriation to reserves

Dividend and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

3.25. Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are charged to income in the period in which they arise.

3.26. Functional and presentation currency

These financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	**5,346,132**	4,724,746
Capital work-in-progress	4.2	**454,206**	1,031,764
		5,800,338	5,756,510

4.1. The following is a statement of operating fixed assets:

	2010									
	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2009	Additions	Disposals	As at June30, 2010	As at July 01, 2009	For the year	Disposals	As at June 30, 2010	Written down value as at June 30 2010	Dep rate % per annum
	(Rs. in thousands)									
Owned										
Leasehold improvements	18,799	270,799	-	289,598	15,910	40,688	-	56,598	233,000	20
Port improvements	581,722	594,886	-	1,176,608	103,322	61,338	-	164,660	1,011,948	5-7.14
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes - STS	2,007,164	-	-	2,007,164	258,259	126,752	-	385,011	1,622,153	5-6.98
Gantry tracks	12,254	-	-	12,254	3,184	613	-	3,797	8,457	5
Rubber Tyred Gantry Cranes - RTG	1,545,030	-	-	1,545,030	153,623	105,345	-	258,968	1,286,062	6-6.98
Port equipment	611,651	91,940	-	703,591	163,558	47,190	-	210,748	492,843	7-20
Port Power Generation	228,610	73,196	-	301,806	75,071	17,216	-	92,287	209,519	5- 10
Vehicles	72,605	30,902	9,930	93,577	31,369	15,081	7,093	39,357	54,220	20
Computers	42,070	10,136	-	52,206	31,375	8,787	-	40,162	12,044	33.33
Furniture and fixtures	23,109	10,496	-	33,605	7,207	3,097	-	10,304	23,301	10
Office equipment	33,302	7,118	-	40,420	11,808	8,990	-	20,798	19,622	10-20
	5,278,135	1,089,473	9,930	6,357,678	956,505	435,097	7,093	1,384,509	4,973,169	
Leased										
Ship to Shore Cranes - STS	380,973	-	-	380,973	59,641	23,087	-	82,728	298,245	5-6.06
Rubber Tyred Gantry Cranes - RTG	67,908	-	-	67,908	10,525	2,992	-	13,517	54,391	6
Port equipment	42,747	-	-	42,747	18,346	4,074	-	22,420	20,327	7-20
	491,628	-	-	491,628	88,512	30,153	-	118,665	372,963	
Total - 2010	5,769,763	1,089,473	9,930	6,849,306	1,045,017	465,250	7,093	1,503,174	5,346,132	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	2009									
	COST				ACCUMULATED DEPRECIATION					
	As at July 01, 2008	Additions / *transfers	Disposals	As at June30, 2009	As at July 01, 2008	For the year / *transfers	Disposals	As at June 30, 2009	Written down value as at June 30 2009	Dep rate % per annum
	---------- (Rs. in thousands) ----------									
Owned										
Leasehold improvements	18,799	-	-	18,799	12,150	3,760	-	15,910	2,889	20
Port improvements	580,822	900	-	581,722	74,250	29,072	-	103,322	478,400	5
Mobile Harbour Crane	101,819	-	-	101,819	101,819	-	-	101,819	-	20
Ship to Shore Cranes - STS	1,023,407	983,757	-	2,007,164	184,441	73,818	-	258,259	1,748,905	5-6.98
Gantry tracks	12,254	-	-	12,254	2,572	612	-	3,184	9,070	5
Rubber Tyred Gantry Cranes - RTG	574,466	970,564	-	1,545,030	99,744	53,879	-	153,623	1,391,407	6-6.98
Port equipment	565,784	46,197	(330)	611,651	122,014	41,874	(330)	163,558	448,093	7-20
Port Power Generation	168,520	5,090	-	228,610	35,652	13,888	-	75,071	153,539	5- 10
		55,000*				25,531*				
Vehicles	65,978	15,487	(8,860)	72,605	25,337	13,482	(7,450)	31,369	41,236	20
Computers	38,039	4,031	-	42,070	21,000	10,375	-	31,375	10,695	33.33
Furniture and fixtures	19,185	3,924		23,109	4,987	2,220		7,207	15,902	10
Office equipment	26,635	6,667		33,302	8,943	2,865		11,808	21,494	10-20
	3,195,708	2,036,617	(9,190)	5,278,135	692,909	245,845	(7,780)	956,505	4,321,630	
		55,000*				25,531*				
Leased										
Ship to Shore Cranes - STS	380,973	-	-	380,973	36,554	23,087	-	59,641	321,332	5-6.06
Rubber Tyred Gantry Cranes - RTG	67,908	-	-	67,908	6,451	4,074	-	10,525	57,383	6
Port equipment	42,747	-		42,747	15,353	2,993	-	18,346	24,401	7-20
Generators	55,000	(55,000)*	-	-	20,491	5,040	-	-	-	10
						(25,531)*	-	-		-
	546,628	-	-	491,628	78,849	35,194	-	88,512	403,116	
		(55,000)*				(25,531)*				
Total - 2009	**3,742,336**	**2,036,617**	**(9,190)**	**5,769,763**	**771,758**	**281,039**	**(7,780)**	**1,045,017**	**4,724,746**	

4.1.1. Additions to fixed assets include borrowing costs amounting to Rs. Nil (2009: Rs. 17.239) million.

* represent transfer from leased assets to owned assets.

4.1.2. Disposal of operating fixed assets:

	Cost	Accumulated depreciation	Written down value	Sale price	Gain/ (loss)	Mode of disposal	Particulars of buyer
	---------- (Rs. in thousands) ----------						
Vehicles							
Suzuki Bolan	367	367	-	50	50	Company policy	Mr. Desmond Bhatti(employee)
Suzuki Bolan	396	396	-	25	25	Company policy	Mr. Feroz Ahsun (employee)
Toyota Harrier	3,328	1,942	1,386	1,497	111	Company policy	Mr. Sharique Siddiqui (Director)
Santro	549	549	-	275	275	Company policy	Mr. Gulzar Nadeem (employee)
Mitsubishi Lancer	1,269	1,036	233	350	117	Company policy	Mr. Bilal Rauf (employee)
Suzuki Bolan	367	367	-	100	100	Company policy	Mr. Syed Arif Ali (employee)
BMW	3,654	2,436	1,218	1,279	61	Company policy	Mr. Asim Siddiqui (Director)
	9,930	**7,093**	**2,837**	**3,576**	**739**		

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
4.1.3 Depreciation charge for the year has been allocated as under:			
Terminal operating costs	23	**409,087**	252,970
Administrative expenses	24	**56,163**	28,069
		465,250	281,039

4.2. Capital work-in-progress

	2010	2009
Civil works	**314,502**	809,730
Advances to suppliers and contractors	**132,835**	158,958
Mobilization advance		
- for purchase of cranes and related equipments	**6,869**	2,666
- for purchase / development of computer software	**-**	60,410
	454,206	1,031,764

4.2.1. Movement

	Civil works	Advances to suppliers and contractors	Advance for purchase of cranes and related equipments	Advance for purchase / development of computer software	Total
	----------	----------	(Rs. in thousands)	----------	----------
Balance as at June 30, 2008	376,862	124,329	474,336	44,156	1,019,683
Capital expenditure incurred / advances made during the year	439,932	67,726	1,496,651	16,254	2,020,563
Transfer to operating fixed assets	(7,064)	(33,097)	(1,968,321)	-	(2,008,482)
Balance as at June 30, 2009	**809,730**	**158,958**	**2,666**	**60,410**	**1,031,764**
Capital expenditure incurred / advances made during the year	264,391	107,386	41,453	8,000	421,230
Transfer to operating fixed assets / intangible assets	(759,619)	(133,509)	(37,250)	(68,410)	(998,788)
Balance as at June 30, 2010	**314,502**	**132,835**	**6,869**	**-**	**454,206**

5. INTANGIBLE ASSETS

		COST			ACCUMULATED AMORTIZATION				
	Note	As at July 01, 2009	Additions	As at June 30, 2010	As at July 01, 2009	Charge for the year	As at June 30, 2010	Book value as at June 30, 2010	Amortization rate %
		----------	----------	----------	(Rs. in thousands)	----------	----------		
Computer software		37,357	68,410	105,767	37,106	3,672	40,778	64,989	20-33.33
Project development cost	5.1.1	37,889	-	37,889	37,889	-	37,889	-	20
	2010	75,246	68,410	143,656	74,995	3,672	78,667	64,989	
	2009	75,246	-	75,246	60,840	14,155	74,995	251	

5.1.1. These include legal and professional charges, litigation settlement, salaries and benefits and traveling expenses incurred in connection with the main project during the pre operating period.

	Note	2010	2009
		--------- (Rs. in thousands) --------	
5.1.2. Amortization charge for the year has been allocated as under:			
Terminal operating costs	23	**3,672**	8,472
Administrative expenses	24	**-**	5,683
		3,672	14,155

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

6. LONG TERM INVESTMENT - at cost

Unquoted subsidiary

Number of ordinary shares of Rs.10/- each				Holding			
2010	2009		Activity	2010	2009	2010	2009
				%	%	(Rupees in thousands)	
7	-	Pakistan International Bulk Terminal (Private) Limited	Bulk Terminal	100	-	-	-

7. LONG TERM DEPOSITS

Represents mainly security deposits against leased assets.

	Note	2010	2009
		--------- (Rs. in thousands) --------	
8. STORES AND SPARES			
Stores		**84,304**	71,096
Spares		**216,782**	182,819
		301,086	253,915
9. TRADE DEBTS - Unsecured			
Considered good	9.1 & 9.2	**237,352**	388,046
Considered doubtful		**3,641**	4,810
		240,993	392,856
Less: Provision for doubtful debts	9.3	**3,641**	4,810
		237,352	388,046

9.1 The aging of trade debts at June 30 is as follows:

	2010	2009
Neither past due nor impaired	**204,521**	317,852
Past due but not impaired		
- within 90 days	**22,726**	47,555
- 91 to 180 days	**4,116**	10,988
- over 180 days	**5,989**	11,651
	237,352	388,046

9.2 Includes Rs. 0.3 (2009: Rs. 4.088) million due from Marine Services (Private) Limited, Rs. Nil (2009: Rs. 0.970) million due from Port Link International Services (Private) Limited and Rs. 0.313 (2009: Rs. 2.068) million due from Premier Mercantile Services (Private) Limited - all related parties.

	2010	2009
	--------- (Rs. in thousands) --------	
9.3 Movement of provision for doubtful debts		
Opening balance	**4,810**	2,154
Provision for the year	**924**	2,656
Written off during the year	**(2,093)**	-
	3,641	4,810
10. ADVANCES - Unsecured, considered good		
- to employees	**5,149**	2,169
- to suppliers	**30,415**	31,625
	35,564	33,794

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

		2010	2009
		(Rs. in thousands)	
11. DEPOSITS AND PREPAYMENTS			
Security deposits		**9,214**	9,243
Prepayments			
- Insurance		**41,939**	30,000
- Others		**4,940**	3,430
		56,093	42,673
12. OTHER RECEIVABLES - Unsecured			
Accrued profit on term deposits		**1,043**	1,055
Accrued profit on certificate of investments	12.1	**15,648**	8,663
Other receivables - considered good	12.2	**13,490**	4,877
		30,181	14,595
12.1 Accrued profit on certificate of investments		**17,814**	8,663
Less: Provision for impairment	27	**(2,166)**	-
		15,648	8,663

12.2 Includes Rs. 10.133 million due from Pakistan International Bulk Terminal (Private) Limited, a wholly owned subsidiary, in respect of incorporation expenses paid by the Company.

	Note	2010	2009
		(Rs. in thousands)	
13. SHORT TERM INVESTMENTS			
At fair value through profit or loss	13.1	**539,122**	469,847
Held to maturity - Related party	13.2	**53,250**	90,000
		592,372	559,847

13.1 At fair value through profit or loss

Number of units / shares 2010	Number of units / shares 2009		2010 Cost	2010 Fair value	2009 Cost	2009 Fair value
			(Rs. in thousands)			
		Listed - Mutual Funds (Open Ended)				
-	4,276,613	JS Income Fund	-	-	412,966	448,488
4,236,041	-	JS Cash Fund	429,958	434,025	-	-
458,051	-	Crosby Phoenix Fund	46,135	51,256	-	-
101,683	-	Atlas Money Market Fund	50,000	52,224	-	-
5,633	5,633	JS - UTP	511	582	501	511
-	193,919	JS Aggressive Income Fund	-	-	15,818	20,091
			526,604	538,087	429,285	469,090
		Listed - Mutual Funds (Close Ended)				
243,500	243,500	UTP Large Cap Fund	757	1,035	2,348	757
		Unrealized gain on revaluation of investments	11,761	-	38,214	-
			539,122	539,122	469,847	469,847

	Note	2010	2009
		--------- (Rs. in thousands) --------	
13.2 Held to Maturity Investments - Related party			
Saudi Pak Leasing Company - COI	13.3	**71,000**	90,000
Less: Provision for impairment	27	**(17,750)**	-
		53,250	98,663

13.3 Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company) - a related party, having face value of Rs. 71 million (2009: Rs. 90 million) carrying interest at the rate of 13.5% per annum maturing by August 2010.

During the year, the Leasing Company has made default in repayment against COIs in August 2009 due to liquidity crunch induced by the stoppage of credit lines from the commercial banks/DFIs and impairment in repayment capacity of the lessees as reported in its half yearly financial statements for the period ended December 31, 2009. However, the Company has received Rs. 19 million against the above investment. Subsequently, the Leasing Company has proposed a restructuring schedule under which the COIs are repayable in 46 monthly installments. The management is actively pursuing with the Leasing Company and is confident that the Company will recover its investment in due course. However, due to uncertainties involved, on the basis of prudence, the Company has reduced the carrying value of investment to the extent of twenty five percent as at June 30, 2010. Thus, impairment of Rs. 17.750 million has been recorded in these financial statements.

	Note	2010	2009
		--------- (Rs. in thousands) --------	
14. CASH AND BANK BALANCES			
With banks:			
- in current accounts	14.1	**275,914**	35,146
- in saving accounts	14.2	**601,740**	247,875
- in deposit accounts	14.3	**135,000**	202,000
		1,012,654	485,021
Cash in hand		**13,522**	6,167
		1,026,176	491,188

14.1 Includes Rs. 255 million (June 30, 2009: Rs. Nil) deposited by the Company in Debt Reserve Account maintained for debt services under “Debt Reserve Account Agreement” entered into with IFC and OFID.

14.2 These carry profit at the rates ranging from 5 to 11.5 percent (2009: 5 to 11.5 percent) per annum.

14.3 These carry profit at the rates ranging from 10.65 to 12.2 percent (2009: 8.7 to 17.3 percent) per annum.

15. SHARE CAPITAL

15.1 Authorised capital

2010	2009		2010	2009
(Number of shares)			--------- (Rs. in thousand) ---------	
182,000,000	182,000,000	Ordinary shares of Rs.10/- each	**1,820,000**	1,820,000
18,000,000	18,000,000	Preference shares of Rs. 10/- each	**180,000**	180,000
200,000,000	200,000,000		**2,000,000**	2,000,000

15.2 Issued, subscribed and paid-up capital

2010	2009		Note	2010	2009
(Number of shares)				--------- (Rs. in thousand) ---------	
		Ordinary shares of Rs. 10/- each			
63,761,200	63,761,200	- fully paid in cash		**637,612**	637,612
33,352,352	15,160,160	- issued as bonus shares		**333,524**	151,602
12,039,600	12,039,600	- issued for consideration other than cash	15.2.1	**120,396**	120,396
109,153,152	90,960,960			**1,091,532**	909,610
		Preference shares of Rs. 10/- each			
18,000,000	18,000,000	- fully paid in cash	15.2.2 & 15.2.3	**180,000**	180,000
127,153,152	108,960,960			**1,271,532**	1,089,610

15.2.1 Represents shares issued in consideration for mobile harbour cranes, port equipment and a vehicle.

15.2.2 These are cumulative redeemable preference shares, issued in the ratio of 1 preference share for 3.54 ordinary shares held and carry a dividend of 10 percent on the issue price, redeemable 7 years after the issue date. The shareholders, inter alia, have the right to convert these into ordinary shares in the ratio of 1 ordinary share for 1 preference share held, if the Company fails to redeem these shares.

15.2.3 The above stated preference shares have been treated as part of equity on the following bases:

- The preference shares were issued under the provision of Section 86 of the Companies Ordinance, 1984 (the Ordinance) read with Section 90 of the Ordinance and the Companies Share Capital (Variation in Rights and Privileges) Rules, 2000.

- The authorised capital of the Company and the issue of the preference shares were duly approved by the shareholders of the Company at the Extraordinary General Meeting held on December 24, 2004.

- Return of allotment of shares was filed under Section 93(1) of the Ordinance.

- The Company is required to set-up a reserve for redemption of preference shares under Section 85 of the Ordinance in respect of the shares redeemed which effectively makes preference shares a part of equity.

- Dividend on the preference shares is appropriation of profit both under the Ordinance and the tax laws.

- The requirements of the Ordinance take precedence over the requirements of IFRSs.

- As stated in 15.2.2 above, shareholders have the right to convert these preference shares into ordinary shares or else retain their preference shares, provided that the Company shall pay the preferred dividend for each financial year following the expiry of the term date at the rate of 12% (instead of 10%) per annum on the face value.

- These preference shares are listed on the Karachi Stock Exchange.

However, considering the requirements of the IFRSs for classification of debt and equity instruments, which suggests that the above preference shares be classified as debt, the Company has sought a clarification from the SECP in respect of the presentation of preference shares in the financial statements prepared in accordance with the requirements of the Companies Ordinance, 1984. Pending the decision of the SECP in this matter, the preference shares have been reflected as equity of the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

15.3 Premier Mercantile Services (Private) Limited - a related party holds 38,544,040 ordinary shares (2009: 32,111,700 ordinary shares) of nominal value of Rs.10/- each representing 35.3 percent (2009: 35.3 percent) of the ordinary paid-up capital of the Company.

Jahangir Siddiqui & Company Limited - a related party holds 24,000,000 ordinary shares (2009: 17,909,800 ordinary shares) of nominal value of Rs.10/- each representing 21.9 percent (2009: 19.69 percent) of the ordinary paid-up capital of the Company.

15.4 The Company has entered into long term loan agreements with IFC and OFID. These agreements restrict the Company from declaring or paying any dividend on ordinary shares or making any distribution on its share capital (other than dividends or distributions payable in preference shares of the Company) unless agreed by IFC and OFID subject to certain conditions of the agreements.

16. LONG-TERM FINANCING - Secured

	2010	2009
	--------- (Rs. in thousands)	--------
International Finance Corporation (IFC)		
First Loan		
- Loan A	**257,989**	315,038
- Loan C	**128,400**	121,950
	386,389	436,988
Second Loan	**376,640**	410,565
Third Loan	**256,800**	406,500
Fourth Loan	**856,000**	813,000
	1,875,829	2,067,053
OPEC Fund for International Development (OFID)		
First Loan	**257,989**	315,041
Second Loan	**376,640**	410,565
Third Loan	**96,300**	152,437
Fourth Loan	**256,800**	243,900
	987,729	1,121,943
	2,863,558	3,188,996
Less:		
- Unamortized transaction costs	**45,736**	63,684
- Current maturity of long-term financing	**519,782**	469,284
	565,518	532,968
	2,298,040	2,656,028

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

16.1 The principal terms and conditions of the above loans are summarized as follows:

IFC	First Loan - Loan A	First Loan - Loan C	Second Loan	Third Loan	Fourth Loan
- Principal amount in US Dollars	7,750,000	1,500,000	6,000,000	8,000,000	10,000,000
- Interest rate per annum	LIBOR plus 3.875%	5% (Note 16.1.1)	LIBOR plus 3.375%	LIBOR Plus 3.25%	LIBOR plus 3.125%
- Repayment terms:					
· Number of installments	18 semi-annual	2 equal installments	18 semi-annual	16 semi-annual	14 semi-annual
· First installment	April 15, 2005	April 15, 2014	January 15, 2007	October 15, 2007	July 15, 2011
· Last installment	October 15, 2013	October 15, 2014	July 15, 2015	April 15, 2015	January 15, 2018

OFID	First Loan	Second Loan	Third Loan	Fourth Loan
- Principal amount in US Dollars	7,750,000	6,000,000	3,000,000	3,000,000
- Interest rate per annum	LIBOR plus 3.875%	LIBOR plus 3.375%	LIBOR plus 3.25%	LIBOR plus 3.125%
- Repayment terms:				
· Number of installments	18 semi-annual	18 semi-annual	16 semi-annual	14 semi-annual
· First installment	April 15, 2005	January 15, 2007	October 15, 2007	July 15, 2011
· Last installment	October 15, 2013	July 15, 2015	April 15, 2015	January 15, 2018

16.1.1 In addition to the above, IFC is entitled to additional interest to be computed at the rate of US Dollar 1.85 per TEU (Twenty Feet Equivalent Container Units) in excess of 150,000 TEUs per annum subject to cap of upto US Dollars 200,000 per annum upto year 2010 and progressively increasing to US Dollar 300,000 per annum upto year 2014.

16.1.2 The above loans are secured as follows:

IFC Loans (First Loan A , Second Loan, Third Loan and Fourth Loan) and OFID Loans
These loans are secured by way of a first equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and first hypothecation over all other movable assets.

IFC Loan C
This loan is secured by way of a second equitable mortgage on land, building, equipments, immovable assets and leasehold interest in project site and second hypothecation over all other movable assets.

17. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

Represent finance leases entered into with leasing companies for Ship to Shore Crane (STS), Rubber Tire Gantry Crane (RTG) and port equipments. Total lease rentals due under various lease agreements aggregate Rs. 265.912 (2009: Rs. 358.299) million and are payable in quarterly and six monthly installments latest by 2012. Overdue rental payments are subject to an additional charge upto 0.1 percent per day. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. In case of termination of agreement, the lessee has to pay the entire rent for unexpired period. Financing rates of approximately 14.60 to 15.01 (2009: 15.01 to 17.94) percent per annum have been used as discounting factor. These lease obligations are based on six months KIBOR. Purchase options can be exercised by the lessee in accordance with the respective lease agreements.

	2010		2009	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
	(Rs. in thousands)			
Within one year	**79,512**	**59,909**	91,503	62,309
After one year but not more than five years	**186,400**	**173,394**	266,796	233,303
More than five years	**-**	**-**	-	-
Total minimum lease payments	**265,912**	**233,303**	358,299	295,612
Less: Amount representing finance charges	**32,609**	**-**	62,687	-
Present value of minimum lease payments	**233,303**	**233,303**	295,612	295,612
Less: Current portion	**59,909**	**59,909**	62,309	62,309
	173,394	**173,394**	233,303	233,303

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

17.1 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. 343.750 million is swapped with US dollar component at Rs. 60.49 per US dollar making loan amount to US dollar 5.682 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. 203.125 million as at the balance sheet date. The net fair value of this cross currency interest rate swap was Rs. 66.177 million unfavorable 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 June 30, 2010 was Rs.83.357 million. The swap arrangement has exposed the Company to foreign currency risk on the US$ value converted at the agreement date of principal amount of the loan.

	Note	2010	2009
		--------- (Rs. in thousands) --------	
18. DEFERRED TAX LIABILITY			
Taxable temporary differences			
Accelerated tax depreciation / amortization allowance		**986,219**	776,447
Deductible temporary differences			
Provision for compensated absences		**(10,020)**	(8,453)
Provision for doubtful debts		**(1,274)**	(1,684)
Fair value loss on derivative		**(23,162)**	(18,982)
Others		**(6,970)**	-
		944,793	747,328
19. STAFF COMPENSATED ABSENCES			
Opening balance		**24,152**	16,400
Provision for the year		**4,476**	7,752
Closing balance		**28,628**	24,152
20. TRADE AND OTHER PAYABLES			
Trade Creditors	20.1	**152,375**	205,158
Due to Karachi Port Trust			
Royalty		**42,647**	45,271
Wharfage		**50,461**	48,511
Handling and marshalling charges	20.2 & 21.1.2	**34,604**	37,504
		127,712	131,286
Accrued expenses			
Legal and professional charges		**5,283**	3,662
Salaries and wages		**23,130**	15,957
Others		**1,525**	2,083
		29,938	21,702
Other liabilities			
Advances from customers		**35,271**	27,384
Retention money		**26,505**	22,129
Sales tax payable		**39,022**	7,143
Fair value loss on derivatives	17.1	**66,177**	54,232
Workers' Welfare Fund		**30,616**	23,490
Dividend payable		**1,282**	4,093
Others		**7,819**	3,107
		206,692	141,578
		516,717	499,724

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

20.1 Includes Rs. 58.003 (2009: Rs. 84.473) million payable to Premier Mercantile Services (Private) Limited - a related party.

20.2 Includes Rs. 34.6 (2009: Rs. 34.6) million withheld by the company from handling and marshalling charges billed by KPT as fully explained in note 21.1.2.

21. CONTINGENCIES AND COMMITMENTS

21.1 Contingencies

21.1.1 During the year ended 30 June 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 of Quayside Container Crane and Rubber Tyred Gantry Cranes in the year 2004 and thereby 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 for any liability has been made in these financial statements.

21.1.2 During the year ended 30 June 2007, the Company 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. During the year ended June 30 2008, the Company has withheld the amount of Rs. 34.6 million from the handling and marshalling charges billed by KPT for the period from July 01, 2007 till December 31, 2007, in accordance with the Honorable High Court's short order dated June 29, 2007. According to the opinion of the legal counsel of the Company, there is full merit in this case and the property tax imposed will be disallowed by the Honorable High Court. In view thereof, no provision for any liability has been made in these financial statements.

	2010	2009
	--------- (Rs. in thousands)	--------
21.2 Commitments		
21.2.1 Commitments for capital expenditure		
Civil works	**15,000**	95,910
Intangible assets	**5,400**	15,399
	20,400	111,309
21.2.2 Letter of guarantees	**85,600**	161,300
21.2.3 Letters of credit	**3,876**	-

22. TURNOVER - net

	2010	2009
Turnover	**5,272,697**	4,808,858
Less: Sales tax	**147,580**	244,602
	5,125,117	4,564,256

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
23. TERMINAL OPERATING COSTS			
Salaries, wages and benefits	23.1	**259,981**	209,915
Contracted labour		**24,460**	18,832
Staff training		**956**	1,069
Royalty		**500,381**	389,443
Handling and Marshalling charges		**111,507**	110,609
Crane usage charges		**39,205**	68,512
Port maintenance		**1,370**	3,359
Stevedoring		**776,131**	776,908
Custom seals		**3,082**	2,154
Storage charges		**19,251**	33,223
Stores, spares and other maintenance charges		**222,266**	170,032
Fuel consumed		**410,089**	318,176
Travelling and conveyance		**2,174**	1,063
Office maintenance		**31,683**	31,617
Vehicles running expenses		**9,924**	9,196
Insurance		**86,245**	58,897
Printing and stationery		**3,245**	5,155
Utilities		**6,919**	8,407
Depreciation	4.1.3	**409,087**	252,970
Amortization	5.1.2	**3,672**	8,472
Others		**20,439**	16,831
		2,942,067	2,494,840

23.1 This includes Rs.6.424 (2009: Rs. 5.490) million in respect of staff retirement benefits and Rs. 2.55 (2009: Rs. 4.289) million in respect of compensated absences.

	Note	2010	2009
		--------- (Rs. in thousands) --------	
24. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	24.1	**162,217**	115,734
Travelling and conveyance		**6,825**	4,658
Advertising expense		**4,201**	1,633
Auditors' remuneration	24.2	**2,866**	2,353
Legal and professional charges		**13,679**	13,062
Office maintenance		**9,871**	7,644
Vehicles running expenses		**9,717**	9,528
Security expenses		**4,601**	3,206
Insurance expense		**2,183**	1,784
Communication		**4,988**	3,914
Printing and stationery		**11,957**	11,929
Utilities		**1,962**	1,263
Depreciation	4.1.3	**56,163**	28,069
Amortisation	5.1.2 & 16	**19,214**	17,542
Fees and subscription		**4,755**	4,368
Entertainment		**13,718**	12,189
Donations	24.3 & 24.3.1	**10,055**	10,819
Provision for doubtful debts		**924**	2,656
Others		**9,272**	11,463
		349,168	263,814

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

24.1 This includes Rs.5.22 (2009: Rs. 4.43) million in respect of staff retirement benefits and Rs. 1.92 (2009: Rs. 3.46) million in respect of compensated absences.

	2010	2009
	--------- (Rs. in thousands)	--------
24.2 Auditors' remuneration		
Statutory audit fee	**1,100**	1,000
Fee for review of compliance with Code of Corporate Governance and half yearly accounts	**468**	413
Tax and corporate advisory services	**1,198**	850
Out of pocket expenses	**100**	90
	2,866	2,353

24.3 Includes Rs.2.50 (2009: Rs. 1.00) million paid to Rabia Azeem Trust in which Capt. Haleem A. Siddiqui, Mr. Aasim Azim Siddiqui and Mr. Sharique Azim Siddiqui are Trustees. No other directors or their spouses have any interest in any donee's fund to which donation was made.

24.3.1 This includes Rs.Nil (2009: Rs. 5.00) million paid to Internally Displaced Persons Fund.

	Note	2010	2009
		--------- (Rs. in thousands)	--------
25. OTHER OPERATING INCOME			
Income from financial assets			
Profit on deposit accounts		**70,402**	55,821
Gain on re measurement of investments at fair value through profit or loss		**11,761**	34,142
Gain realised on disposal of investments		**12,981**	9,633
		95,144	99,596
Income from non financial assets			
Dividend income		**-**	571
Profit on sale of fixed assets		**739**	746
Others		**924**	145
		1,663	1,462
		96,807	101,058
26. FINANCE COSTS			
Interest on long-term financing		**147,201**	160,968
Financial charges on leased assets		**38,200**	45,086
Bank charges		**456**	2,936
		185,857	208,990
27. OTHER CHARGES			
Exchange loss on long term financing		**161,395**	441,293
Fair value loss on derivatives		**11,945**	56,666
Workers' Welfare Fund		**30,616**	23,490
Provision for impairment	12.1 & 13.2	**19,916**	-
Others		**-**	1,693
		223,872	523,142

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	Note	2010	2009
		--------- (Rs. in thousands) --------	
28. TAXATION			
Current		**377,000**	20,546
Deferred		**197,465**	218,293
Prior		**38,682**	-
	28.1	**613,147**	238,839

28.1 Relationship between tax expense and accounting profit

	2010	2009
Profit Before tax	**1,520,960**	1,174,528
Tax at the applicable tax rate of 35%	**532,336**	411,085
Tax effect of expenses that are inadmissible in determining taxable income	**206,326**	150,629
Tax effect of expenses that are admissible but not included in determining accounting profit	**(361,662)**	(541,168)
Net effect of income tax provision relating to prior years	**38,682**	-
Tax effect of taxable temporary differences	**292,876**	240,918
Tax effect of deductible temporary differences	**(95,411)**	(22,625)
	613,147	238,839

29. EARNINGS PER SHARE

29.1 Basic earnings per share

		2010	2009
Profit after tax		**907,813**	935,689
Preferred dividend on cumulative preference shares		**(18,000)**	(18,000)
Profit after taxation attributable to ordinary shareholders		**889,813**	917,689
Weighted average number of ordinary shares in issue during the year	Numbers	**109,153**	(Restated) 109,153
Basic earnings per share	Rupees	**8.15**	(Restated) 8.41

29.2 Diluted earnings per share

		2010	2009
Profit after taxation attributable to ordinary shareholders		**889,813**	917,689
Preferred dividend on cumulative preference shares		**18,000**	18,000
		907,813	935,689
Weighted average number of ordinary shares in issue during the year	Numbers	**109,153**	(Restated) 109,153
Adjustment of preference shares	Numbers	**18,000**	18,000
		127,153	127,153
Diluted earnings per share	Rupees	**7.14**	(Restated) 7.36

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

30.1 Credit Risk

Credit risk is the risk which arises with the possibility that one party to a financial instrument will fail to discharge its obligation and cause the other party to incur a financial loss. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the creditworthiness of counterparties.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on long-term deposits, trade debts, advances, deposits, other receivables, investments and bank balances. The Company seeks to minimize the credit risk exposure through having exposures only to customers considered credit worthy and obtaining securities where applicable. The maximum exposure to credit risk at the reporting date is:

	Carrying Values	
	2010	**2009**
	--------- (Rs. in thousands) --------	
Long-term deposits	**83,705**	83,573
Trade debts - unsecured	**237,352**	388,046
Advances - unsecured	**35,564**	33,794
Deposits	**9,214**	9,243
Other receivables - unsecured	**30,181**	14,595
Investments	**592,372**	559,847
Bank balances	**1,012,654**	485,021
	2,001,042	1,574,119

Quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings or the historical information about counter party default rates as shown below:

	Carrying Values	
	2010	**2009**
	--------- (Rs. in thousands) --------	
30.1.1 Trade debts		
Customers with no defaults in the past one year	**154,174**	261,077
Customers with some defaults in past one year which have been fully recovered	**50,347**	56,775
	204,521	317,852

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

	Carrying Values 2010	Carrying Values 2009
	--------- (Rs. in thousands)	--------
30.1.2 Investments		
In Mutual Funds		
Ratings by PACRA		
5 Star	**1,035**	469,336
4 Star	**52,806**	511
	53,841	469,847
Ratings by JCR		
A(F)	**51,256**	-
A(M)	**434,025**	-
B	**53,250**	90,000
	538,531	90,000
	592,372	559,847

30.1.3 Cash with Banks		
A1	**596,398**	338,812
A1+	**416,146**	121,199
A2	**110**	25,010
	1,012,654	485,021

30.2 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The Company applies the prudent risk management policies by maintaining sufficient cash and bank balances and by keeping committed credit lines. The table below summarises the maturity profile of the Company's financial liabilities at the following reporting dates:

Year ended 30 June 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----------	----------	---------- (Rs. in thousands)	----------	----------	----------
Long-term financing - secured	-	-	519,782	245,349	2,098,427	2,863,558
Liabilities against assets subject to finance lease	-	-	59,909	173,394	-	233,303
Trade and other payables	175,505	135,237	100,776	-	-	411,518
Accrued interest on long - term financing		48,839	7,060	-	-	55,899
	175,505	184,076	687,527	418,743	2,098,427	3,564,278

Year ended 30 June 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	----------	----------	---------- (Rs. in thousands)	----------	----------	----------
Long-term financing - secured	-	52,845	416,439	1,921,797	797,915	3,188,996
Liabilities against assets subject to finance lease	-	2,310	59,999	233,303	-	295,612
Trade and other payables	43,643	207,554	187,152	-	-	438,349
Accrued interest on long - term financing	-	42,370	24,018	-	-	66,388
	43,643	305,079	687,608	2,155,100	797,915	3,989,345

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

30.3 Foreign Currency Risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in a foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. The Company's exposure to foreign currency risk is as follows:

	2010	2009
	------- (USD in thousands)	------
Long - term financing	**29,053**	38,441
Liability under swap arrangement	**3,357**	3,874
Accrued interest on long term financing	**649**	817
Trade and other payables	**524**	524
	33,583	43,656

The following significant exchange rates have been applied at the reporting dates:		
Exchange Rates	**85.6**	81.30

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date. The Company has assessed that hedging its foreign currency borrowings will be more expensive than assuming the risk itself.

Sensitivity analysis:

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all other variables held constant, of the Company's profit before tax and the Company's equity.

	Change in US dollar rate (%)	Effect of translation of foreign currency liabilities on profit or (loss)	Effect on equity
		----------- (Rs. in thousands)	---------
30 June 2010	**+10**	**(287,470)**	**(186,856)**
	-10	**287,470**	**186,856**
30 June 2009	+10	(354,923)	(230,700)
	-10	354,923	230,700

30.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

To manage the interest rate risk on lease obligations, the Company has entered into cross currency interest rate swap agreement as disclosed in note 17.1 to these financial statements. At 30 June 2010, the Company's entire borrowings are at floating rate of interest.

NOTES TO THE FINANCIAL STATEMENTS

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Sensitivity Analysis:

The following figures demonstrate the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Company's profit before tax:

	Increase / decrease in basis points	Effect on profit before tax (Rs. in thousands)
2010		
USD LIBOR	+15	(27,809)
USD LIBOR	-15	27,809
2009		
USD LIBOR	+15	(30,908)
USD LIBOR	-15	30,908

30.5 Equity price risk

Equity price risk is the risk that the fair value of future cashflows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company's quoted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification. Reports on the equity portfolio are submitted to the Company's Board of Directors on a regular basis. The Board of Directors review and approve all equity investment decisions.

The following table summarizes the Company's equity price risk as of June 30, 2010 and 2009. It shows the effects of an estimated increase of 5% in the equity market prices as on those dates. A decrease of 5% in the fair values of the quoted securities would affect profit and equity of the Company in a similar but opposite manner.

	Fair Value	Price change	Effect on profit for the year	Effect on shareholders' equity
	(Rs. in thousands)		(Rs. in thousands)	
30 June 2010	**1,035**	**5% increase**	**51.75**	**33.64**
30 June 2009	757	5% increase	37.85	24.60

30.6 Capital risk management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholder value and reduce the cost of capital.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt is calculated as total loans and borrowings including any finance cost thereon, trade and other payables, less cash and bank balances and investments. Capital signifies equity as shown in the balance sheet plus net debt.

The gearing ratios as at 30 June 2010 and 2009 were as follows:

	2010	2009
	--------- (Rs. in thousands)	--------
Long term financing	**2,817,822**	3,125,312
Trade and other payables	**516,717**	499,724
Accrued interest / mark-up on borrowings	**55,899**	66,388
Liabilities against asset subject to finance lease	**233,303**	295,612
Total debt	**3,623,741**	3,987,036
Less: Cash and bank balances	**(1,026,176)**	(491,188)
Short term investments	**(592,372)**	(559,847)
Net debt	**2,005,193**	2,936,001
Share capital	**1,271,532**	1,089,610
Reserves	**2,446,444**	1,874,994
Equity	**3,717,976**	2,964,604
Capital	**5,723,169**	5,900,605
Gearing ratio	**35.04%**	49.76%

The Company finances its investment portfolio through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise risk.

30.7 Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognized at fair value, analysed between those whose fair value is based on:

Level 1: Quoted prices in active markets for identical assets or liabilities

Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

Level 3: Those whose inputs for the asset or liability that are not based on observable market date (unobservable inputs)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

Financial assets measured at fair value	Total	Level 1	Level 2	Level 3
	(Rupees in thousands)			
30 June 2010				
Investments at fair value through profit or loss	**539,122**	**539,122**	**-**	**-**
	539,122	**539,122**	**-**	**-**
30 June 2009				
Investments at fair value through profit or loss	469,847	469,847	-	-
	469,847	469,847	-	-

Financial liabilities measured at fair value	Total	Level 1	Level 2	Level 3
	(Rupees in thousands)			
30 June 2010				
Fair value loss on derivative	**66,177**	**-**	**66,177**	**-**
	66,177	**-**	**66,177**	**-**
30 June 2009				
Fair value loss on derivative	54,232	-	54,232	-
	54,232	-	54,232	-

During the year ended June 30, 2010, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

31. UNAVAILED CREDIT FACILITIES

As at the balance sheet date, the Company has unavailed credit facility from a bank amounting to Rs. Nil (2009: Rs. 200) million.

32. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

32.1 The aggregate amount, charged in the financial statements for the year is as follows:

	2010			2009		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rs. in thousands)					
Remuneration (including bonus)	20,808	73,440	34,062	10,950	38,367	51,094
Housing rent	2,244	7,920	6,524	2,010	7,010	10,216
Retirement benefits	634	2,240	1,648	566	1,999	2,721
Medical Allowance	748	2,640	2,175	670	2,337	3,405
Utilities	748	2,640	2,175	670	2,337	3,405
Conveyance	280	930	1,280	256	744	1,507
	25,462	89,810	47,864	15,122	52,794	72,348
Number	1	4	30	1	4	29

The Chief Executive, some of directors and executives of the Company are also provided with the use of the Company maintained car, club memberships and medical benefits in accordance with their terms of service.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

33. RELATED PARTIES TRANSACTIONS

The related parties include major shareholders, entities having directors in common with the Company, directors and other key management personnel. Transactions with related parties, other than remuneration and benefits to key management personnel under the terms of their employment and transactions with such related parties reflected elsewhere in these financial statements are as under:

	2010	2009
	--------- (Rs. in thousands) --------	
Subsidiary Company		
Pakistan International Bulk Terminal (Private) Limited		
Payment of incorporation expenses	**10,133**	-
Major Shareholders		
Premier Mercantile Services (Private) Limited		
Stevedoring charges	**590,549**	525,569
Storage charges	**33,676**	41,684
Equipment charges	**27,600**	27,600
Entities having directors in common with the Company		
Premier Software (Private) Limited		
Software maintenance charges	**3,760**	2,700
Marine Services (Private) Limited		
Revenue from container handling	**7,110**	43,449
Port Link International (Private) Limited		
Revenue from container handling	**1,089**	2,033
AMI Pakistan (Private) Limited		
Revenue from container handling	**-**	45
Travel Club (Private) Limited		
Traveling expenses	**5,943**	3,416
Saudi Pak Leasing Company Limited		
Rollover of Certificate of Investments	**90,000**	100,000
Repayment of principal of Certificate of Investments	**19,000**	10,000
Profit on Certificate of investments	**9,151**	11,505
Rabia Azeem Trust		
Donation	**2,500**	-
Staff retirement contribution plan		
Contribution to staff provident fund	**11,641**	9,920

33.1 Balances outstanding with related parties have been disclosed in the respective notes to the financial statements.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2010

34. CASH FLOWS FROM OPERATING ACTIVITIES

	2010	2009
	--------- (Rs. in thousands) --------	
Profit before taxation	**1,520,960**	1,174,528
Adjustments for non-cash items:		
Depreciation	**465,250**	281,039
Amortisation	**22,886**	26,014
Provision for staff compensated absences	**4,476**	7,752
Finance costs	**185,850**	208,990
Unrealised exchange loss	**143,847**	381,348
Fair value loss on derivatives	**11,945**	56,666
Unrealised gain on investment	**(11,761)**	(34,142)
Interest income	**(70,402)**	(55,821)
Gain on disposal of fixed assets	**(739)**	(746)
Impairment	**19,916**	-
Provision for doubtful debts	**924**	2,656
	772,192	873,756
Operating profit before working capital changes	**2,293,152**	2,048,284
(Increase)/decrease in current assets		
Stores and spares	**(47,171)**	(31,894)
Trade debts	**150,694**	(138,771)
Advances, deposits, prepayments and other receivables	**(30,776)**	(1,121)
	72,747	(171,786)
	2,365,899	1,876,498
Increase/(decrease) in current liabilities		
Trade payables and other liabilities	**7,859**	159,138
Cash generated from operations	**2,373,758**	2,035,636

35. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue by the Board of Directors of the Company on August 31, 2010.

36. DIVIDENDS

The Board of Directors in their board meeting held on August 31, 2010 have recommended a final cash dividend of Rs. 2.5/- 25% per ordinary share amounting to Rs. 272.883 million (2009: Rs. Nil) for the year ended June 30, 2010. Stock dividend for the year ended June 30, 2010 through issue of bonus shares in the proportion of Nil (2009: one (1) ordinary share for every five (5) ordinary shares held - 20%). The Directors have also proposed a final dividend for the year ended June 30, 2010 of Re.1.00 - 10% (2009: Re. 1.00 - 10%) per preference share. The financial statements for the year ended June 30, 2010 do not include the effect of the final dividend which will be accounted for in the financial statements for the year ending June 30, 2011.

37. GENERAL

37.1 There were no material reclassifications that could affect the financial statements materially.

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

Capt. Zafar Iqbal Awan
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

PATTERN OF SHAREHOLDING (ORDINARY SHARES)

AS AT JUNE 30, 2010

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	TOTAL SHARES HELD
645	1	100	15,781
598	101	500	139,250
927	501	1000	709,684
312	1001	5000	695,916
45	5001	10000	321,305
9	10001	15000	108,480
5	15001	20000	85,274
12	20001	25000	276,472
3	25001	30000	86,127
1	30001	35000	33,744
3	35001	40000	112,247
3	40001	45000	130,200
3	45001	50000	148,013
2	50001	55000	105,600
3	55001	60000	174,574
1	65001	70000	68,432
3	70001	75000	216,363
1	85001	90000	85,540
1	135001	140000	139,000
2	140001	145000	284,225
1	170001	175000	171,082
1	245001	250000	250,000
1	260001	265000	260,122
1	265001	270000	270,000
1	355001	360000	360,000
1	395001	400000	396,999
1	405001	410000	408,640
1	425001	430000	427,711
1	535001	540000	539,012
1	600001	605000	603,607
1	620001	625000	624,100
1	715001	720000	719,998
1	805001	810000	806,246
1	820001	825000	823,445
1	995001	1000000	1,000,000
1	1475001	1480000	1,476,000
1	1560001	1565000	1,560,019
1	1640001	1645000	1,642,094
1	2000001	2005000	2,002,000
1	3985001	3990000	3,989,349
1	7185001	7190000	7,186,822
1	17155001	17160000	17,155,639
1	23995001	24000000	24,000,000
1	38540001	38545000	38,544,040
2,603			**109,153,152**

PICT

PATTERN OF SHAREHOLDING (ORDINARY SHARES)

AS AT JUNE 30, 2010

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
INDIVIDUALS	2504	13,927,789	12.76
INSURANCE COMPANY	6	1,294,574	1.19
FINANCIAL INSTITUTIONS	5	93,690	0.08
MODARABA AND MUTUAL FUNDS	11	7,106,542	6.51
FOREIGN INVESTORS	8	21,590,089	19.78
OTHERS	69	65,140,468	59.68
TOTAL	2,603	109,153,152	100.00

Categories of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties			**57.30**
Premier Mercantile Services (Pvt.) Ltd.	1	38,544,040	
Jahangir Siddiqui & Co.	1	24,000,000	
NIT and ICP Investment Companies	-	-	
Directors, CEO and their spouse and minor children			**8.48**
Capt. Haleem A.Siddiqui	1	7,186,822	
Capt. Zafar Iqbal Awan	1	720	
Mrs. Saba Haleem	1	427,711	
Mr. Aasim A.Siddiqui	1	823,445	
Mr. Sharique A. Siddiqui	1	806,246	
Mr. M. Masood Ahmed Usmani	1	11,075	
Executives	1	2,000	
Public Sector Companies and Corporations	-	-	-
Banks, DFI's, NBFI's, Insurance Companies, Modarabas and Mutual Funds	22	8,495,076	**7.78**
Joint Stock Companies, Investment Companies Foreign Investors and Others	75	24,186,517	**22.16**
Individuals	2497	4,669,500	**4.28**
TOTAL	2603	109,153,152	100

Shareholders holding 10% or more voting interest

Premier Mercantile Services (Pvt.) Ltd.	1	38,544,040
Jahangir Siddiqui & Co.	1	24,000,000
Aeolina Investments Ltd.	1	17,155,639

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended June 30, 2010

Name	Date of Purchase	Number of Shares	Rate
MR. AASIM AZIM SIDDIQUI (DIRECTOR)	25.02.2010	5,000	83.90
MR. ARSALAN I. KHAN (COMPANY SECRETARY)	16.12.2010	2,000	105.37

PATTERN OF SHAREHOLDING (PREFERENCE SHARES)

AS AT JUNE 30, 2010

NUMBER OF SHAREHOLDERS	SHARE HOLDING FROM	SHARE HOLDING TO	TOTAL SHARES HELD
6	1	100	253
477	101	500	86,205
39	501	1000	26,254
38	1001	5000	75,880
5	5001	10000	36,158
3	10001	15000	34,491
2	25001	30000	55,424
1	30001	35000	30,423
1	55001	60000	57,734
1	70001	75000	75,000
1	245001	250000	250,000
2	2110001	2115000	4,222,858
1	2495001	2500000	2,500,000
1	3595001	3600000	3,600,000
1	6945001	6950000	6,949,320
579			**18,000,000**

CATEGORIES OF SHAREHOLDERS	NUMBER OF SHAREHOLDERS	TOTAL SHARES HELD
INDIVIDUALS	559	401,509
MODARBAS & MUTUAL FUNDS	2	4,222,858
FINANCIAL INSTITUTIONS	2	2,557,734
OTHERS:	16	10,817,899
	579	**18,000,000**

PATTERN OF SHAREHOLDING (PREFERENCE SHARES)

AS AT JUNE 30, 2010

Categories of Shareholders	No. of Shareholders	Shares Held	Percentage
Associated Companies, undertakings and related parties			
Premier Mercantile Services (Pvt.) Ltd.	1	3,600,000	20.00
NIT and ICP Investment Companies	-	-	
Banks, DFI's, NBFI's, Insurance Companies Modarabas and Mutual Funds	4	6,886,054	38.26
Joint Stock Companies & Others	8	7,213,090	40.07
Individuals	566	300,856	1.67
TOTAL	579	18,000,000	100.00

SHAREHOLDERS HOLDING 10% OR MORE

Premier Mercantile Services (Pvt.) Ltd.	1	3,600,000
CDC-Trustee Faysal Savings Growth	1	4,197,820
JS Global Capital Ltd.	1	6,949,320
Pak Kuwait Investment Co. (Pvt.) Ltd.	1	2,500,000

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended June 30, 2010 NIL

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **PAKISTAN INTERNATIONAL BULK TERMINAL (PRIVATE) LIMITED** (the Company) as at **30 June 2010** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the period then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that :

a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies stated in note 2 to the financial statements;

   ii) the expenditure incurred during the period was for the purpose of the Company's business; and

   iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects of the Company;

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2010** and of the loss, comprehensive income, its cash flows and changes in equity for the period then ended; and

d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

KARACHI: August 31, 2010

Ernst & Young Ford Rhodes Sidat Hyder
CHARTERED ACCOUNTANTS
Audit Engagement Partner: Riaz A. Rehman Chamdia

PAKISTAN INTERNATIONAL BULK TERMINAL (PRIVATE) LIMITED

BALANCE SHEET
AS AT JUNE 30, 2010

	2010 (Rupees)
ASSETS	
CURRENT ASSETS	
Cash balance	70
TOTAL ASSETS	70
SHARE CAPITAL AND RESERVES	
Authorised capital	
200,000,000 Ordinary shares of Rs. 10/- each	2,000,000,000
Issued, subscribed and paid up capital	
7 Ordinary shares of Rs. 10/- each fully paid in cash	70
Accumulated loss	(10,183,000)
	(10,182,930)
CURRENT LIABILITIES	
Trade and other payables	10,183,000
TOTAL EQUITY AND LIABILITIES	70

Sharique Azim Siddiqui
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

PROFIT AND LOSS ACCOUNT
FOR THREE MONTHS AND TEN DAYS PERIOD ENDED JUNE 30, 2010

	For three months and ten days period ended June 30, 2010 (Rupees)
Incorporation expenses - legal and professional	(10,133,000)
Administrative expense	(50,000)
	(10,183,000)
Taxation	-
Net loss for the period	(10,183,000)

Sharique Azim Siddiqui
CHIEF EXECUTIVE

Aasim Azim Siddiqui
DIRECTOR

The complete set of audited financial statement of Pakistan International Bulk Terminal (Private) Limited is available on request at the PICT's registered office for the members, without any cost.

FORM OF PROXY

>>>>>

The Company Secretary
Pakistan International Container Terminal Limited
2nd Floor, Business Plaza,
Mumtaz Hassan Road
Karachi

I /We,____of____ being member of Pakistan International Container Terminal Limited and holder of ____________ Ordinary Shares as per Share Register Folio No.________________ and/or CDC Participant I.D. No.___________ hereby appoint Mr./Mrs./Miss___________________________of (full address)____ as my/us proxy to attend, speak and vote for me/us and on my/our behalf at the Ninth Annual General Meeting of the Company to be held on Wednesday, October 13, 2010 and at any adjournment thereof.

Signed this ______________ day of______________ 2010

Witnesses:

1. Name ____

   Address ____

   CNIC No. ____

   Signature ____

2. Name ____

   Address ____

   CNIC No. ____

   Signature ____

Signature on
Rs. 5/-
Revenue
Stamp

Notes:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.
2. The proxy in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not later than 48 hours before the time of holding the Meeting.
3. The proxy shall authenticate his/her identity by showing his/her original CNIC or original passport and bring folio number at the time of attending the meeting.
4. Signature should agree with the specimen signature registered with the Company.
5. CDC shareholders and their Proxies must attach either an attested photocopy of their National Identity Card or Passport with this Proxy Form.
6. In case of proxy by a corporate entity, Board of Directors resolution/power of attorney with specimen signature and attested copies of CNCI or Passport of the proxy shall be submitted along with the proxy form.