TOWARDS NEW HORIZONS

ANNUAL REPORT 2014

Future of Shipping

Global shipping is at a crossroads. Demand for commodities and manufactured goods is projected to rise over the next four decades. The maritime sector is responsible for transporting some 80 percent of goods traded around the world. Obviously, this places a huge burden upon the industry and the environment. Presently, sea-trade accounts for only 2%-3% of global greenhouse emissions*. However, pollution in ports remains a serious issue. With bigger ships carrying bigger loads, more powerful ship propulsion systems have also been introduced which contributes to greenhouse emissions. Heavy Fuel Oil or HFO, is still the preferred fuel for sustained sailing in the industry. HFO is the dirtiest and the most polluting fuel.

Emissions Control

The placement of particular of ports and their access ways in the ocean has led to certain shipping lanes which are particularly busy with dense shipping traffic. These regions are potential trouble spots for air pollution, hijacking and piracy, oil leaks from tankers among others. The scientific community has warned that any world-wide increase beyond 2°C would lead to catastrophic consequences. They have concluded with consensus that by 2050, global emissions of greenhouse gases need to be slashed by 60%. For this, the shipping sector needs to cut emissions of greenhouse gases by 80%*.

Biological ballast pollution is also gaining prominence as a troubling issue in the industry. The practice of dumping ballasts outside ports prior to taking on fuel by tankers leads to transportation of biological organisms around the world to unnatural habitats. Sea water, particularly near the shore, harbours various flora which feeds on the plankton on the continental shelf. When a ship takes ballast from this water, the biological organisms are taken along with the water and begin to dwell inside the ship's tanks. Now, when the ship reaches the port of destination for taking on fuel, it dumps the ballasts at the port, thereby discharging the water with the biological organisms. This has led to a worldwide ecological disaster, resulting in unprecedented levels of damage.

Advanced Ship Design

Modern ship designing has come a long way since man began sea-faring. Computer assisted design has helped designers perform real time simulations and scenarios before the ship is even built. This helps in designing ships with minimal drag, better efficiency and enhanced safety. Another exciting development has been modular construction. Modular construction is the process of building a ship in parts or modules. This is akin to putting together a huge jig-saw puzzle where everything fits perfectly. This has proved to save immensely on labour hours and safety. This process has resulted

in better division of labour, leading to efficient construction. Workers required to work on a certain section of the ship would not be required to attend other sections. This would ensure that their movement is restricted on the dock, leading to lesser fatalities and mishaps.

Modern ships have benefitted immensely from years of research in fluid dynamics, oceanography and metallurgy. Lighter materials are being incorporated which results in weight-reduction and fuel-efficiency.

Efficient Shipping

Shipping operators nowadays recognize the need to be efficient in their operations as this has direct influence on their financials bottom-lines. Increased demands and tighter lead times have culminated in various cooperative linkages amongst shippers and freight-forwarders. The entire supply-chain is now being assimilated into one contiguous plan. Different partners are required to deliver on their commitments individually to collectively satisfy the customer's requirements. This has meant that shippers, overland freight forwarders and air-cargo operators come together to better coordinate on deliveries.

Safety

Safety is a paramount concern in shipping nowadays. High-profile hijacking and piracy episodes have caused a nervousness and lack of confidence in the public. The shipping operators are also struggling to deal with this issue while sustaining commercial operations. The political dimensions surrounding recent high-profile piracy incidents have rendered the Gulf of Aden a critical hot-spot for the shipping world. A global anti-piracy task force has been composed with naval ships from participating navies around the world. Most commercial shipping operators have standing NOCs for such task forces to carry on kinetic operations onboard their vessels in the event of piracy. The task-forces have also establishes an international command and control system which tracks ships globally and provides immediate emergency response.

On-board fatalities are also a source of major public concern. The shipping industry's fatality rate is ten times higher than that of onshore industries in OECD countries. To reach parity, the shipping sector needs to reduce its fatality rate by 90 percent*.

*Source: DNV GL, ***The Future Of Shipping,*** Høvik, 2014

Contents

Vision

To be a prominent player and key stakeholder in global shipping industry by maintaining diversified and efficient marine assets.

Mission

To provide reliable & efficient shipping services to overseas and Pakistan's sea borne trade, maintaining relationship of integrity and trust with our customers, partners, employees, safeguarding interests of our stakeholders and contributing towards betterment of national economy, society and the environment.

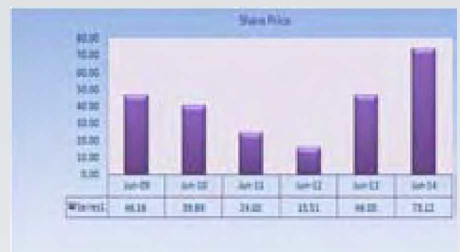
Strategic Objectives

- Persistent growth by strategic investment and diversification in marine sectors according to past performance and future outlook of industry.
- To be optimally profitable, viable, commercial organization and contribute to the national economy by securing a reasonable return on capital and minimize outflow of national foreign reserves.
- To ensure steady supplies to Pakistan defence forces in times of peace & war.
- To do highly ethical, environment friendly and socially responsible business practices.
- To ensure that every employee feels proud of being part of PNSC team.
- To prove to our clientele safe, secure, reliable and efficient shipping services.
- To practice & believe in equal opportunity for every one in every aspect of business.

Significant Highlights

New Vessel Acquisition
Oil tanker M.T. Shalamar to be inducted
in 2014-15

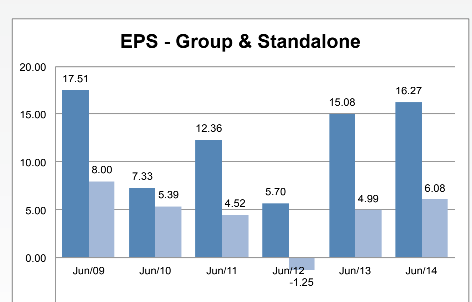
Share price highest since last 6 years



Revenue from Liquid Bulk Segment highest in years

M.V. Multan's voyage around the world
The dry-bulk carrier completed a voyage around
the world, showcasing maximum utilization

EPS highest in recent years



Core Values

- Safety
- Teamwork
- Quality
- Integrity
- Customer Focus
- Professionalism
- Competition
- Reliability

Safety

As a global sea-freight operator, PNSC believes in safety as the bedrock of its corporate philosophy. Our commitment to the safety of our people compels us to invoke periodic safety training through fire and hijacking drills on board ships. PNSC never compromises on crew safety.

Teamwork

The purpose of an organization is to amalgamate the talents and KSAs (Knowledge, Skills and Abilities) of its people and channel them to achieve its objectives which serve the interests of everyone. PNSC believes that business is not done in isolation. It is done through sharing of ideas and resources.

Quality

Today's business is highly competitive. The global shipping market has thousands of shipping lines operating globally. With a plethora of shipping companies to choose from, today's shipper is well informed and tech-savvy. PNSC has re-oriented itself to suit the new market with a commitment to ensure quality at every stage of the value chain.

Integrity

Integrity is not a collective virtue. It is a personal belief system which runs on conviction. PNSC believes in nurturing this virtue by encouraging it in the office environment. By combined effort, individual preference for integrity and fair business shape up PNSC's belief in this virtue.

Customer Focus

PNSC's philosophy revolves around the customer. The customer is the best judge of our performance. Consequently, growth in revenue is a reliable barometer of performance.

Professionalism

PNSC prides itself on ensuring our workforce deal with our customers objectively without any interference of personal views. PNSC encourages an environment of open-communication and professionalism.

Competition

Competition allows for incentives for improvement. At PNSC, we believe competition is not only a way to win contracts from our global competitors, but also to improve ourselves.

Reliability

When we enter into a contract with our customers, we become an integral part of their supply chain. Our delivery schedules have direct consequences on their business. Consequently, predictable schedules and lesser lead times give reliability to our business. Our customers depend on us for getting their cargo on time and we take pride in acknowledging this responsibility. Reliability is one of the most important tools for building our customer relationships.

TOWARDS NEW HORIZONS WITH CUSTOMER FOCUS

Our client portfolio is based primarily upon established relationships with our customers. Over the years, we have sought to prove to them our reliability and persistence in meeting and even exceeding their expectations.


E/B FAN
NO.3
PNSC


PNSC

Corporate Information

Board of Directors

1. Mr. Muhammad Siddique Memon	Chairman
2. Mr. Shabbir Ahmed	Member
3. Mr. M. Anwar Malik	Member
4. Ms. Ava A. Cowasjee	Member
5. Mr. Akbar Adil	Member
6. Mr. Khowaja Obaid Imran Ilyas	Member
7. Capt. Syed Anwar Shah	Member

Audit Committee

1. Mr. Khowaja Obaid Imran Ilyas	Chairman
2. Capt. Anwar Shah	Member
3. Mr. Akbar Adil	Member

Human Resource and Remuneration Committee

1. Capt. Anwar Shah	Chairman
2. Ms. Ava A. Cowasjee	Member
3. Mr. Akbar Adil	Member

Commercial Committee

1. Mr. Akbar Adil	Chairman
2. Ms. Ava A. Cowasjee	Member
3. Capt. Anwar Shah	Member

Chief Financial Officer

Mr. Imtiaz C. Agboatwala

Corporation & Board Secretary

Ms. Zainab Suleman

Chief Internal Auditor

Mr. Babar Jamal Zubairi

Head Office

PNSC Building, Moulvi Tamizuddin Khan Road,
Karachi - 74000

Regional office

Gulberg Heights, Lower ground floor, Near
Sherpao Bridge Gulberg, Lahore, Pakistan.

Auditors

1. A. F. Ferguson & Co., Chartered Accountants
2. Ernst & Young Ford Rhodes Sidat Hyder & Co., Chartered Accountants

Shares Registrar

M/s Technology Trade (Pvt.) Ltd. Dagia House
241-C, Block 2, P.E.C.H.S Off
Sharah-e-Quaideen, Karachi.

Bankers

Bank Al-Falah Limited
Bank Al-Habib Limited
Bank Al-Habib Bahrain
Bank Alfalah, Bahrain
Barclays Bank Pakistan PLC
Faysal Bank Limited
Habib Bank Limited
Meezan Bank Limited
NIB Bank Limited
National Bank of Pakistan
National Bank of Pakistan, Hong Kong
National Bank of Pakistan, Tokyo
Samba Bank Limited
Silk Bank Limited
Soneri Bank Limited
Standard Chartered Bank Limited Pakistan
United Bank Limited, London

Code Of Conduct

In Pakistan National Shipping Corporation the Board, senior management and employees are committed to professionalism and understanding of themselves and others regarding accepted standards of the discipline.

The work related conduct requires a personal commitment to act in accordance with the accepted and especially professional standards of conduct and also to encourage such behaviour by employees and colleagues.

Corporation has always emphasized on the Business Ethics as a matter of policy. The Business Ethics include the principles of honesty, integrity, trustworthiness, loyalty, fairness and justice. The business ethics are rules for conduct which raise awareness of acceptable and unacceptable behaviour. Furthermore, the ethical minds of individual employees significantly contribute to ethical business practices of the Corporation.

It is the duty and responsibilities of directors, senior management and all employees to faithfully follow the Business Ethics and comply with the policies and practices stated in this Code of Conduct. The Corporation's ultimate goal is to achieve its business objectives for the benefit of all stakeholders including the shareholders and the community at large.

POLICY STATEMENT

It is the Corporation's policy to conduct its business operations within the framework of the law and statutory rules and regulations, including the international law governing shipping operations.

The Corporation shall manage its affairs in accordance with concepts of good governance, with a high degree of integrity, transparency and accountability.

The Corporation shall constantly endeavour to formulate policies to ensure business growth, optimize operational efficiencies and profitability, and develop a corporate culture to reward merit and eliminate discrimination in all forms. It is the policy of the Corporation that professionalism is maintained in all recruiting, interviewing and hiring of individuals without regard to race, gender or religion.

There is no direct or indirect discrimination on grounds including, but not limited to, race, gender, sex or marital status or religion or language and there is no harassment or victimization based on any of the aforesaid grounds.

DEVELOPMENT OF INTERNAL CONTROL SYSTEMS

It is the policy of the Corporation to maintain and update internal control systems, accounting/financial procedure, rules and regulations, in keeping with modern management practices, and ensure due compliance with regulatory requirements.

MAINTENANCE OF PROPER BOOKS OF ACCOUNT AND RECORDS

It is the policy of the Corporation to maintain proper books of account and supporting documents in accordance with law and regulatory requirements. No compromises as to the integrity of financial records or financial statements shall be permitted. The Corporation shall ensure that all statutory records are properly maintained and that statutory returns are filed strictly according to the regulatory requirements. All books of account, supporting documents, and statutory records shall be safeguarded and retained for such periods as may be prescribed by law or by the Corporation.

USE AND SAFEGUARDING OF CONFIDENTIAL INFORMATION

All information about the policies and business affairs of the Corporation is confidential. Information received from third parties under obligation of confidentiality belongs to those third parties and is confidential. Such information must not be used or disclosed except as permissible under the relevant agreements. Employees shall not intrusively remove any documents or tangible items which belong to the Corporation or which contain any confidential information, from the Corporation's premises, including vessels. The responsibility to maintain the confidential nature of all non-public information in the Corporation's possession continues after cessation of employment.

It is the policy of the Corporation to ensure confidentiality of all inside information and do not leak any inside information out of the Corporation and no employee shall drive any personal benefit from such inside information not yet disclosed to the public and to maintain harmony among all co-workers and staff in the Corporation.

The Corporation has set up an important policy concerning the use of information of the Corporation in compliance with Good Corporate Governance and relevant regulations. The Corporation has advised its directors, senior management and employees to focus on confidential information especially internal information not yet disclosed to public or any data or information that may effect the business of the Corporation or its share price. They must not use information they receive from their directorships or employment for personal benefit or for conducting business or other activities in competition with the Corporation.

POLICY TOWARDS STAKEHOLDERS

The Corporation recognizes the rights of all stakeholders and therefore encourages cooperation between the Corporation and all the stakeholders including employees, creditors, government agencies, community and society at large.

POLICY ON SAFETY, OCCUPATIONAL HEALTH AND ENVIRONMENT

The Corporation is committed to conducting business with the highest standards of safety, occupational health and environment conditions fully complying with all legislation and regulations relating to safety, occupational health and environmental requirements at all locations in which the Corporation operates. The Corporation shall follow practices that constantly ensure that its working environment is safe for the protection of property of the Corporation and life of its employees. The Corporation shall encourage health and safety awareness at all levels and promote procedures and practices that ensure environmental protection taking into account the current legislation and industry codes and practices. The Corporation shall fully disclose all information regarding its operations and standards in relation to safety, occupational health and environment. It is the policy of the Corporation to take all necessary measures to protect the health and safety of its employees.

CONFLICT OF INTEREST

The Corporation has set up an important policy on conflict of interest. No directors, officer or employee shall have any financial interest in or be involved in the business activities of a competitor of the Corporation.

ACCEPTANCE OR GIVING OF BRIBES

No employee of the Corporation shall accept or give bribe or any illegal gratification in the conduct of the Corporation's business.

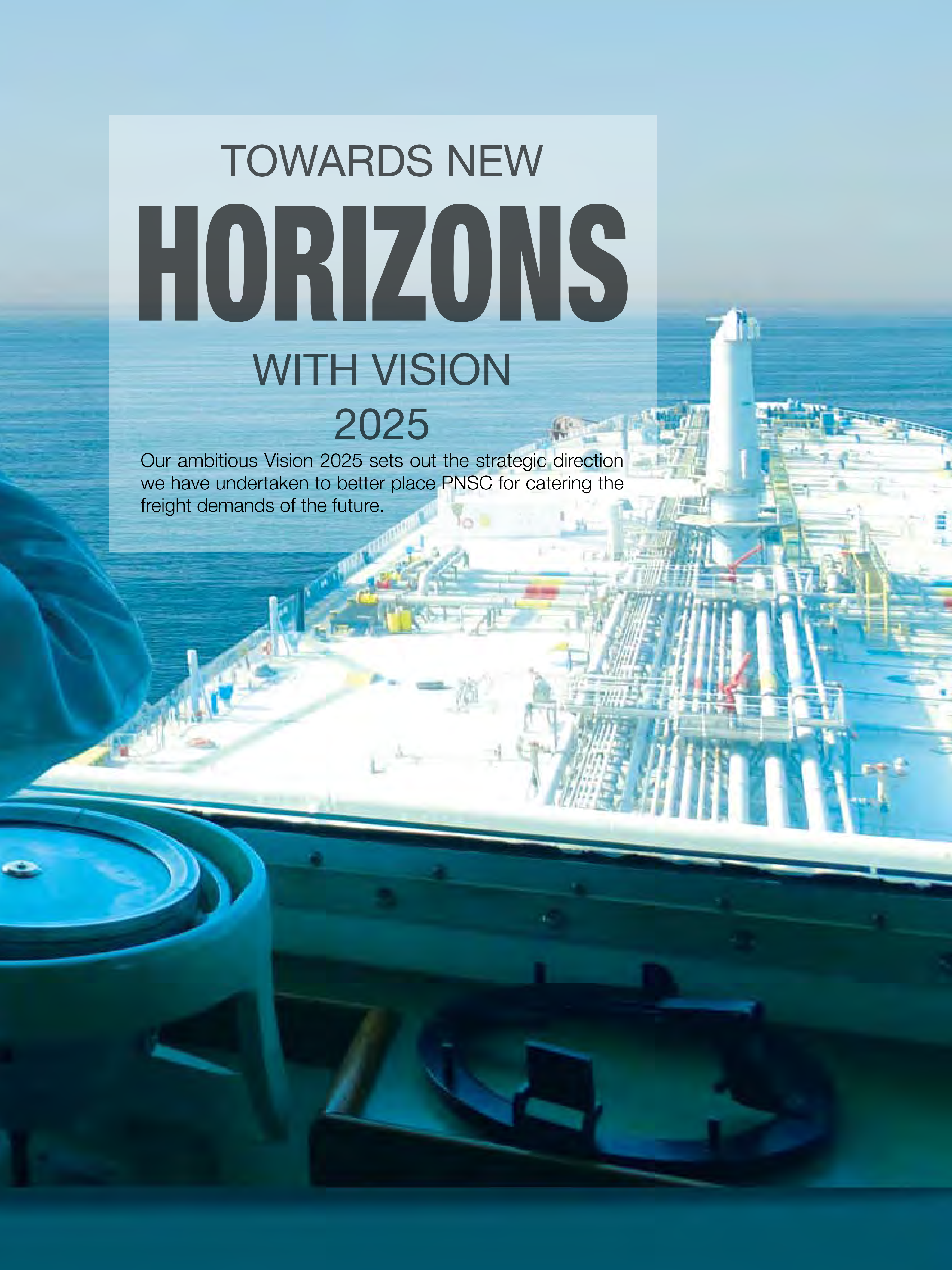
DISCIPLINE AND GENERAL CONDUCT

All employees shall conform to and abide by the rules and regulations of the Corporation, and shall observe, comply with and abide by all orders which may from time to time be given by any person under whose jurisdiction, superintendence or control an employee may for the time being be placed.

The Corporation expects that all directors, officers and employees will understand and adhere to this Code of Conduct. They shall be responsible for the consequences of any violation. If a violation of law is also implicated, civil or criminal liability may result.

It is expected of all to practice good / ethical behaviour and to pay attention to emerging questions, challenges and stress points positively in their respective capacities.

The purpose of this Code of Conduct is to maintain and promote dignity and reputation of the Corporation and achieve excellence. Each employee is required to conduct himself/herself in a proper way, behave lawfully adhering to all laws, rules and regulations which are applicable. Failure to comply with this code or guidance may result in disciplinary action depending on the severity of the misconduct and the Corporation's disciplinary record.



TOWARDS NEW

HORIZONS

WITH VISION

2025

Our ambitious Vision 2025 sets out the strategic direction we have undertaken to better place PNSC for catering the freight demands of the future.

Board Of Directors' Profile

Mr. Muhammad Siddique Memon

Chairman / CEO of Pakistan National Shipping Corporation, BS-21 grade officer, started his career in Civil Services of Pakistan on October 16, 1984. He has varied experience and has held various appointments in General Administration, Planning Social Development, Revenue, Public Administration, Financial Management and Magistery.

During his service spanning over 30 years, he served as Secretary Sports, Education, Finance, Population Welfare, Land Utilization (Board of Revenue), Livestock & Fisheries, Local Government etc. Moreover, he also served as Director Survey, District Coordination Officer, Cane Commissioner, Deputy Commissioner, Assistant Commissioner, Managing Director Sindh Small Corporation, Secretary Sindh Public Service Commission & Secretary Sindh Text Book Board.

He assumed the charge of the Chairman / CEO of PNSC on July 17, 2013.

Ms. Ava A. Cowasjee

Ms. Ava Ardeshir Cowasjee is a prominent person in the shipping industry of Pakistan. She did her schooling at Convent of Jesus and Mary, Karachi, and higher education at Roedean School, England. Thereafter she pursued Management training at Hyde Park Hotel, London, Intercontinental Hotel, Karachi, and got her diploma in Hotel Management from the Ecole Hotelier, Switzerland. She worked as Manager, Manpower Development at Intercontinental Hotel, Karachi, for four years.

She became Partner of Cowasjee Group of Companies and has served for 29 years.

She has been the Chairperson of Pakistan Ships Agents Association 'PSAA' having already served PSAA for 10 years as a Managing Committee Member. She has attended a number of conferences on shipping locally and abroad, and participated in advanced courses from Pakistan Institute of Management Sciences.

She has been a Member on the Management Committee of Pakistan International Freight Forwarders Association.

She is the Vice Chairman of SOS Children's Village of Sindh for the last 10 years. She is a Member, Managing Committee Hermann Gmeiner School. She is the Trustee of Cowasjee Foundation.

She was nominated as a director on the PNSC Board by the Federal Government on May 21, 2014.

Board Of Directors' Profile

Mr. Anwar Malik

Mr. Anwar Malik is a Director General, Privatization commission Ministry of Finance and Member of PNSC Board. He is a renowned and visionary professional, having served on various key positions in Federal & Provincial setups. He holds Masters Degrees in Business Administration as well as Political Science, besides being a Law graduate from University of the Punjab.
He has versatile working experience at National & International fora, spread over more than 25 years.

He has vast exposure of Corporate Sector by virtue of which he possesses high business/ commercial acumen. Mr. Malik is known for his integrity, dedication and hard work.

He was nominated as a director on the PNSC Board by the Federal Government on May 21, 2014.

Mr. Akbar Adil's Profile

Mr. Akbar Adil has 38 years experience of working with IBM in Pakistan and Middle East. He holds an Engineering Degree in Electronics and has received formal and informal training in Systems, Sales, Business Administration, and Marketing & Communications at different IBM centers in Middle East, Africa Europe and USA.

During his career he has held various leading management positions in Systems Engineering, Marketing, Communications, Sales, Human Resources and Services. Akbar's experience include deep interaction with organizations in diversified sectors including Banking, Telecommunication, Airline, Manufacturing, etc. In Pakistan and Middle East and has participated in advising them in strategizing to deploy innovate technology solutions to improve controls, enhance customer experience and reduce costs. He has been credited for setting up a few new lines of Business for IBM Pakistan.

Akbar has served on several committees of Overseas Chamber of Commerce & Industry (OICCI) and American Business Council (ABC).

He has travelled extensively and is a keen photographer.

He was nominated as a director on the PNSC Board by the Federal Government on May 21, 2014.

Board Of Directors' Profile

Captain Anwar Shah

Captain Anwar Shah is a reputed professional in the management and operation of port terminals, maritime transport and logistics industry with a vast experience of over 34 years that includes marketing, chartering, marine insurance hull and P&I Club, Cargo Claim Survey, Shipping and Trading documentation, Salvage of Ship and Damaged Cargoes, Freight Forwarding, NVOCC operations, Stevedoring, Stowage Plan.

Captain Shah is a Member Chartered Institute of Ship Brokers London and Fellow Chartered Institute of Logistics & Transport London and a law graduate. He also served as Director General Ports and Shipping/ Additional Secretary Ministry of Ports and Shipping in 2003 – 2007.

He is an expert on World Bank Panel, Governor World Maritime University Malmao (Sweden), Member IMO Secretary General's Panel of Experts (London) and Maritime Advisor to KCCI.

Captain Shah is an elected member of PNSC's Board of Directors.

Khowaja Obaid Imran Ilyas

Khowaja Obaid Imran Ilyas is a graduate in Economics from Cornell University New York USA.

He is an ex-banker and served Standard Chartered Bank from year 2000 till year 2002 in Corporate and Industrial Banking.
Currently he holds the position of Director Business Development in family owned business named IDSC (Pvt) Ltd in the business of indenting machinery and spares for the local industry.

Mr. Khowaja Obaid Imran Ilyas is serving as an elected director on the board of directors of PNSC and also as Chairman of The Audit Committee.

Board Of Directors' Profile

Mr. Shabbir Ahmed

Mr. Ahmed joined the Civil Services of Pakistan in 1981 and has served in different positions in Audit Department of Pakistan, Ministry of Petroleum and National Resources and Ministry of Finance. He holds a Master's Degree in English Literature from the University of Punjab and post-graduate diploma in Managerial Control and Management Information Systems. He has also worked as member Finance – PTA and remained on the Board of Directors of PSO, SNGPL and CAA.

He has also served as Additional Secretary (Military Finance). While his assignment as Executive Vice- President in the Industrial Development Bank of Pakistan (IDBP), he helped in formulating bank-wide policies for the development of new businesses, products and instruments to be launched in underdeveloped areas in collaboration with national poverty reduction strategies.

He is currently serving as Additional Secretary Finance, Government of Pakistan. He was nominated as a director on the PNSC Board by the Federal Government on September 09, 2013.

PNSC Leadership Team

Mr. Muhammad Siddique Memon	Chairman / CEO
Mr. Imtiaz C. Agboatwala	Executive Director (Finance)
Brig (R) Rashid Siddiqi, SI (M)	Executive Director (Administration)
Mr. Zaheer Babar Qureshi	Executive Director (Ship Management)
Capt. Irfan Qayum	Executive Director (Commercial)
Capt. Muhammad Sarfaraz	Executive Director (Special Projects and Plans)

PNSC Leadership Team

Chairman / CEO
Mr. Muhammad Siddique Memon

Mr. Muhammad Siddique Memon BS-21 grade officer started his career in Civil Services of Pakistan on 16-10-1984. He has varied experience and has held various appointments in General Administration, Planning Social Development, Revenue, Public Administration, Financial Management and Magistery.

During his service spanning over 30 years, he served as Secretary Sports, Education, Finance, Population Welfare, Land Utilization (Board of Revenue), Livestock & Fisheries, Local Government etc. Moreover, he also served as Director Survey, District Coordination Officer, Cane Commissioner, Deputy Commissioner, Assistant Commissioner, Managing Director Sindh Small Corporation, Secretary Sindh Public Service Commission & Secretary Sindh Text Book Board.

He assumed the charge of the Chairman / CEO of PNSC on July 17, 2013.

Executive Director
(Finance)
Mr. Imtiaz C. Agboatwala

Imtiaz C. Agboatwala qualified as a Chartered Accountant in 1975 from Institute of Chartered Accountants of Pakistan (ICAP). He started his post qualifying professional carrier with A. F. Ferguson & Co. in 1975. His 38 years professional experience includes working with national and multinational pharmaceutical companies/ organizations as Chief Financial Officer.

He has extensively travelled, having attended several Management Development Programs and Seminars.

He joined Pakistan National Shipping Corporation on 02 January 2006 as Executive Director/Chief Financial Officer. He is also a Director on the Boards of 19 subsidiary companies of PNSC Group.

PNSC Leadership Team

Executive Director
(Administration)
Brig. (R) Rashid Siddiqi, SI (M)

Brig. (Retd) Rashid Siddiqi, SI (M) joined PNSC in 2002 as Executive Director (Administration). He is also the Chairman Provident Fund and looks after its investment and Asset Management.

He was appointed Chairman / CEO and Chairman Board of Directors of Pakistan National Shipping Corporation in November 2009 till 21 March 2011. During this period, he developed five-year fleet development plan and arranged loan without GOP guarantee and added six modern vessels to the fleet.

He joined Pakistan Army in September 1971 and remained so till 2002. He is a graduate of Command and Staff College and National Defence College. During his Army career he served as Member Faculty National Defence College Islamabad, Director Military Intelligence and Brigade Commander.

He has widely traveled and is a keen Golfer and an ardent jogger and loves sports.

Executive Director
(Ship Management)
Mr. Zaheer Babar Qureshi

Mr. Zaheer Babar Qureshi Executive Director (Ship Management) has over 40 years of continuous service and professional experience with Pakistan National Shipping Corporation in Ship Operations and Technical Management, both afloat and ashore.

He joined PNSC in August 1973 as an afloat officer. Mr. Babar holds 1st Class Certificate of Competency as Chief Engineer of Merchant Ships and has also done Masters in Technical Management of Shipping Companies 1991 from the World Maritime University, Malmo Sweden established by the International Maritime Organization. Besides these qualifications, he is also a law graduate and member of the Middle East Region Technical Advisory Committee of American Bureau of Shipping, ClassNK and Lloyd's Register.

PNSC Leadership Team

Executive Director
(Commercial)
Capt. Irfan Qayum

Capt. Irfan Qayum is a Master Mariner; he also holds Certificate in Chartering form Lloyd's Maritime Academy London and is a member of the Chartered Institute of Logistics and Transport (MCILT), UK. He has more than 38 years of Maritime Experience, both afloat as well as ashore. He has had more than 8 years command experience on several types of ships before his induction in the shore-based operations of PNSC.

He has acquired tremendous hands-on expertise in various aspects of ship chartering, slot business and liner trade and extensive knowledge of charter-parties, contracts of affreightment, Marine Insurance and Arbitration. He has also attended several workshops/ conferences on the maritime trade and logistics, port development, freighting and commercial aspects of shipping and has represented the Corporation in several such conferences. He attended various courses and training sessions on the project and Managerial skills.

He assumed the charge of Director Commercial of the Pakistan National Shipping Corporation on July 2nd, 2014.

Executive Director
(Special Projects and Plans)
Capt. Muhammad Sarfaraz

Capt. Muhammad Sarfaraz is a Master Mariner, a Fellow of Institute of Chartered Ship Brokers (FICS) UK, Member of Chartered Institute of Logistics and Transport (MCILT) UK and Lloyds accredited Auditor for Internal Safety Management System.

He has more than 38 years of maritime experience, both afloat as well as ashore and more than 11 years of command experience on several types of ships before induction in the shore establishment of PNSC.
While serving ashore he was actively involved in developing procedures for Sale & Purchase of ships, revamping of Vision and Mission statement of PNSC, Annual and Five yearly Fleet Development Plans, Business Development Plans and Vision - 2025.

He has participated in development of ILO's Maritime Labor Convention (MLC-2006) and has hand on knowledge on IMO work. He has also attended training workshops organized by UNCTAD, IMO and reputed organizations, which greatly enhanced his professional competence and managerial skills.

He assumed the charge of Actg. Executive Director (Special Projects & Planning) of the Pakistan National Shipping Corporation on 3rd July 2014.

Regulatory Appointments

Chief Accountant

Mr. Syed Jarar Haider Kazmi

Mr. Syed Jarrar Haider Kazmi is Head of Finance Department and Chief Accountant since January 2007. He is associated with PNSC since October 2005. Mr. Jarar is a fellow member of the Institute of Chartered Accountants of Pakistan and the fellow member of Institute of Public Finance Accountants of Pakistan with post qualification experience of more than 12 years on senior positions in other organizations including Automobile and Pharmaceutical sector etc. Mr. Jarar is also a member of the Public Sector Committee of the Institute of Chartered Accountants of Pakistan.

He has attended various workshops and seminars, internationally and locally.

Corporation & Board Secretary

Ms. Zainab Suleman

Ms. Zainab Suleman, Corporation & Board Secretary, had done her L.L.M. and is enrolled as an Advocate of High Court of Sindh. She is a member of High Court Bar Association. Prior to joining PNSC she was working as an Advocate/Associate in a well reputed firm of Advocates and Solicitors and gained a vast experience on the corporate side. She has also attended a number of workshops and conferences locally and abroad

AROUND THE WORLD WITH M.V. MULTAN

50,244

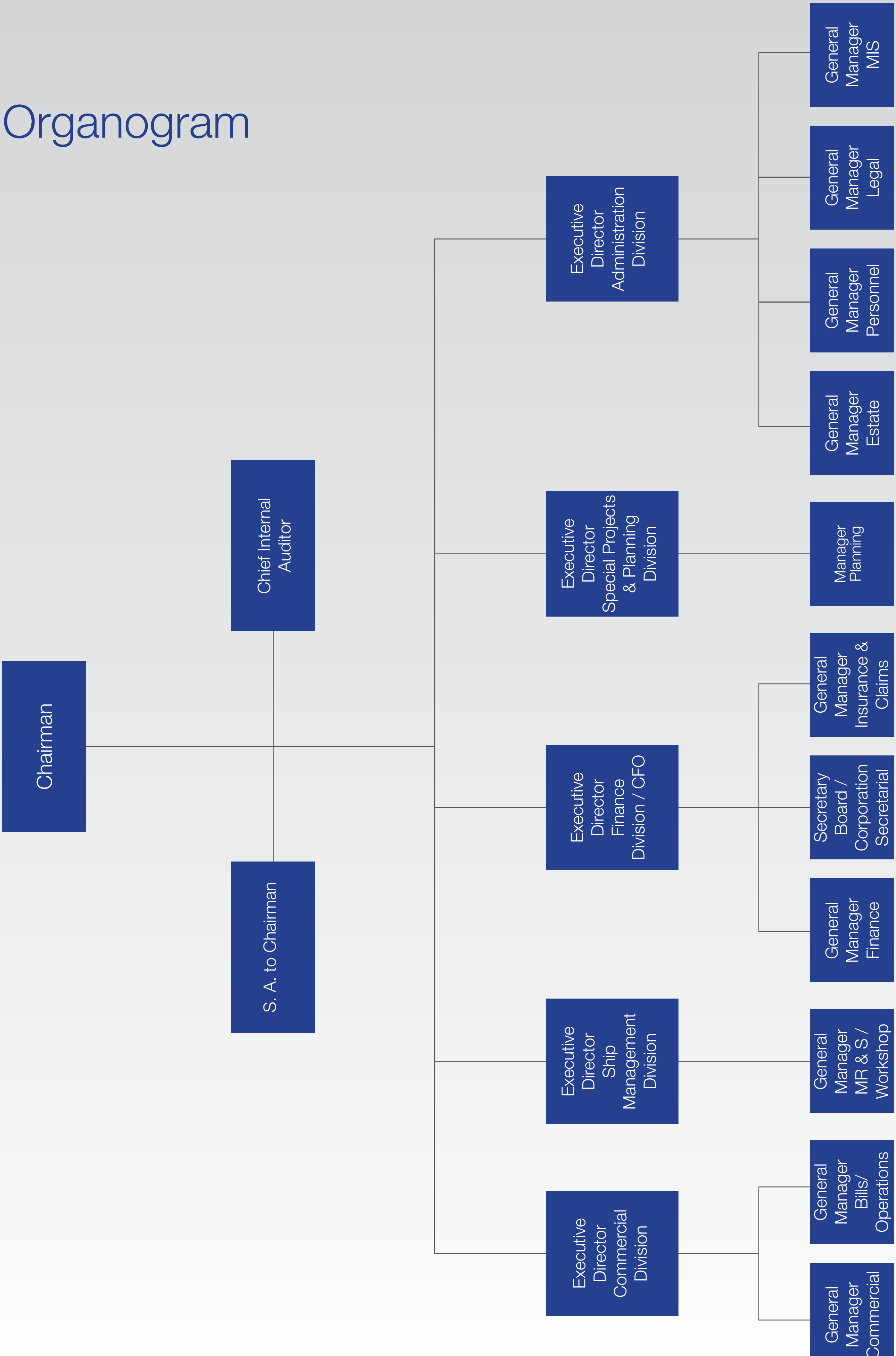
DEADWEIGHT (TONS)

Dry–Bulk

TYPE

189.8m	2002	28
LENGTH	YEAR BUILT	PORT CALLS THIS YEAR

Organogram



Chairman
Chief Internal Auditor
S. A. to Chairman
Executive Director Administration Division
Executive Director Special Projects & Planning Division
Executive Director Finance Division / CFO
Executive Director Ship Management Division
Executive Director Commercial Division
General Manager MIS
General Manager Legal
General Manager Personnel
General Manager Estate
Manager Planning
General Manager Insurance & Claims
Secretary Board / Corporation Secretarial
General Manager Finance
General Manager MR & S / Workshop
General Manager Bills/ Operations
General Manager Commercial

Fleet Strength

VESSEL NAME	BUILT	DEADWEIGHT	LENGTH OVERALL	GROSS TONNAGE
		MT	M	MT
TANKERS				
M.T QUETTA	JAPAN 2003	107,215	246.80	58,118
M.T LAHORE	JAPAN 2003	107,018	246.80	58,157
M.T KARACHI	JAPAN 2003	107,081	246.80	58,127
BULK CARRIERS				
M.V KAGHAN	JAPAN 1986	65,716	225.78	36,098
M.V CHITRAL	JAPAN 2003	46,710	185.73	26,395
M.V MALAKAND	JAPAN 2004	76,830	225.00	40,040
M.V HYDERABAD	JAPAN 2004	52,951	188.50	29,365
M.V SIBI	JAPAN 2009	28,442	169.37	17,018
M.V MULTAN	JAPAN 2002	50,244	189.80	27,986
	TOTAL	642,207		351,304

Directors' Report

The Board of Directors of Pakistan National Shipping Corporation is pleased to present the thirty-sixth Annual Report together with the audited financial statements for the year ended June 30, 2014.

INDUSTRY OUTLOOK

Shipping industry has been plagued by overcapacity and poor cash generation since 2009, and may only improve moderately as tonnage addition to the global fleet slows down. The Baltic Dry Index continues to be at historic lows indicating that it will take some time before the industry fully recovers. Over 90% of global trade travels by ship, making the international freight market a key part of the global economy. Since 2009, the cost of shipping goods by sea has been highly volatile, and now rates look set to fall again, dealing another blow to this crucial industry.

China, riding on the back of a decade-long golden age in investment-driven growth, now accounts for some 40% of dry bulk imports globally. The massive development of the country's infrastructure in recent years, not to mention huge growth in autos production and consumer demand, has driven imports of iron ore, coal (both coking and thermal), copper, zinc and other metals, and grains, ever upwards. The growth in Chinese demand has been a boon for dry bulk shipping companies as the country has been one sure source of volume growth, a source even more important to the industry in the post-global crisis world. However, the reliance of the global dry bulk shipping sector on the Chinese market leaves it wide open to the impact of any slowdown in Chinese economic expansion or restructuring of its economy. With broader market fundamentals in the Dry Bulk trade expected to remain under stress due to demand supply mismatch, On back of tough financing environment, order cancellations and slippages in deliveries are also likely to remain high easing some pressure on the supply side. On the demand side, global sea-borne commodity movement is expected to advance as a result of amplified imports into Asia. But a slowdown in China or protracted recession in Europe could possibly result in downward revision of demand, which can have a significant negative impact on freight rates.

The supply side (fleet growth) has now begun to decline, but weakening global economic growth is becoming a new threat. Despite decreasing bunker prices, dry bulk freight rates declined or stagnant across the most routes especially in larger vessel segments. Meanwhile new ordering activity continued despite pressure of unhealthy freight earnings.

The Aframax sector has seen strong levels of activity of late, re-affirming the high level of interest among buyers across the larger crude segments currently. In Pakistan and Bangladesh, there would have been worry over the possibility of unfavourable policies being introduced in the national budgets.

Ship recyclers were razor-keen to stock their yards with pre-budget vessels, particularly after the market was abuzz with news that a number of VLCCs were being earmarked for the ship cemeteries. Pakistani operators tried putting their hands into this segment, but with their counterparts from Chittagong with deeper pockets being vigilant in keeping their fingers on the market pulse, the Gadani breakers had to be content with a slew of Aframax tankers they have successfully negotiated.

BUSINESS ANAYLSIS

Pakistan National Shipping Corporation's achieved amicable targets in the year 2013-14 towards becoming a more focused company around the globe.

Important factors in the PNSC's annual review includes the strength of world economies and currencies, general market conditions, fluctuations in charter hire rates and vessel values, changes in demand in the dry bulk market, changes in the Group's operating expenses such as bunker prices, dry-docking and insurance costs, potential liability from pending or future litigation, general domestic and international political conditions, potential disruption of shipping routes due to accidents or political events, and other important factors described time to time in the reports filed by the Group.

The business is based on the intrinsic demand for transportation services & cargo handling infrastructure required by our refining industry. With focus on crude and dry bulk carriers. PNSC has made its remarkable success in its oil transportation segments through continuous efforts and maintain long term relationship with our customers, we broadly oversee our policies and make diversified strategies for market penetration and fleet optimization.

Directors' Report

With a diversified team of qualified and trained professional, PNSC stare up a better future prospect and continuously make efforts to engage and improve our standards in the global shipping industry's.

FINANCIAL PERFORMANCE

In the year 2013-14 PNSC has made significant contribution in country's economy. The group maintains a strong balance sheet cash position that enables us to further strengthen our presence in global shipping cycle. The main influences on our results in this year were as follows:

PNSC Group achieved a turnover of Rs. 15,585 million as against Rs. 12,129 million last year with an increase in freight earnings by 28.49%. The increase was mainly attributable to improved liquid-cargo freight business despite plunging freight rates.

Direct fleet expenses also increased from Rs. 8,863 million to Rs. 12,257 million, an increase of 38.29%, mainly due to increased in charter hire and related expenses for employing foreign chartered vessels on our liquid-cargo business with refineries and oil marketing companies.

Gross Profit of Rs. 3,368 million was achieved as against Rs. 3,291 million last year.

Administration expenses and other operating expenses decreased by 6.8% due to better cost control measures.
Group Profit after tax was Rs. 2,149 million, slightly more than last year's Rs. 1,991 million.
Earnings Per Share (EPS) of the Pakistan National Shipping Corporation Group of Companies were Rs. 16.27 as against an EPS of Rs. 15.08 last year.

Revenue from foreign chartered vessels witnessed a spike during the year, coming up to Rs. 6,793 million as against Rs. 3,456 million showing an increase of 96.56%.

The stand-alone accounts of PNSC show a profit after tax of Rs. 803 million as compared to a profit after tax Rs. 660 million in the last year. This was possible due to our increased liquid-cargo business with refineries.
During the year, PNSC has not made any vessels disposal, overall, the fleet was fully engaged round the year without any break, in transportation of dry-bulk and liquid-cargo globally.

DRY CARGO BUSINESS

PNSC Dry-Bulk Fleet comprises of six bulk carriers employed worldwide trading with trading houses & international charters on voyage & period charter transporting wheat, fertilizer, rock phosphate, iron ore coal & entered into log shipment COA between (New Zealand to China).

A total of 2.4 million tonnes of cargo was carried by PNSC dry bulk fleet during the financial year 2013-14.

LIQUID CARGO BUSINESS

PNSC has successfully carried crude oil on its owned tankers from 2003 onward under a 10-year COA with three refineries. The COAs have now been extended for further 5 years until 2018. PNSC is also transporting fuel oil and white oil for Oil marketing company from Jan'13.

PNSC provides NVOCC services through slot arrangements for imports of goods for government departments and autonomous bodies.

NATURE OF OUR BUSINESS, OBJECTIVES AND STRATEGIES

Being a national flag carrier, Pakistan National Shipping Corporation has a rich history in global shipping. Over the years, PNSC's range of business operations has grown from basic shipping to include NVOCC business, maritime engineering works and real estate. Consequently, PNSC has evolved into an industrial provider of maritime freight services directly to producers, refineries and end-users of raw materials and commodities.

Our pathway and market share in liquid-cargo business have earned us a strong reputation which, supported by our strong balance sheet:

a) Sets us apart as a ideal counterparty for liquid-cargo customers and tonnage providers, affording us access to long-term business opportunities; and

b) Allows us to connect closely with other excellent partners and stakeholders, including refineries, suppliers, foreign flag vessel owners, banks, investors and some of the best talent in our industry.

c) Maintain a assortment of competent and trained professionals for the smooth running of operations and business strategies

As far as maritime operations are concerned, the Group is mainly engaged in sea transportation trades of dry-bulk and liquid-bulk cargo as well as providing slot chartering services for dry-bulk cargo. Strategic cargo includes crude oil, petroleum products, raw materials and equipment of defence organizations being transported into Pakistan. Majority of the crude oil and petroleum products are being brought from Arabian Gulf to Karachi through combination of PNSC's own crude oil tankers and through foreign chartered tankers.

OUR OBJECTIVES AND STRATEGIES FOR MEETING THOSE OBJECTIVES INCLUDING PRIORITIES FOR ACTION AND ADDRESSING THREATS AND OPPORTUNITIES OF MARKET TRENDS

The stable financial health of the Group despite slow economic activity and subdued freight rates is mainly attributable to its business strategy, fleet mix and capitalizing on opportunities.

The management has adhered to its policy of fleet modernization with the objective to lower operational costs. During fiscal year 2013-14 PNSC continued with its disposal plan by initiating sale of one bulk carrier vessel i.e. M.V. Kaghan, which had been incurring substantial expenditures in terms of maintenance and repairs without viable commercial employment in the low freight market conditions. Simultaneously, PNSC has been engaged actively in final stages of negotiation with sellers for acquisition of one modern Aframax Crude oil Tanker to meet the shortfall of tankers for its captive business.

The forecast of dry market is continuing its subdued recovery and prospects remain fragile. So far, it is anticipated that the wet market will slowly and gradually firm up in coming years. However the performance of world shipping industry shall be dependent upon global economy trends.
PNSC has taken steps to secure new business for maximum utilization of its cargo carrying capacity. PNSC is currently performing COAs with three refineries and Oil marketing company for transportation of crude, black

and white oils into Pakistan. In addition, efforts are being made to secure a long term COA with a private Oil Refinery and Trading Corporation of Pakistan (TCP) for imports and exports of dry bulk cargoes.

STRATEGIC REVOLUTION PLANS

PNSC has been positioning itself to cater for Pakistan's sea-borne trade requirements of both liquid and dry cargoes. The objectives of PNSC have been to diversify and modernize its fleet and enhance carrying capacity as well as expand business spectrum. As such, the goal defined by PNSC in VISION 2025 is to enhance carrying capacity to over 1.5 million tones deadweight, maintain a modern and diversified fleet of 15 vessels under 15 years of age and achieve a lifting of minimum 40% of national sea-borne trade of about 64 million per annum by 2025.

The VISION 2025 of PNSC subdivided into short term, medium term and long term is primarily based on business strategy of operating in international competitive markets while focusing dry and wet imports and exports of Pakistan.

SHORT TERM PLAN (2013-2015)

Pakistan's total annual imports of crude oil and petroleum products stand around 18 million tons. However amount of crude oil and petroleum products carried by PNSC have surpassed the agreed COA quantity and reached over 15 million tons in FY 2013-14. The added demand for tonnage is being meet by chartering in tankers from open market.

The ultimate objective of PNSC is to enhance the scope of Contract of Affreightment (COA) with Oil Refineries and Oil marketing company to total 18 million tons of import of crude oil and oil products.
To attain the objective set forth above, and reduce dependency of chartering in from open market, PNSC is increasing its capacity by purchasing second hand modern Aframax tankers through own resources and Commercial loans. The fleet development plan for FY 2014-15 caters acquisition of two (2) modern and relatively younger second hand Aframax tankers.

MEDIUM TERM PLAN (2013-2018)

TRANSPORTATION OF COAL

The acute shortage of power to meet demand for industrial production and economic development of the country is being augmented by setting up of 10 coal fuelled power projects having a total capacity of 4,250 MW in different provinces of Pakistan by the present government. This initiative would require import of around 20 million tons of coal annually by year 2017 when most of the coal fired power projects would become operational.

PNSC is a member of the working group established by the Punjab Power Development Board of Government of Punjab for study and putting up a detailed report on coal logistics and transportation.

The objective of the Group is to achieve the status of carrier and shipping agent for all coal imports. The induction of second hand bulk carriers, primarily aimed to grow in dry bulk sector will be modified to cater expected demand for tonnage in with materialization of quantum of coal imports.

TRANSPORTATION OF LNG

In order to meet the rising demand of natural gas as fuel in energy sector Government of Pakistan has embarked upon developing LNG import project on fast track basis including setting up an FSRU at Port Qasim.

PNSC is currently in negotiations with other stakeholders in LNG project for shipping segment of LNG. The objective of PNSC is establishment of a consortium of all the stake holders including PNSC in the supply chain of LNG project.

PNSC is working closely for a long term agreement for shipping services basis this agreement is open to the options of hiring a LNG vessel on long term charter or a joint venture with LNG fleet owner/operator, a BBHP (Bare Boat Hire Purchase) as well as purchase of LNG carrier of its own by investing US$ 200 million once a long term contract is finalized.

TRANSPORTATION OF EDIBLE OIL

The annual import of Edible Oils of the country is around 2.5 million tons which is being imported through private sector on C&F basis. The growth of Edible Oil import is projected to be around 5%- 6% per annum. The project is being pursued with all stakeholders involved in the supply chain for utilization of shipping services of PNSC under a long term contract for transportation of edible oils. The progress is though slow but anticipated to materialize sooner than later. The tonnage requirement is catered for two (2) vegetable / edible oil carriers in the fleet development plan.

SHIPPING SERVICES FOR PUBLIC SECTOR ORGANIZATIONS

Negotiations are in progress with Public Sector Organization for a long term Contract of Affreightment (COA) on a market based freight formula in compliance with the directive of GoP obligating PNSC to act as shipping agent and provide shipping service to Public Sector Organizations.

NVOCC AND SLOT SERVICES

PNSC would be expanding NVOCC and Slot Charter services with the objective to become part of regional Container Service and establishing of a feeder service of its own.

An MOU has been signed with Karachi Chamber of Commerce and Industry (KCCI) in September 2013, while services being provided to other organizations are planned to be integrated in NVOCC/Slot service.

PNSC'S STANDING IN REGIONAL TRADE.

PNSC in past has provided satisfactory and competitive shipping services for import of oil by Sri Lanka. PNSC has also carried oil for Bangladesh and India by participating and winning international tenders.
A draft MOU has been exchanged between PNSC and counterparts in Sri Lanka for a long term bilateral agreement providing shipping services for Oil and dry bulk imports by Sri Lanka. While the finalized MOU will be formally signed between the two Governments, PNSC, basis the MOU, will be providing shipping services in due course as per market practices.

Directors’ Report

LONG TERM PLAN (2013-2025)

PNSC has been consistently monitoring its long term objectives which are set out as:

- Consolidate commercial and financial standing of PNSC.
- Enhance and maintain deadweight carrying capacity of over 1.5 million tons by 2025, by adding Aframax and Product tankers, Supramax and other Bulk carrier.
- Achieve lifting of equivalent to over 40% by volume/weight of Pakistan’s annual sea borne trade by 2025.
- Operate efficient and competitive coastal as well as regional shipping.
- Maintain an inventory of 15 ships of less than 15 years of age.

OUR MARKET DYNAMICS

PNSC BUSINESS RELATIONS

PNSC enjoys a very good reputation in the world shipping market. Its services are well recognized by all major trading houses. As a result, our dry-bulk fleet fully remained employed with first class charters world-wide. Our main emphasis is to provide the best shipping services and competitive rates to public sector organizations. Our modernized tanker fleet remains engaged in performing oil freight for various Pakistani oil refineries. The utilization of national flag carrier for this purpose has resulted in substantial saving of foreign currency to the government in terms of freights. It has always been and will remain to be our utmost endeavour to provide most efficient and professional shipping services to our clients.

Further to enhance our global strategy our dry bulk fleet is presently employed with first class charters worldwide. Further, our tanker fleet is engaged in performing COA for Oil marketing company & various refineries. Currently the Group is set to sign contract with a private refinery for the transportation of oil cargo.

SIGNIFICANT CHANGES IN OUR OBJECTIVES AND STRATEGIES FROM THE PREVIOUS PERIOD OR PERIODS

After Government decision obligating PNSC as shipping agent / carrier for all dry and wet imports / exports by Public Sector, the Contract of Affreightment (COA) with three refineries was signed for a further period of 5 years. In addition, COAs were also executed for transportation of Fuel Oil and White Oils for Oil marketing company which doubled the transportation volume of liquid cargo as a result the tanker acquisition program was updated and revived to include procurement of two (2) Aframax tankers in FY 2014-15 while acquisition process of one of the Aframax has progressed substantially and another procurement will eventually be finalized in FY 2014-15.

GEOGRAPHICAL PRESENCE

Being the national flag carrier of the country, PNSC enjoys a global presence in the shipping world.
At present, PNSC operates its fleet on Time charter / trips & voyage basis, beside Tankers fulfilling COA

Obligations. In term of Trip and period charter, selection of routes is entire to time charterer commercial decision. To emphasize further PNSC fleet is operated on following routes:

TANKERS

Persian Gulf to Karachi / PQA, Persian Gulf to India / Bangladesh (as & when cargo available)

BULK CARRIERS

MV Kaghan, MV Malakand, MV Chitral, MV Sibi, MV Multan and MV Hyderabad operate worldwide as they are either on time charter or voyage charter (mainly China – USA, China – Australia – New Zealand and China to Europe – West Africa including Persian Gulf & Black Sea ports.

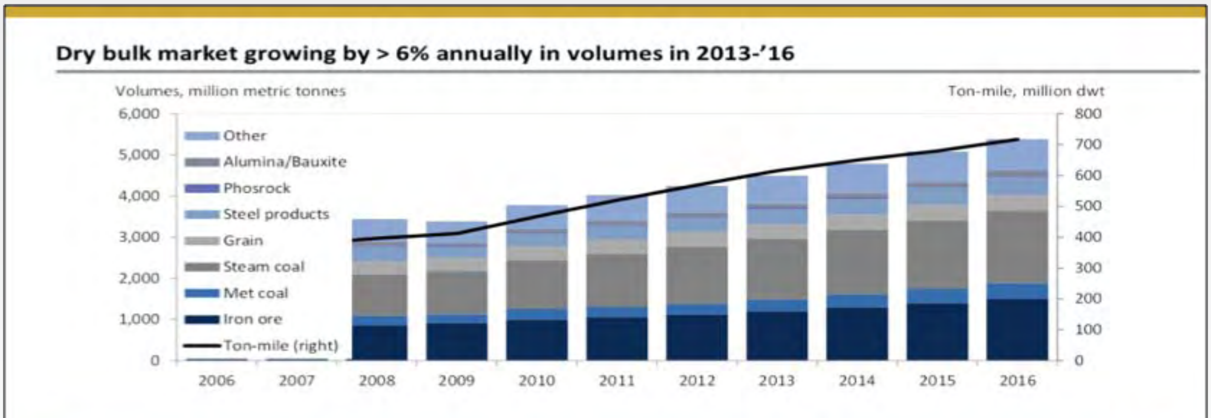
NON VESSEL OPERATING COMMON CARRIER - NVOCC (TRADE AREA EAST AND WEST)

PNSC operates world wide NVOCC operation through slot charter arrangements with major container carriers. Any and all ports of the world are served. Major customers are mainly public sector organizations.

GLOBAL SHIPPING MARKET CONDITIONS

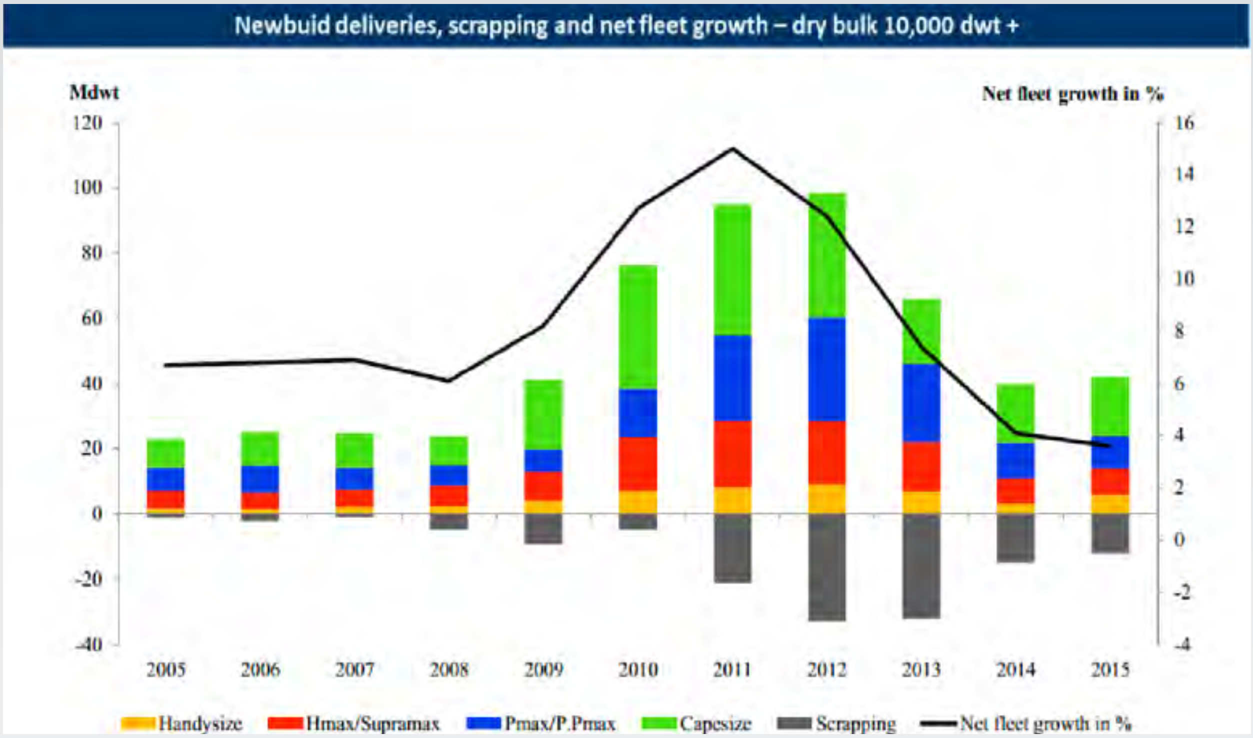
Most shipping segments have continued to struggle in the first half of 2014. The long advertised slowdown in fleet growth has now begun but weakening economic growth in China is becoming a new threat to a much needed recovery in tonnage demand. Following three years of record high supply growth, new building deliveries will be much slower in the coming two years. Forecasters are expecting a net fleet growth below 5% and demand growth forecasted to outpace supply leading to higher utilization of the dry bulk fleet. PNSC is well positioned for a potential market recovery in Q4 2014- 2015 respectively.

Global Dry Bulk Market Outlook



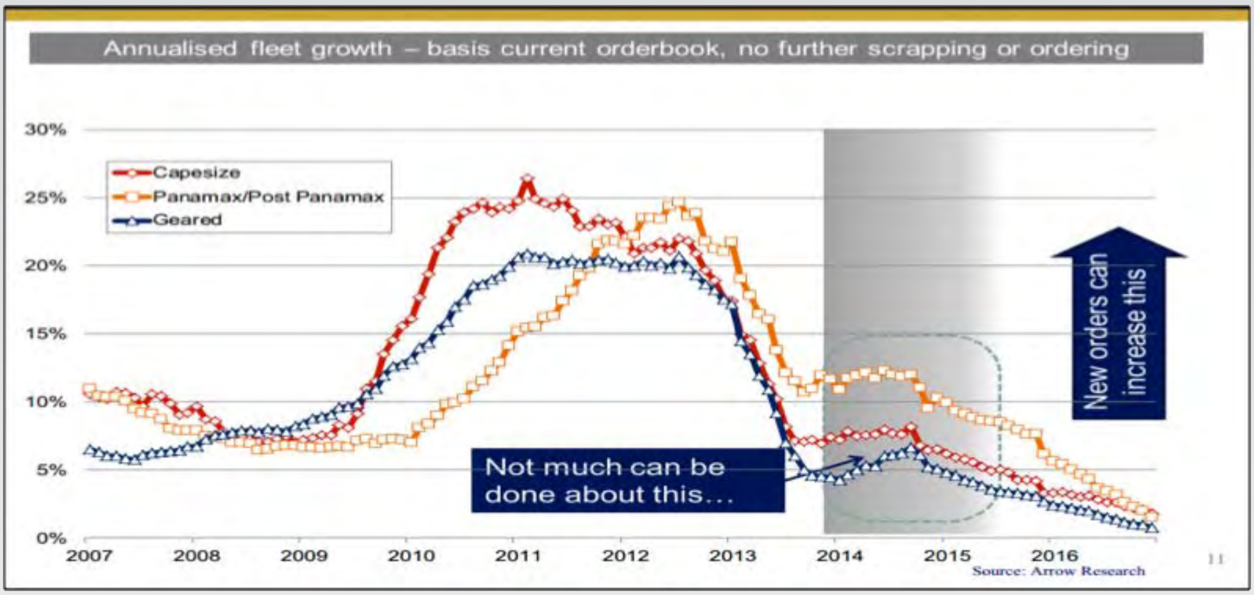
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Contribution to total growth 2013-2016
Iron ore	710	779	858	916	997	1058	1121	1196	1293	1397	1505	34.0 %
Met coal	203	216	227	206	258	246	255	290	322	350	379	9.8 %
Steam coal	916	968	1016	1060	1188	1297	1394	1479	1570	1660	1750	29.8 %
Grain	282	300	309	322	330	339	358	354	364	376	389	3.9 %
Steel products	329	349	350	267	314	338	342	359	385	413	443	9.2 %
Phosrock	33	34	32	28	29	32	32	32	33	33	34	0.2 %
Alumina/Bauxite	80	84	86	67	80	92	97	102	105	109	112	1.1 %
Other	536	566	563	517	585	623	651	688	715	744	773	8.4 %
Ton-mile (right)	345.9	376.7	396.5	411.7	466.8	519.5	568.7	615.5	650.2	679.4	717.1	

Global Fleet Trend and Projection



BALTIC FFA ASSESSMENTS

4 BHSI TC	4 BSI TC	4 BPI TC	PERIOD
7,408.00	9,086.00	7,229.00	Q3 13
7,538.00	9,008.00	7,721.00	Q4 13
7,638.00	8,758.00	7,544.00	CAL 14
8,431.00	9,092.00	8,268.00	CAL 15



Global Shipping Fleet Growth Forecast. Source: Arrow Research.

MARKET SHARE

World sea-borne trade is worth about $18.78 trillion of which over 90% is carried by sea, PNSC having a total DWT capacity of 642,207 tones has lifted cargo about 17.875 million tones in 2014 which is equivalent to about 26.37% of country's total sea-borne trade by volume which accounts for 67.773 million tones. Bifurcation excluding total container lifting 10.245 (Million Tonnes) is as under:

(All in Million Tones)

Total	WET	DRY	
67.773	24.508	43.265	Pakistan Seaborne Trade
17.914	15.369	2.545	PNSC Share
26.40%	62.70%	5.8%	PNSC Share %

As there is no domestic competition – Therefore the above Seaborne Trade lifting comparison is based on Pakistan Seaborne Trade.

Largely, the entire crude-oil requirement of the country is met by PNSC. Imports of petroleum products include various types of crude oil and some refined products which include HSFO, LSFO and MOGAS.

Source: Oil Companies Advisory Committee

Year	Pakistan's Sea-Trade (million tons)	PNSC Contribution (million tons)	PNSC Contribution (%)
FY 2010	61.00	7.92	12.98
FY 2011	62.00	9.33	15.05
FY 2012	63.30	10.31	16.28
FY 2013	64.21	13.39	20.85
FY 2014	67.77	17.914	26.40

CRITICAL PERFORMANCE MEASURES

PNSC has implemented planning, monitoring, evaluation and analysis through an Enterprise Resource Planning (ERP) software including various others tools and KPIs specifically to closely monitor the overall performance. The Group has upgraded its ERP software, "Ship management Expert System (SES)" and other modules which control vessel operations by providing online link between vessel and head office in real time. The management has revised its scoreboard by "PNSC Dashboard" which provides real time information about the Group and its subsidiaries performance along with the variance analysis.

Industry norms are religiously practiced in commercial planning and execution to achieve optimal performance in our market.

PROJECTIONS OR FORECASTS ABOUT KNOWN TRENDS, UNCERTAINTIES THAT COULD AFFECT THE ENTITY'S RESOURCE, REVENUE AND OPERATIONS.

With respect to dry market, demand for bulk cargoes such as coal is yet to firm up and the demand for iron ore, especially in China, also suffered the affect of increased inventories at ports. Also dry weather conditions have resulted in Australia with lower harvests which have affected the global grain trade to a large extent. However, according to the Korea Iron & Steel Association, the Korean steel market is expected to improve this year, as major industries in the country such as construction, automotive and shipbuilding are likely to expand, and steel output is expected to increase by 3.8% in 2014.

As for as wet market outlook is concerned, crude oil prices increased due to violence in Iraq may result in a civil war and inhibit crude supplies. The oil market is already suffering supply disruptions from the Middle East and Africa. However, weak refining margins in Asia-Pacific, Europe and the US led to a decline in crude demand, offsetting any lost supply. As a result, supply remained plentiful despite the anxiety of the global oil market over Iraq. Moreover, increased crude production from North America and the Arabian Gulf made up for any a decline in supply.

PERFORMANCE OF THE ENTITY MEETS THE FORWARD LOOKING DISCLOSURES MADE IN THE PRIOR PERIODS.

The risk and threats factors might affect earnings and operations of PNSC and leads towards the challenges years ahead.

The Group cash flows from fleet operations remained stronger over the years and PNSC is enjoying strong coverage ratios in spite of taking long term finance for the acquisition of ship in earlier years. Further, PNSC is also looking a long term relationship with its strategic partners.

RELATIONSHIP BETWEEN THE ENTITY'S RESULTS, MANAGEMENT OBJECTIVES AND MANAGEMENT'S STRATEGIES FOR ACHIEVING THOSE OBJECTIVES

Our Management's strategies and objectives have shown impressive results during past years in terms of maintaining profitability from 2002 as well as contribution to national economy.
Currently the management is also pursuing a contract of affreightment with a private refinery for the transportation of oil cargo, efforts are being made to secure a long term COA with Trading Corporation of Pakistan (TCP) for imports and exports of dry bulk cargoes.

COMPARATIVE PERFORMANCE AGAINST LAST YEAR AND FUTURE PROSPECTS

PNSC has a total DWT capacity of 642,207 tons and has lifted a total of 15.369 million tons of cargo, which is equivalent to approximately 26.40% of the total country's sea-borne trade. Pakistan's sea-borne trade stood at million tons in 2013-14. PNSC is in the process of adding tonnage to its oil carrying capacity to cater to additional oil business.

HUMAN CAPITAL BUILDING

PNSC seeks to be an attractive employer and maintains a human relations policy that is open and fair. PNSC is committed to providing equal employment opportunity to all employees and applicants for employment, regardless of race, ethnic background, gender, religion, or any other legally protected status. Diversity strengthens PNSC's overall capacity and skills.

SUCCESSION PLANNING

Succession Planning is a process to identify necessary competencies, and then assess, develop, retain and engage a talent pool to ensure continuity of leadership for all critical positions.

It is PNSC's policy to ensure that, for each key position, there is a documented succession plan as back up for the individual who currently holds that position.

This exercise is based on their Performance Evaluation Reviews (PER) and relevant job competencies as defined in the current and next level job descriptions. Such individuals will be especially monitored to assess any training and development needs or any other job-related assistance to prepare them for the next level job. Line management and HR work together to identify and support these individuals. Wherever possible, PNSC will strive to follow this internal succession planning to promote from within the existing pool. The HODs and HRD are responsible for the overall implementation of this policy.

INDUSTRIAL RELATIONS

Healthy industrial relations are key to progress and success at PNSC. This not only maintains uninterrupted service, high morale, complete mental focus of workers and employees but also reduces industrial disputes.
Collective bargaining includes not only negotiations between the Management and union but also includes the

process of resolving labor-management conflicts. Thus, collective bargaining is, essentially, a recognized way of creating a system of industrial jurisprudence.

PNSC is committed to follow Government of Pakistan's Industrial Regulations Act 2012, in accordance with ILO Convention.

EMPLOYMENT OF SPECIAL PERSONS

As per government regulations, PNSC maintains 2% employment quota for disabled persons.

CREDIT RATING

Pakistan Credit Rating Agency (PACRA) has maintained PNSC's credit rating as 'A1+' for short term and 'AA-'for long term. This rating denotes a very low expectation of credit risk. It indicates very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

COMMERCIAL OPERATIONS

During the year under review, PNSC and its vessel-owning subsidiary companies lifted 13.620 million freight tons of cargo as compared to 13.388 million freight tons of cargo in the previous year.

SECTOR	2013-2014 FREIGHT TONS (MILLIONS)	2012-2013 FREIGHT TONS (MILLIONS)	2011-2012 FREIGHT TONS (MILLIONS)
Dry-bulk	2.486	2.606	2.53
Liquid Bulk	15.369	10.663	7.701
Slot Charter	0.059	0.119	0.069

OUR MOST SIGNIFICANT RISKS INCLUDING STRATEGIC, COMMERCIAL AND OPERATIONAL RISKS

Pakistan National Shipping Corporation, as a global sea-freight operator, functions in a global market which experiences periodic swings between booms and depressions. These global shifts in the market have far-reaching consequences on all the shipping companies operating within. PNSC is well aware of these clear and present risks and has strategies in place to mitigate them.

No business is risk free and the shipping business is no exception. Intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates is a significant commercial risk. Shipping, as a global transportation industry in the world by playing a vital role in world economies caters for about 90% of world trade volume at lowest transportation costs. However, the industry is cyclical in nature and essentially operates in a volatile market. The earnings are dependent upon function of demand and supply dynamics of the global markets. The shipping sector benefited from global economic environment wherein GDP growth remained high however with global economy starting to melt down from beginning of 2008 the demand as a result continues to remain subdued and seriously/adversely impacted on all segments of world shipping i.e. freight, asset values, rise of bunker and demo prices.

Armed piracy in the Gulf of Aden and off the Somali coast with ever extending boundaries is a major operational

risk for the world shipping including PNSC.

Due to UN sanctions on Iran, insurance clubs are forced not to cover vessels carrying Iranian cargo. In addition, insurance clubs have escalated insurance premiums for vessels operating close to Iranian waters, an operational risk for PNSC.

KEY SOURCES OF UNCERTAINTY

It is becoming more and more difficult to predict the manner in which markets will behave. At a time when caution could have been expected to be the watchword,. Basically threats being inherent factors of every business might give rise to uncertainty with no one in exception, PNSC might facade the factors which will be a key sources of uncertainty which would be:

- Prolonged recession – anticipated too last till 2017.
- Oversupply in dry bulk and Tanker segment.
- Instability of oil & bunker prices.
- Higher Cost of operations – ever increasing.
- Extensive competition in Dry Bulk sector internationally.
- Changing operation norms in industry (Cost cutting) ECO ships.
- Maintenance of non-profitable assets (Shipping & Real Estate).
- High overhead and Admin costs.
- Resistance to Change and New Ideas – Status Quo.
- Lack of team Work.
- Lack of succession rotation strategy making individual indispensable.

MARKET RISK

The Group is exposed to the volatility inherent in the global dry-bulk and tanker market, where it has virtually all its assets and operations. The market is volatile and highly competitive. Demand for dry-bulk transportation is closely linked to global economic trends, with risks of demand setbacks in periods of economic downturns. Supply of tonnage serving the dry-bulk market is growing as an effect of large ordering in previous years. The market balance is difficult to predict, and it cannot be assurance that resulting rates will be sufficient to cover expenses and/or a return on the Group's capital.

OPERATIONAL RISKS

The Group's operations may be subject to a number of risks. This includes risks of counter parties failing to honour its obligations, technical risks (including the service life of the Group's vessels and unexpected repair costs), risks inherent in marine operations such as groundings and collisions, as well as environmental risks. In the course of its activities, the Group may become part to legal proceedings and disputes. Insurance protection may not be adequate in all instances. All of these factors could have a significant impact on the Group's operations or financial position. For mitigation of commercial risk we are exercising pre and post fixture due diligence SOPs.

PLANS AND STRATEGIES FOR MITIGATING THESE RISKS AND POTENTIAL OPPORTUNITIES

Intensified competition in both dry and wet markets with overcapacity particularly with subdued freight rates is a significant commercial risk. Shipping, as a global transportation industry in the world by playing a vital role in world economies caters for about 90% of world trade volume at lowest transportation costs. However, the industry is cyclical in nature and essentially operates in a volatile market. The earnings are dependent upon function of demand and supply dynamics of the global markets. The shipping sector benefited from global economic environment wherein GDP growth remained high however with global economy starting to melt down from beginning of 2008 the demand as a result continues to remain subdued and seriously/adversely impacted on all segments of world shipping i.e. freight, asset values, rise of bunker and demo prices.

PIRACY

Armed Piracy in Gulf of Aden and off the Somali coast with ever extending boundaries is the major operational risk for the world shipping including PNSC. Due to UN sanction on Iran, insurance clubs are forced not to cover vessels carrying Iranian cargo. In addition insurance club have escalated insurance premium for vessel operating close to Iranian water, an operational risk for PNSC.

More than 20,000 vessels transit through the Gulf of Aden each year. Present piracy situation is a concern for the international shipping community, which is adding to ship owner's daily operating costs and can affect the end-to-end supply chain. The Group being mindful of these risks takes necessary insurance cover against piracy. To protect group's ships, when passing through high risk areas, Best Management Practices (BMP-4) promulgated worldwide are being strictly adhered to. PNSC remains in close coordination with Pakistan Navy, NATO and CTF ISO Headquarters when ships are in high risk areas.

Piracy conditions at Horn of Africa are very alarming for the shipping community. It has been estimated that on an average, an additional USD 50,000-70,000 are incurred for each Gulf of Aden transit by every ship. This adds surplus cost to ship-owners' daily operational expenses and can affect the end-to-end supply chain.

FINANCIAL RISKS

Financial risks include risks of interest rate and currency fluctuations. In addition, its borrowings create leverage, which will amplify the effects of rate, cost, and value movements. In addition, changes in taxation could have a material impact on the Group. However, based on thorough reviews an appropriate strategy based on a consultative process is developed and deemed appropriate in the given circumstances to reduce the impact of risks arising out of any unfavourable situation.

CREDIT RISKS

In the present market, the risk of counter party default is very real. With a view to avoid such risks, we ensure stringent due diligence and try to restrict our dealings to parties who are reputable and financially sound.

CORPORATE SOCIAL RESPONSIBILITY

Shipping is driven by the same pressures for low labour costs that push any company toward globalization of the supply chain and access to cheaper labour sources. Ships are manned increasingly by crews from all over the world, with varying degrees of training on safety and incident management.

Ethics and corporate governance issues are exemplified in the lack of ownership transparency and flags of

convenience issues.

As a substantial business with an environmental footprint that comes from operating a large fleet of ships worldwide, we recognize our responsibilities to the environment generally and, in particular, we actively seek to minimize the impact our operations have on the atmosphere and our marine surroundings. We also have an obligation to our staff and the quality of their workplace, and to the communities in which we operate.

We integrate Corporate Social Responsibility ("CSR") efforts into our daily operating and business practices, because the actions we take not only have a bearing on the long-term sustainability of our business, but they also make us competitively stronger and enhance the value of our business in the future.

Corporate social responsibilities are rooted in our culture and, by integrating CSR information in our annual report, we create transparency about our operations so that all stakeholders have a clear sense of our non-financial business practices and the linkage across our actions, policies and performance.

The broad strategic objectives that guide our sustainability initiatives relate to the environment, workplace and operating practices and the communities where our ships trade and where our people live and work.

At sea

Sustainability initiatives are oriented towards reducing our impact on the atmosphere and marine environment. We seek to reduce waste by minimizing what we consume both at sea and ashore.

At workplace

We strive to create a culture whereby safety prevails across all activities and operating practices, and where our employees can thrive and make a difference.

At Country's' economy

We advocate and engage with organizations and refineries that are involved in importing oil we facilitate to accumulate national reserve by saving foreign currency.

ENVIRONMENT

We recognise our role in reducing the impact of our operations on air, sea and land. One of the ways we do this is by renewing or expanding our fleet with next generation, modern ships designed and equipped to enhance efficiency. The information below is a summary of significant initiatives that reduce our environmental impact.

- Optimal scheduling of our fleet, coupled with fuel-efficient voyage planning, minimizes ballast passages, resulting in fuel savings.
- By continually renewing our fleet, we introduce ships with fuel-efficient hull designs and machinery which reduces fuel consumption.
- Bringing the average age of our owned and finance-leased ships to 11 years
- 0% environmental pollution incidents recorded during the year.

Directors' Report

The health and safety of our employees underlies every aspect of how we operate, and is driven by policies, procedures, a culture of teamwork and efforts to continually improve how we conduct ourselves in our business at sea and onshore. Providing healthy work conditions, a safe environment and opportunities to advance and develop within the Company are critical to the well-being and fulfilment of our staff and the Group success.

WORKPLACE & OPERATING PRACTICES

The health and safety of our employees underlies every aspect of how we operate, and is driven by policies, procedures, a culture of teamwork and efforts to continually improve how we conduct ourselves in our business at sea and onshore. Providing healthy work conditions, a safe environment and opportunities to advance and develop within the Group are critical to the well-being and fulfilment of our staff and the success of Pakistan National Shipping Corporation.

Workplace safety, health and engagement metrics have been developed internally and follow best practices as defined by the industry and our peers. Shipping is a highly regulated industry and in all cases PNSC meets all minimum requirements and in some cases exceeds requirements determined by local, regional and industry mandates and customer expectations.

Investment in the development and training of our staff at sea and ashore is monumental to maximizing our crew and ship safety and productivity, and to motivating and retaining our people. This year we have introduced new metrics that capture training and staff retention for both seafarers and shore-based employees. PNSC directly and indirectly sponsors and promotes training and recruitment of the Pakistani national in Pakistan Maritime Training Complex and other maritime training institutes to build a qualified maritime work force for employment on national and foreign flag ships. PNSC under its internship scheme provides training to fresh graduates from Universities across the country.

We seek to improve our CSR performance not only because of the moral obligation we feel we have to do so, but also because we believe they make our business competitively stronger and positively impact long-term shareholder value.

COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE

The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange in its Listing Regulations have been duly complied with. A statement to this effect is annexed with the Report.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

The Board has adopted the Statement of Ethics and Business Practices. All employees are informed of this Statement and are required to observe these rules of conduct in relation to business and its regulations.

BOARD STRUCTURE

Five Directors are appointed by the Federal Government and two are elected by shareholders for three years. The following committees have been established by the Board of Directors.

S.No.	COMMITTEES OF THE BOARD
1	Audit Committee
2	Human Resources & Remuneration Committee
3	Commercial Committee

NAMES OF INDEPENDENT NON-EXECUTIVE DIRECTORS ON THE HUMAN RESOURCES AND REMUNERATION COMMITTEE:

Current Members	2013-2014
Capt. Anwar Shah	Capt. Anwar Shah
Ms. Ava A. Cowasjee	Vice Admiral (R) M. Asad Qureshi
Mr. Akbar Adil	Capt. S. Kamal A. Mahmoodi

AUDIT COMMITTEE

The PNSC Board of Directors has determined the terms of reference of the Audit Committee as under:
The Audit Committee is responsible for recommending to the Board of Directors the appointment of external auditors, any questions of resignation or removal of external auditors, audit fees and provisions by external auditors of any service to the Group. The Board is to consider the Audit Committee's recommendations in this respect.

- To determine appropriate measures to safeguard the Group's assets;
- To review preliminary announcement of results prior to publication;
- To review quarterly, half-yearly and annual financial statements of the Group, prior to their approval by the Board of Directors, focusing on:
- Major judgment areas;
- Significant adjustments resulting from the audit;
- The going-concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards; and Compliance with listing regulations and other statutory and regulatory requirements.
- To facilitate the external auditors in their work and discuss with them their major observations arising from the interim and the final audits of the Group and any other matter that the auditors may wish to highlight in the absence of management, where necessary;
- To review management letter issued by external auditors and management's response thereto;
- To ensure coordination between the internal and external auditors of the Group;

- To review the scope and extent of internal audit and ensure the internal audit function has adequate resources to carry on with its work;
- To consider major findings of internal investigations and management's response thereto;
- To ascertain that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective;
- To review the Group's statement on internal control systems prior to endorsement by the Board of Directors;

To institute special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the chief executive and to consider remittance of any matter to the external auditors or to any other external body;

- To determine compliance with relevant statutory requirements;
- To monitor compliance with the best practices of corporate governance and identification of significant violations thereof; and
- To consider any other issue or matter as may be assigned by the Board of Directors.
- CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

- The financial statements prepared by the management present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Group have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements. Accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements.
- The system of internal control system is sound in design and has been effectively implemented and monitored.
- There are no significant doubts about the Group'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 Stock Exchange Listing Regulations.
- Summary of key operating and financial data of last six financial years in summary form is annexed.
- Outstanding duties and taxes, if any, have been duly disclosed in financial statements.

- The total of investments made by the Pakistan National Shipping Corporation in Employees Contributory Provident Fund, based on the audited financial statements for the year ended June 30, 2014 stood at Rs 841 million (2013: Rs 850 million).

During the year ended June 30, 2014, a total of eight meetings of the Board of Directors were held. The position of attendance during respective tenure was as follows

FROM JULY 1, 2013 TO JUNE 30, 2014

		Meeting	
S/N	Directors	Held	Attended
1.	Mr. Muhammad Siddique Memon (From 24th September 2013)	08	08
2.	Mr. Shabbir Ahmed (From 24th September 2013)	08	01
3.	Mr. M. Anwar Malik (From 21st May 2014)	08	00
4.	Ms. Ava A. Cowasjee (From 21st May 2014)	08	02
5.	Mr. Akbar Adil (From 21st May 2014)	08	02
6.	Mr. Khowaja Obaid Imran Ilyas	08	07
7.	Capt. Anwar Shah	08	08
8.	Capt. S. Akhlaq Hussain Abidi (Left 20th May 2014)	08	06
9.	Capt. S. Kamal A. Mahmoodi (Left 20th May 2014)	08	06
10.	Vice Admiral (R) M. Asad Qureshi (Left 20th May 2014)	08	05

AUDIT COMMITTEE MEETINGS HELD
FROM JULY 1, 2013 TO JUNE 30, 2014

S/N	Directors	Meeting Held	Meeting Attended
1.	Mr. Khowaja Obaid Imran Ilyas	09	08
2.	Capt. S. Akhlaq Hussain Abidi (Left 20th May 2014)	09	08
3.	Vice Admiral (R) M. Asad Qureshi (Left 20th May 2014) Capt. Anwar Shah	09	08
4.	(From 21st May 2014) Mr. Akbar Adil	09	01
5.	(From 21st May 2014)	09	01

HUMAN RESOURCE AND REMUNERATION COMMITTEE MEETINGS HELD
FROM JULY 1, 2013 TO JUNE 30, 2014

S/N	Directors	Meeting Held	Meeting Attended
1.	Capt. Anwar Shah	05	05
2.	Ms. Ava A. Cowasjee (From 21st May 2014)	-	-
3.	Mr. Akbar Adil (From 21st May 2014)	-	-
4.	Vice Admiral (R) M. Asad Qureshi (Left 20th May 2014)	05	05
5.	Capt. S. Kamal A. Mahmoodi (Left 20th May 2014)	05	05

COMMERCIAL COMMITTEE MEETINGS HELD
FROM JULY 1, 2013 TO JUNE 30, 2014

S/N	Directors	Meeting Held	Meeting Attended
1.	Capt. S. Akhlaq Hussain Abidi (Left 20th May 2014)	04	04
2.	Capt. S. Kamal A. Mahmoodi (Left 20th May, 2014)	04	04
3.	Mr. Akbar Adil (From 21st May, 2014)	-	-
4.	Ms. Ava A. Cowasjee (From 21st May, 2014)	-	-
5.	Capt. Anwar Shah From 21st May, 2014	-	-

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered with related parties have been ratified by the Audit Committee and the Board and provide the information about the amounts due from related parties at the balance sheet date.

NEW BOARD MEMBERS

Following are the new members on the PNSC Board:

S/N	Directors	Date of Joining
1.	Mr. M. Anwar Malik (Additional secretary privatization commission)	May 21, 2014
2.	Ms. Ava A. Cowasjee	May 21, 2014
3.	Mr. Akbar Adil	May 21, 2014

Directors' Report

AUDITORS

The joint auditors, A.F. Ferguson & Co., Chartered Accountants and Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants retire and have offered themselves for reappointment. The Board recommends that, as suggested by the Audit Committee, A.F. Ferguson & Co, Chartered Accountants and Ernst & Young Ford Rhodes Sidat Hyder chartered accountants may be appointed as joint auditors for the year ending June 30, 2015.

STRATEGIES, OBJECTIVES AND FUTURE PROSPECTS

Every shipping segment had continued to struggle during 2012, as expected. The supply side (fleet growth) has now begun to decline but weakening global economic growth is becoming a new threat. Despite decreasing bunker prices, dry-bulk freight rates declined or stagnant across the most routes especially in larger vessel segments. Meanwhile new ordering activity continued despite pressure of unhealthy freight earnings.

The Group's cash flows from fleet operations remained stronger over the years and PNSC is enjoying strong coverage ratios. The above stated factors might affect earnings and operations of PNSC and leads towards the challenges years ahead.

The Group is also taking steps to secure new business for maximum utilization of its capacity both in the domestic and regional markets. Nevertheless, the extent to recovery in the backdrop of overcapacity in the industry remains to be seen.

The Group has developed a Five Years Fleet Development Plan (2013-18), which envisaged induction of 13 vessels. While PNSC is pursuing inductions, this development plan is kept under continuous review and is revised/updated on the basis of trade & freight market trends in global shipping industry.

DIVIDEND

The directors are pleased to recommend payment of cash dividend at 15% (Rs. 1.50 per share) to the shareholders whose names appear on the Share Register of the Corporation at the close of business on 22-10-2014.

ACKNOWLEDGMENT

The Board wishes to thank the officers and staff of the Group for their hard work and the dedication in the discharge of their duties.

The directors are also grateful to the refineries, shippers, agents, and other business associates for their continued patronage and support.

On behalf of the Board

MUHAMMAD SIDDIQUE MEMON
CHAIRMAN
Dated: September 16, 2014

Disclosure Of It Governance Policy

Purpose

Pakistan National Shipping Corporation sets a basic policy in respect of information disclosure to all our stakeholders, including investors, in order to disclose information concerning our Group appropriately.

Basic Policy of Disclosure

The following is our basic policy when we disclose information.

1) Complying with Relevant Laws and Regulations

   Comply with relevant laws such as Companies Ordinance 1984 and regulations of Karachi stock exchange.

2) Timeliness

   Disclose without delay any facts found, which should be disclosed.

3) Transparency

   Always disclose factual information regardless of its content.

4) Accuracy

   Disclose necessary and sufficient information without creating misunderstanding.

5) Fairness

   Disclose information by a method which is equally accessible to our stakeholders.

6) Continuity

   Maintain continuity for information content for disclosure.

7) Confidentiality

   No information is to be leaked to a third party before an official disclosure is made.

Applicable Information for Disclosure

This basic policy applies to the following information disclosure.

1) Statutory disclosure in accordance with relevant local laws.
2) Disclosure of Group & holding company's corporate information (quarterly, half-yearly & yearly reports, internal control and others reports).
3) Disclosure of tenders.
4) Disclosure of daily PNSC share rate quoted at Karachi stock exchange.
5) Disclosure of Safety Management Policies and SMS Documentation pertaining to International Safety Management (ISM) code.
6) Disclosure of Fleet Information, Voyage Schedules, Vessel Opening Positions & Agents Information.
7) Disclosure of job opportunities.
8) Disclosure of Real Estate Information relating to vacant spaces availability.

Sustainability

'Sustainable development meets the needs of the present without compromising the ability of future generations to meet their own needs.'

The World Commission on Environment and Development 1987

In the context of sustainable development, three key areas emerge, which are identified by the pillars of sustainability and include the environment, economics and society (DESA, 2011).

Energy Efficient Operation of PNSC Vessels

There are roughly around 70,000 ships operating globally in the world trade and this unique industry transports about 90% of world trade. Nearly all these vessels operate on Diesel Engines which consume Intermediate Fuel Oil & Diesel Oil.

Burning these fuels, produce Green House Gases (GHG) which are detrimental to the global environment. The International Maritime Organization (IMO), as the main regulatory body for shipping, has developed a number of technical and operational measures to control GHG emissions.

PNSC as per IMO requirement has developed Ship Energy Efficiency Measurement Plan (SEEMP) for its fleet. A Ship Energy Efficiency Management Plan provides a good approach for continuous monitoring of ships efficiency & performance. It also provides an opportunity to improve the performance on regular basis.

All PNSC vessels now have on board a certified manual of ship specific SEEMP plan which gives guidance to the officers what they have to do on board for reducing the fuel oil consumption including proceeding on economical speeds, following weather routing / tracking. We have our own software system SES (Ship Management Expert System) onboard for entering the data daily. This data upon receiving at the head office is viewed and analyzed. The relevant data for SEEMP such as fuel oil consumption, Cargo carried, Distance travelled, etc. is extracted and analyzed to see that our vessel are operating efficiently and within the allowable international regulatory parameters.

Environmental protection measures

PNSC recognizes environmental Protection and Management as one of its highest priorities and makes every effort to conserve and protect the environment from marine, atmospheric and other forms of Pollutions.

The environment protection policy has been endorsed by the chairman PNSC and a signed copy of this is conspicuously displayed on board its each vessel. The policy includes a commitment to continual improvement and prevention of pollution, as well as a commitment to meet relevant environmental legislation, regulations and other requirements. The policy is reviewed periodically following change in Environmental aspects and objectives and is communicated to the employees.

To eliminate the possibility of pollution at source a high standard of Safety and Environmental awareness is maintained and all relevant legislation and conventions are followed in true spirit.

The following types and sources of potential environmental pollution have been recognized by us and every endeavour is made to mitigate their adverse impact upon the environment:

1. Oil. This includes discharge into the sea of oil from accidents and also covers the operational discharge of oily waste from cargo and that, which is used as fuel and lubricating oil.

2. Chemicals, liquefied gases and other noxious liquid substances carried as cargo in bulk and chemical waste.

3. Dangerous Goods. This includes dangerous dry cargoes carried in bulk and in packaged from and also covers other packaged and containerized goods, liquid or otherwise that may constitute a hazard to the environmental if spilled or lost.

4. Garbage, including bio and non-biodegradable waste.

5. Sewage.

6. Ballast water. This includes the possibility of aquatic organisms or water-borne pathogens being transported in ships' water ballast.

7. Anti-fouling paints and their effect on shellfish and other aquatic life.

8. Cargo vapour emissions and their effect on the natural environmental, human health and local and global climate change.

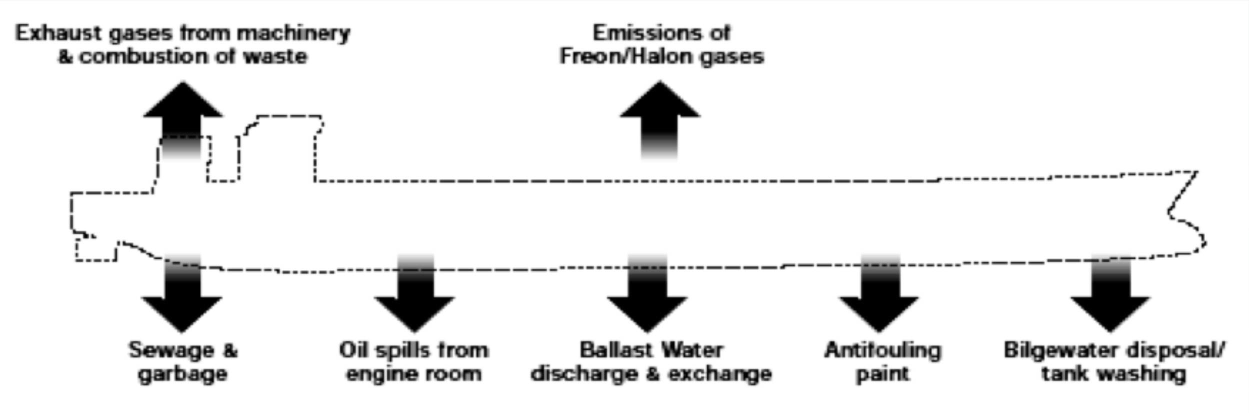
9. Exhaust emissions, including gases and un-burnt hydrocarbon particles and their contribution to smog, acid rain and the greenhouse effect.

10. Ozone depleting substances, particularly CFCs and Halon gases and their effect on global warming.

11. Noise levels from machinery and its effect on marine mammals, ships' crew and coastal populations.

Environmental Management

All operations of PNSC vessels are closely monitored to ensure compliance with all the objectives of the ISM Code.



Sustainability

Oil Pollution

All PNSC vessels carry dedicated oil spill removal equipment. This equipment complies with the International requirements and is listed in the vessel's SOPEP Manual.

Regular Oil Spill drills are conducted as per PNSC/SMS/040 (Drill Schedule) so that the crew is trained in correct operating procedures. Additionally regular onboard training is conducted in bunkering operations and the correct use of Oil Discharge Monitoring Equipment.

Ballast Water

The problem of harmful aquatic organism in ballast water had been at a very early stage recognized by PNSC and as such all its managed vessels stringently comply with the guidelines issued by IMO.
All PNSC managed vessels carry ship specific ballast water management plan which lays down clear operating practices to be carried out for ballast operations as well as acting as a logbook for all ballast operations carried out on board.

These plans have been prepared for compliance with regulation B-1 of the International Convention for the Control and Management of Ships' ballast Water and Sediments 2004 and the IMO guidelines for Ballast Water Management and Development of Ballast Water Management Plans' Resolution MEPC 127 (53).
Ballast Water Management Plans for all our dry cargo vessels calling Brazilian ports are Class approved.

Garbage Management.

PNSC recognizes its responsibility to fulfil all requirements under Annex V of MARPOL as well as its responsibility to the world's environment in general.

Every PNSC managed ship has its own garbage management plan and record book.

All the operations for collection, storage and disposal of garbage are recorded in this garbage Record Book. Chief Officer is the ECO (Environmental Control Officer) and is responsible for recording all garbage management operations in the Garbage Record book. The records are regularly monitored by the visiting Fleet Superintendents and reviewed during Internal SMS audits.

Comprehensive instructions and training on garbage management is given to all Officers and crew joining PNSC managed vessels for the first time.

Anti-Fouling Paint

PNSC at a much earlier stage realized the detrimental impacts of TBT based paints and as such discontinued the use TBT anti-fouling systems on the hulls of vessels managed by them. PNSC has practically been complying with the provision of AFS convention since 2003.

Every PNSC managed vessel which undergoes docking, after grit blasting of its hull is applied with two coats of primer paint followed by one barrier coat or sealer coat so that there is no chance of any previous non-compliant anti-fouling system to leach into the environment. On top of this barrier coat, two coats of Organotin free, biocide free paint are applied.

Upon completion of docking, the Class issues a certificate which evidences the voluntary compliance with the requirements of the AFS Convention.

Ozone Depleting Substances (ODS)

MARPOL Annex VI prohibits any deliberate emission of ODS e.g.CFC (Chloro flouro carbons) refrigerants and Halon).

PNSC is aware that existing Halon system and equipment can be used until 2020.

Only one PNSC managed vessel has an Halon fire extinguishing system fitted onboard however, the ship staff has been instructed to exercise due diligence and ensure that there is no deliberate venting of the Halon gas to atmosphere at anytime.

Use of refrigerant gas R-12 has been discontinued and has been replaced by R-22 gas.

Emissions to Atmosphere

PNSC support and endorse MARPOL Annex VI which covers exhaust gas emissions (NOx and Sox), ozone depleting substances, and volatile organic compounds (VOCs) etc.

Guidance to all PNSC managed vessels to prevent and control emissions have been set out in relevant SMS manual.

Masters and Chief Engineers have been advised to strictly comply with Regulation 14 and 18 of MARPOL Annex VI.

PNSC managed tankers are fitted with video cameras on the funnel deck to continuously monitor the emission of the funnel.

TOWARDS NEW HORIZONS WITH A MODERN FLEET

We have continued our policy of acquiring new vessels in order to expand our capacity for business. Our acquisition of an oil tanker is in final phases. The oil tanker is capable of carrying crude oil, as well as refined petroleum products, and would enable us to engage in the oil-freight business much more effectively. The ship is scheduled to be inducted into the fleet as M.T. Shalamar in 2014-15.

Commitment To Comply With Latest International Regulations

1. The International Labour Organization (ILO) adopted its Maritime Labour Convention 2006 (MLC-2006) at its International Maritime Conference in February, 2006. This convention is being hailed as being the "Bills of rights" for the world seafarers. The convention has also been referred to as the "fourth pillar" of the maritime legislation after SOLAS, STCW and MARPOL.

2. The objectives of the MLC-2006 are aimed at working on a global level to address seafarers living conditions. This is achieved by a number of important key characteristics of the Convention.

3. The MLC, 2006 Regulations and the Code are organized into general areas under five titles:

   Title 1: Minimum requirements for seafarers to work on a ship
   Title 2: Conditions of employment
   Title 3: Accommodation, recreational facilities, food and catering
   Title 4: Health protection, medical care, welfare and social security protection
   Title 5: Compliance and enforcement

3. In accordance with the code the working and living conditions of seafarers that must be inspected and approved by the flag State before certifying a ship to qualify for the MLC certificate.

4. The effective date for implementation of Maritime Labour Convention is 20th August 2013 which is not very far off; however, PNSC has already drawn out its DMLC Part-II clearly identifying the measure adopted to ensure ongoing compliance with the requirements on MLC-2006 and has submitted the same to the Lloyd's Register of Shipping for review.

5. Following the successful inspection on board its ships against the requirements of the Convention, each PNSC ship will be issued with a Maritime Labour Certificate.


NO SMOKING
SAFETY FIRST
WARNING

PNSC Workshop And Its Facilities

PNSC Workshop is the largest Marine Workshop in Karachi with more than forty years of experience in ship repairs.

Established in 1970 to provide repair and maintenance facilities to our own fleet it has now grown up as a dynamically developed and financially stable industrial enterprise.

At PNSC Workshop, Safety is our number one priority and it is ensured that all jobs are conducted with zero accidents and within quoted cost and agreed timetables.

PNSC workshop over the years has earned reputation for its high quality work offered by its engineers, supervisory staff and workers.

The engineering services and expertise are not only provided to PNSC and foreign ships calling Karachi and Port Qasim but also to Pakistan Navy, Karachi Port Trust, Port Qasim Authority and the shore based industries.

Besides marine repairs, PNSC workshop undertakes shore based Industrial work which includes :-

i. Steel work.
ii. Electro hydraulic machineries and equipment.
iii. Electric power generation sets A/C, D/C and electrical panels.
iv. All type of electric motors, accessories and components.
v. Boilers and auxiliaries.
vi. Internal combustion engines employed in power houses and industrial plants.
vii. Heat exchangers and coolers.
viii. Refrigerating plants suitable for large cold storage.
ix. Air compressors, centrifuges and all kinds of pumps.
x. All kind of pipe lines.

Workshop also provides training to Marine Engineering and Trade Apprentices for necessary up-gradation of their practical skills.

xi. PNSC workshop is providing training to 35 marine engineering cadets of Pakistan Marine Academy every year. These cadets on completion of one year mandatory training become eligible to appear in examination and join ships as Trainee Engineers.

xii. Workshop also provides 03 years training to around 20 trade apprentices.

xiii. Apart from the above, workshop also provides internship to graduate engineers and diploma holders in mechanical and electrical fields.

xiv. Informatively, all trainings are provided free of cost and apprentices are also paid a monthly stipend.

Counter Piracy Regime In PNSC

In response to the growing menace of piracy, Pakistan National Shipping Corporation has enforced a comprehensive counter piracy regime as under :-

1. Standard Operating Procedures (SOPs) to prevent piracy in Somalia as well as the Gulf of Guinea (West Africa) have been developed and are religiously implemented on board all PNSC vessels.

2. Communication Plan when in High Risk Area and when under attack is being followed.

3. High Risk Area route planning and its implementation after being concurred by Director Naval Operations Naval Headquarters Islamabad.

4. Mandatory compliance with requirements of Best Management Practices (BMP-4):

    a. Ship Security Plan has been prepared by PNSC for each vessel and approved by Bureau Veritas.
    b. PNSC Piracy Anti Attack Plan.
    c. Use of dummies.
    d. Ship Security Alert System installed.
    e. Automatic Identification System fitted.
    f. Barbed Razor Wire all around Vessel's Perimeter.
    g. Fire Hoses rigged (Pressurized).
    h. Enhanced Vigilance.
    i. Manoeuvring practice.
    j. Citadels to retreat when pirates have boarded the ship has been established on board all PNSC vessels and have been provided with ISAT phones for the purpose of communication from there.
    k. Port hole grills fitted and accommodation doors strengthened.

l. Ship alarms exercise.
m. Anti-piracy drill/Citadel Drill (prior entering piracy high risk areas).
n. Monitoring and supporting by Pakistan Navy Ships deployed at strategic points.

5. Standing NOC to Pakistan Navy for carrying out kinetic operation onboard.

6. Extensive briefing and training of ship staff with particular emphasis on adherence to BMP-4.

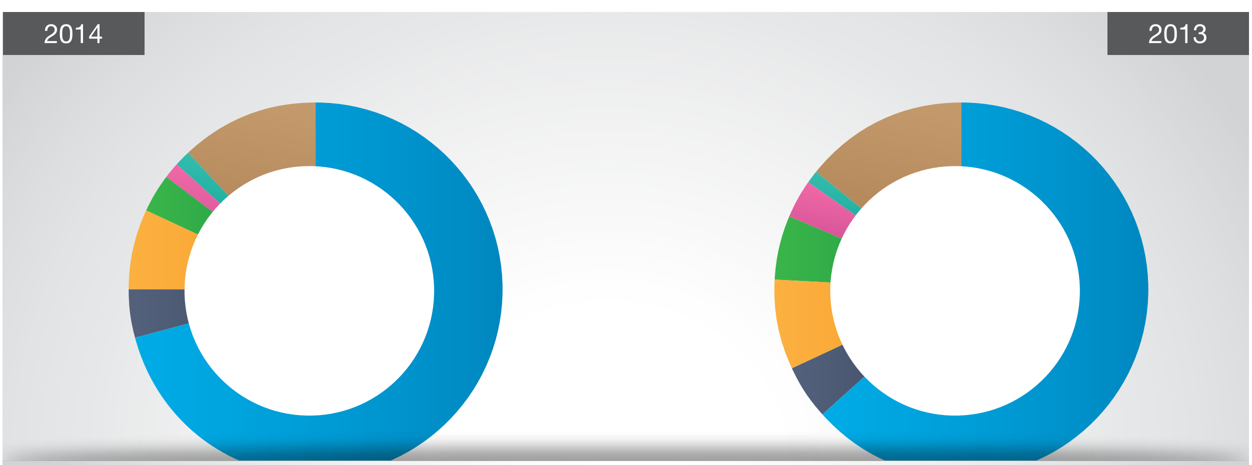
7. Citadel established on all vessels with dedicated independent satellite phone.

8. Ships directed to transit Gulf of Aden (GOA) only under escort (National Convoy) or International Recommended Transit Corridor IRTC group transit.

9. Post Piracy emergency Response committee constituted to handle post piracy contingencies (including issues pertaining to Rehabilitation and Welfare).

Value Added Statement

	2014		2013	
	Rs. in '000	%	Rs. in '000	%
Wealth Generated				
Income from Shipping Business	15,585,416	94.94%	12,128,776	92.21%
Rental Income	141,130	0.86%	124,158	0.94%
Other operating income	688,901	4.20%	900,918	6.85%
	16,415,447	100%	13,153,852	100%
Wealth Distributed				
Fleet Expenses	11,640,815	70.91%	8,332,255	63.34%
Administrative and General Expenses	709,408	4.32%	647,622	4.92%
Salaries	1,114,149	6.79%	1,016,859	7.73%
Finance Cost	548,845	3.34%	714,958	5.44%
Taxes	253,173	1.54%	450,819	3.43%
Dividend	198,095	1.21%	132,063	1.00%
Retained for Business	1,950,962	11.88%	1,859,276	14.13%
	16,415,447	100%	13,153,852	100%

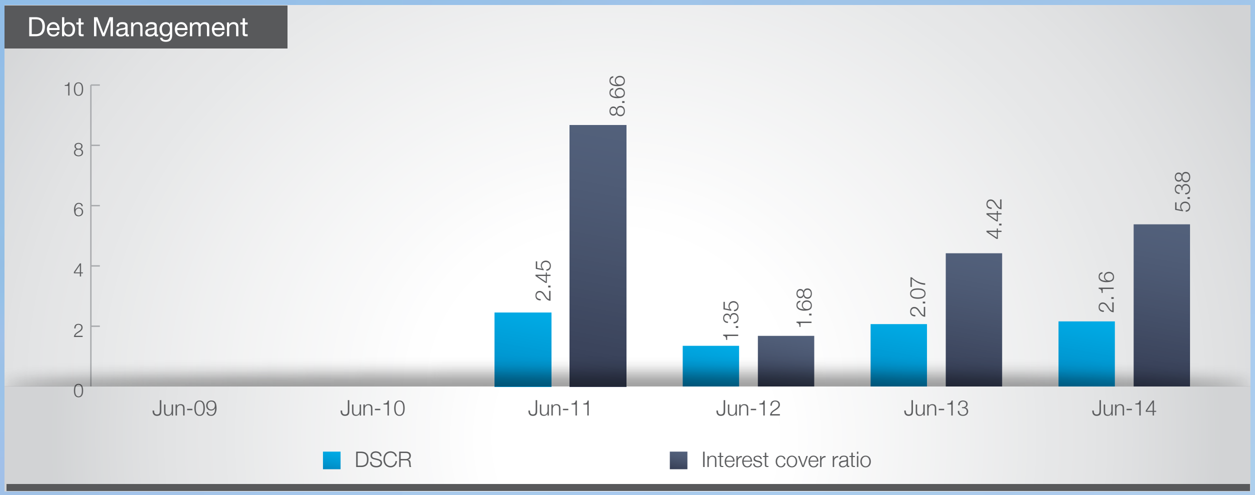


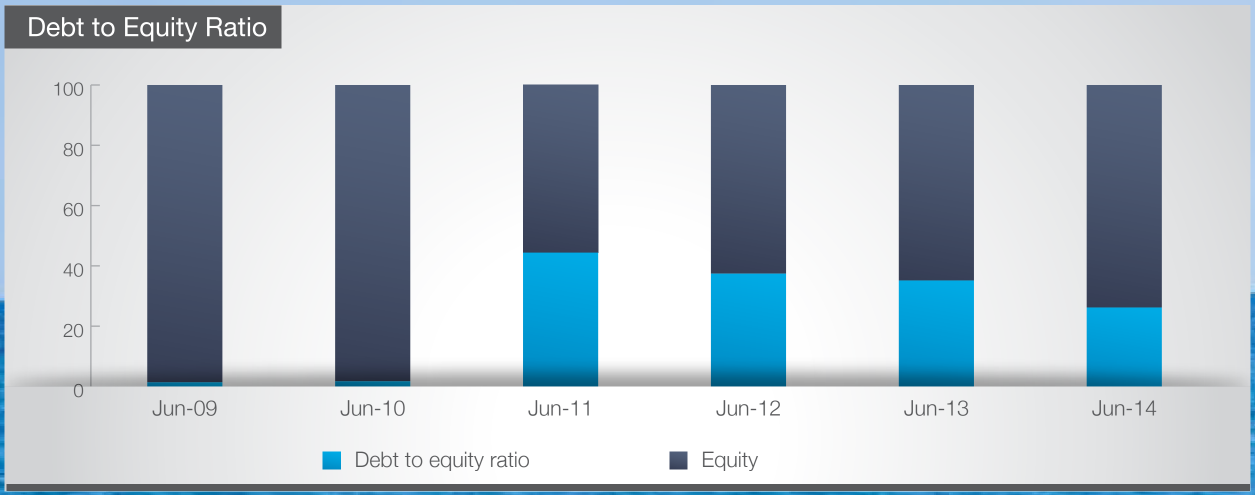
2014		2013
70.91%	Fleet Expenses	63.34%
4.32%	Administrative and General Expenses	4.92%
6.79%	Salaries	7.73%
3.34%	Finance Cost	5.44%
1.54%	Taxes	3.43%
1.21%	Dividend	1.00%
11.88%	Retained for Business	14.13%

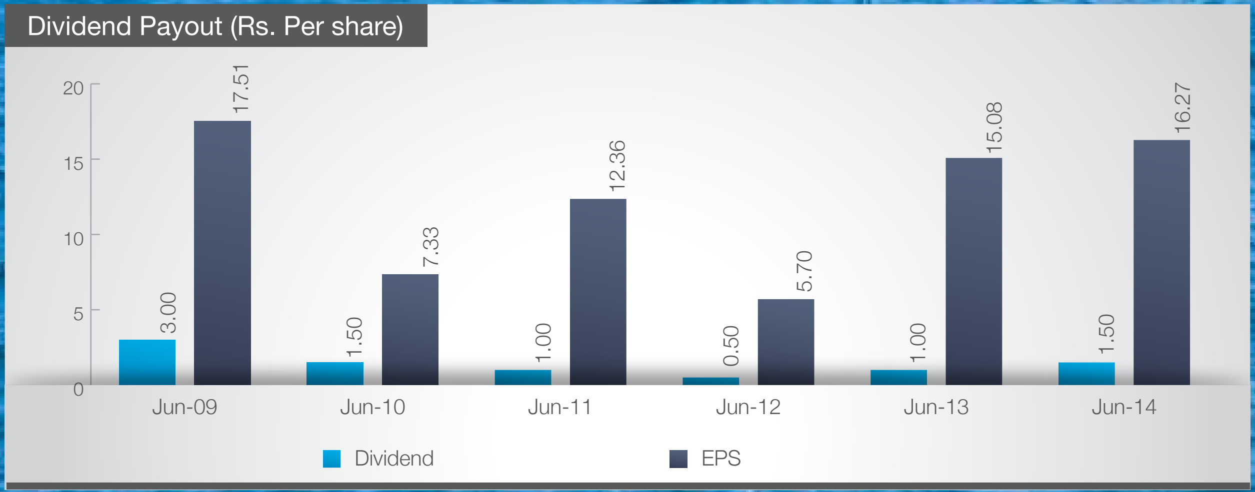
Financial Ratios

	UOM	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
Profitability Ratios							
Profit before tax	%	15.3%	19.9%	8.2%	21.8%	18.4%	26.1%
GP ratio	%	21.50%	26.86%	23.61%	22.18%	18.48%	26.69%
Profit after tax	%	13.7%	16.3%	8.5%	17.6%	12.3%	20.2%
EBITDA margin to sales	%	25.6%	34.3%	32.8%	35.5%	31.2%	42.2%
Operating leverage ratio	%	-23.0%	199.0%	479.1%	313.2%	165.7%	-249.8%
Return on equity	%	9.57%	9.74%	4.05%	9.04%	5.74%	14.56%
Return on capital employed	%	7.56%	7.20%	2.91%	6.25%	5.43%	13.85%
Liquidity Ratios							
Current Ratio	Times	2.17	1.99	1.73	1.59	2.96	5.44
Cash to Current liabilities	Times	0.47	0.54	0.63	0.78	1.02	1.33
Cash flow from operations to Sales	Times	0.13	0.13	0.17	0.17	0.66	0.13
Activity/Turnover Ratios							
Debtor Turnover Ratio	Times	8.70	15.22	16.34	16.64	12.52	16.86
Asset Turnover ratio	Times	0.50	0.41	0.31	0.39	0.42	0.56
Fixed Assets turnover ratio	Times	0.66	0.50	0.37	0.38	0.52	1.24
Market Ratios							
Earnings per share	Rs.	16.27	15.08	5.70	12.36	7.33	17.51
P/E Ratio	Times	4.37	3.05	2.70	1.94	5.44	2.64
Price to book ratio	Times	2.90	1.96	0.71	1.10	2.76	3.32
Dividend Yield ratio	%	2.11%	2.17%	3.24%	4.17%	3.76%	6.50%
Dividend Payout ratio	Times	0.09	0.07	0.09	0.08	0.20	0.17
Dividend cover ratio	Times	10.85	15.08	11.41	12.36	4.89	5.84
Cash dividend	Rs.	1.5	1.0	0.5	1.0	1.5	3.0
Breakup value/share with surplus	Rs.	175.96	160.73	146.70	141.85	132.73	124.78
Breakup value/share without surplus	Rs.	170.12	154.83	140.79	136.80	127.59	120.25
Share Price at year end	Rs.	73.12	46.00	15.41	24.00	39.89	46.16
Share Price- High	Rs.	94.57	52.00	25.89	41.74	75.54	52.31
Low	Rs.	46.00	14.41	11.50	23.40	38.00	44.14
Capital Structure Ratio							
Financial Leverage ratio	Times	0.26	0.35	0.37	0.44	0.02	0.01
Debt Service Coverage Ratio	Times	2.16	2.07	1.35	2.45	0.00	0.00
Debt to equity ratio	Times	0.20	0.29	0.32	0.38	0.00	0.00
Interest cover ratio	Times	5.38	4.42	1.68	8.66	0.00	0.00

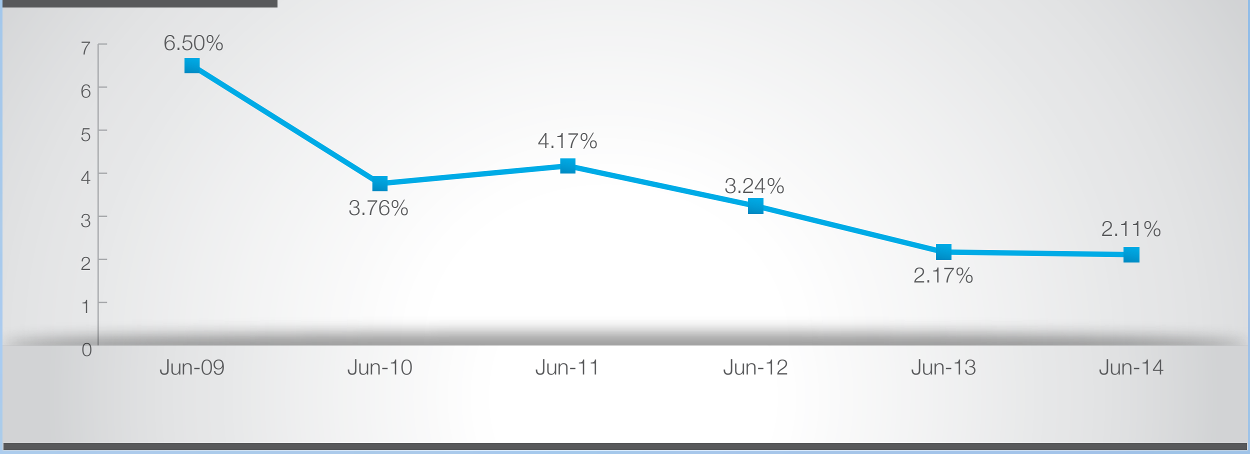
Graphical Analysis





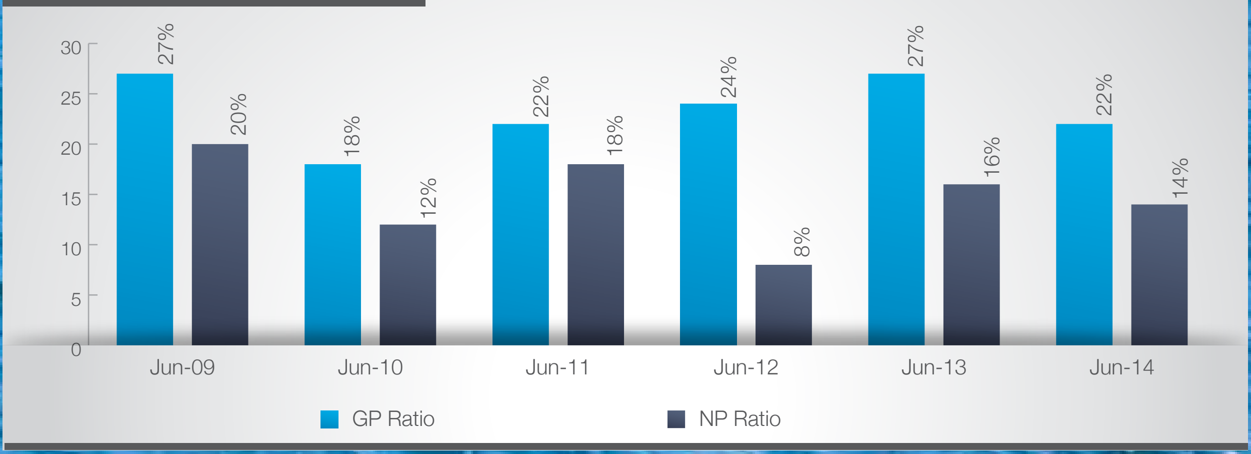


Dividend Yield ratio

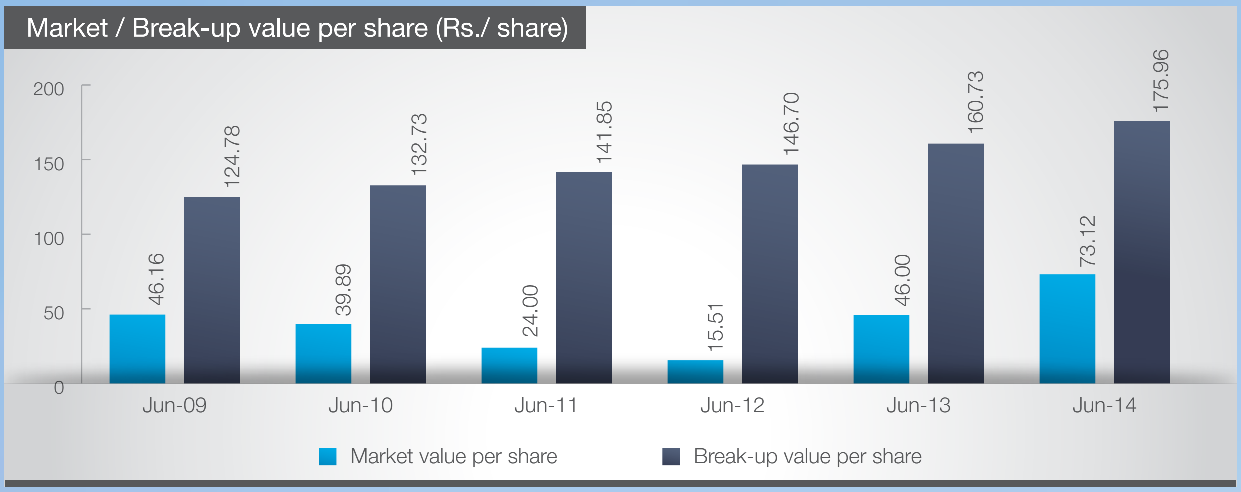


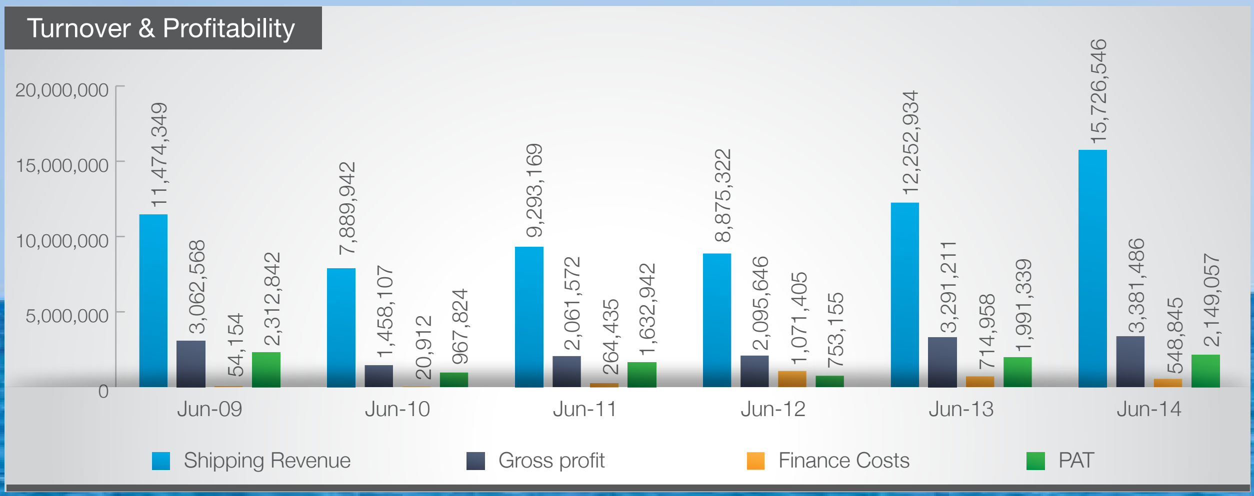
Fixed Assets & Turnover (Rs. '000)

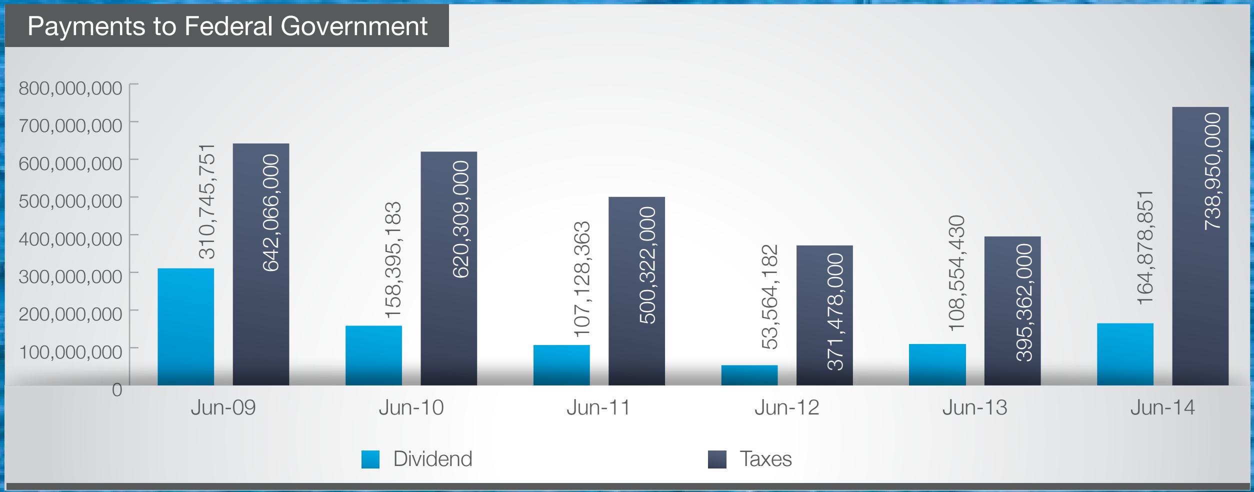
GP & NP Ratio



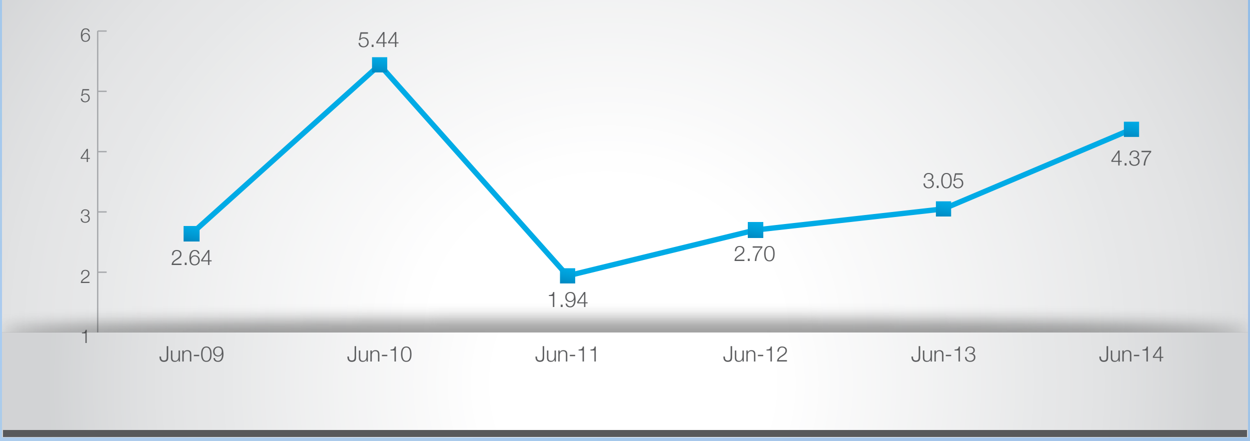
Graphical Analysis





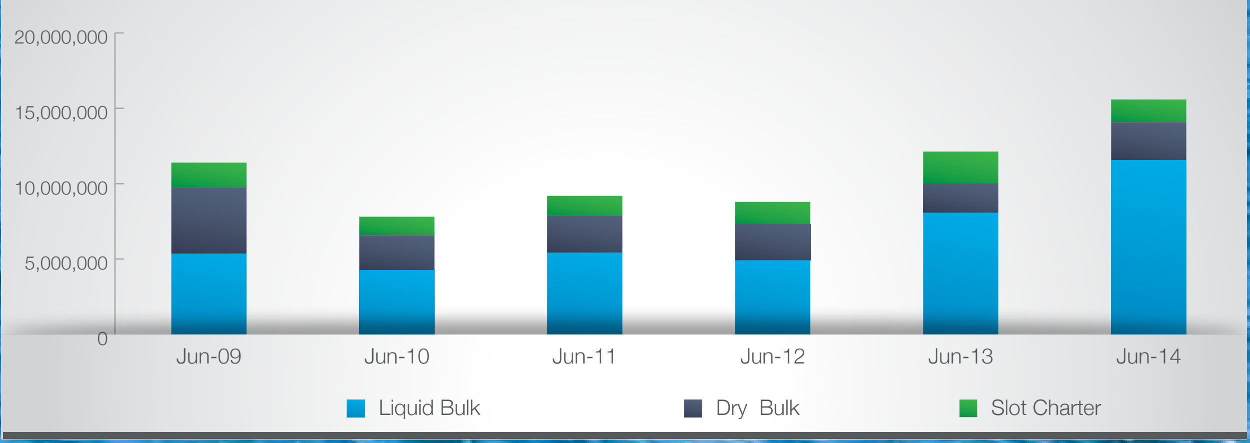


PE Ratio



Revenue & Operating Expenses (Rs. '000)

Sector-wise revenue




SAFETY FIRST

TOWARDS NEW HORIZONS WITH SAFETY

We take safety as an integral part of our operational policy. PNSC is a signatory of the SOLAS Convention; an international maritime treaty, formulated to enhance safety in global merchant shipping. Our safety policy complies with international SAR guidelines. All PNSC vessels are equipped with modern GMDSS equipment, allowing them to report any safety event to a regional crisis reporting centre for immediate assistance.

Horizontal Analysis (Group)

	2014		2013	
	'000	% change	'000	% change
Profit & Loss				
Revenues	15,726,546	28%	12,252,934	38%
Expenditure	12,345,060	38%	8,961,723	32%
Gross Profit	3,381,486	3%	3,291,211	57%
Administrative and General Expenses	816,516	-1%	823,137	35%
Other operating expenses	302,796	43%	211,876	-59%
Finance costs	548,845	-23%	714,958	-33%
Other income	688,901	-24%	900,918	9%
Profit before Taxation	2,402,230	-2%	2,442,158	237%
Taxation	253,173	-44%	450,819	-1699%
Profit after Taxation	2,149,057	8%	1,991,339	164%
Balance Sheet				
Property, plant and equipment	22,567,568	-3%	23,210,977	3%
Other Non-Current Assets	1,225,190	2%	1,199,507	-3%
Trade debts	2,439,569	107%	1,177,691	173%
Cash and bank balances	1,852,441	4%	1,788,301	3%
Other Current Assets	4,299,171	20%	3,576,655	39%
Total Assets	32,383,939	5%	30,953,131	8%
Shareholder's Equity	22,467,167	10%	20,447,185	10%
Surplus on Revaluation of Fixed Assets	771,073	-1%	778,889	-0%
Deferred liabilities	617,483	9%	566,574	-3%
Long Term Financing	4,568,861	-22%	5,873,286	-0%
Other Non Current Liabilities		-	-	-
Current portion of long term financing	1,316,882	0%	1,316,882	22%
Other Current Liabilities	2,642,473	34%	1,970,315	18%
Total Equity and Liabilities	32,383,939	5%	30,953,131	8%
Cash Flow Statement				
Cash Flows from Operating Activities	2,001,668	22%	1,644,579	6%
Cash Flows from Investing Activities	(1,675,472)	30%	(1,291,551)	-442%
Cash Flows from Financing Activities	(1,460,066)	-996%	162,942	-113%
Net (decrease) / increase in Cash and cash equivalents	(1,133,870)	-320%	515,970	-26%
Others				
Profit for the year	2,402,230	-2%	2,442,158	237%
Finance Costs	548,845	-23%	714,958	-33%
Depreciation	1,078,662	4%	1,040,093	-6%
Amortisation	-	0%	-	0%
EBITDA	4,029,737	-4%	4,197,209	44%
Profit for the year	2,402,230	-2%	2,442,158	237%
Finance Costs	548,845	-23%	714,958	-33%
EBIT	2,951,075	-7%	3,157,116	76%

2012		2011		2010		2009	
'000	% change	'000	% change	'000	% change	'000	% change
8,875,322	-4%	9,293,169	18%	7,889,942	-31%	11,474,349	7%
6,779,676	-6%	7,231,597	12%	6,431,835	-24%	8,411,781	16%
2,095,646	2%	2,061,572	41%	1,458,107	-52%	3,062,568	-12%
608,494	-4%	631,646	1%	623,353	20%	519,807	17%
514,133	162%	196,303	-22%	253,206	-21%	319,113	73%
1,071,405	305%	264,435	1165%	20,912	-61%	54,154	-69%
823,344	-22%	1,055,964	19%	888,895	8%	825,417	1%
724,958	-64%	2,025,152	40%	1,449,531	-52%	2,994,911	-14%
(28,197)	-107%	392,210	-19%	481,707	-29%	682,069	-34%
753,155	-54%	1,632,942	69%	967,824	-58%	2,312,842	-6%
22,614,412	-4%	23,476,232	65%	14,266,718	73%	8,264,524	-39%
1,237,337	18%	1,051,143	1%	1,037,733	2%	1,013,768	-1%
432,070	-34%	654,580	42%	462,272	-42%	798,023	42%
1,742,306	-17%	2,100,797	60%	1,314,633	-41%	2,223,490	-35%
2,572,424	70%	1,513,423	-25%	2,023,878	-67%	6,071,744	56%
28,598,549	-1%	28,796,175	51%	19,105,234	4%	18,371,549	-18%
18,593,130	3%	18,066,178	7%	16,850,410	6%	15,880,463	23%
780,110	17%	667,582	-2%	678,837	13%	598,820	-92%
583,701	35%	433,440	49%	291,028	32%	219,894	5%
5,878,871	-15%	6,941,693	-	-	-	-	-
11,349	-	-	-	-	-	-	-
1,079,763	-0%	1,079,763	100%	-	-	-	-100%
1,671,626	4%	1,607,519	25%	1,284,959	-23%	1,672,372	8%
28,598,549	-1%	28,796,175	51%	19,105,234	4%	18,371,549	-18%
1,547,467	-1%	1,562,377	-70%	5,242,579	249%	1,503,728	-70%
377,914	-104%	(9,278,524)	61%	(5,762,074)	183%	(2,034,478)	-24%
(1,230,297)	-116%	7,766,987	-2088%	(390,752)	-43%	(686,251)	49%
695,084	1267%	50,840	-106%	(910,247)	-25%	(1,217,001)	-163%
724,958	-64%	2,025,152	40%	1,449,531	-52%	2,994,911	-14%
1,071,405	305%	264,435	1165%	20,912	-61%	54,154	-69%
1,111,501	10%	1,009,936	2%	994,772	-44%	1,790,586	134%
-	0%	-	0%	-	0%	1,649	-50%
2,907,864	-12%	3,299,523	34%	2,465,215	-49%	4,841,300	9%
724,958	-64%	2,025,152	40%	1,449,531	-52%	2,994,911	-14%
1,071,405	305%	264,435	1165%	20,912	-61%	54,154	-69%
1,796,363	-22%	2,289,587	56%	1,470,443	-52%	3,049,065	-17%

Vertical Analysis (Group)

	2014		2013	
	'000	%	'000	%
Profit & Loss				
Revenues	15,726,546	100%	12,252,934	100%
Expenditure	12,345,060	78%	8,961,723	73%
Gross Profit	3,381,486	22%	3,291,211	27%
Administrative and General Expenses	816,516	5%	823,137	7%
Other operating expenses	302,796	2%	211,876	2%
Finance costs	548,845	3%	714,958	6%
Other operating income	688,901	4%	900,918	7%
Profit before Taxation	2,402,230	15%	2,442,158	20%
Taxation	253,173	2%	450,819	4%
Profit after Taxation	2,149,057	14%	1,991,339	16%
Balance Sheet				
Property, plant and equipment	22,567,568	70%	23,210,977	75%
Other Non-Current Assets	1,225,190	4%	1,199,507	4%
Trade debts	2,439,569	8%	1,177,691	4%
Cash and bank balances	1,852,441	6%	1,788,301	6%
Other Current Assets	4,299,171	13%	3,576,655	12%
Total Assets	32,383,939	100%	30,953,131	100%
Shareholder's Equity	22,467,167	69%	20,447,185	66%
Surplus on Revaluation of Fixed Assets	771,073	2%	778,889	3%
Deferred liabilities	617,483	2%	566,574	2%
Long Term Financing	4,568,861	14%	5,873,286	19%
Other Non Current Liabilities	-	-	-	-
Current portion of long term financing	1,316,882	4%	1,316,882	4%
Other Current Liabilities	2,642,473	8%	1,970,315	6%
Total Equity and Liabilities	32,383,939	100%	30,953,131	100%
Cash Flow Statement				
Cash Flows from Operating Activities	2,001,668	-177%	1,644,579	319%
Cash Flows from Investing Activities	(1,675,472)	148%	(1,291,551)	-250%
Cash Flows from Financing Activities	(1,460,066)	129%	162,942	32%
Net Increase/Decrease in Cash and cash equivalents	(1,133,870)	100%	515,970	100%
Others				
Profit for the year	2,402,230	60%	2,442,158	58%
Finance Costs	548,845	14%	714,958	17%
Depreciation	1,078,662	27%	1,040,093	25%
Amortisation	-	0%	-	0%
EBITDA	4,029,737	100%	4,197,209	100%
Profit for the year	2,402,230	81%	2,442,158	77%
Finance Costs	548,845	19%	714,958	23%
EBIT	2,951,075	100%	3,157,116	100%

2012		2011		2010		2009	
‘000	%	‘000	%	‘000	%	‘000	%
8,875,322	100%	9,293,169	100%	7,889,942	100%	11,474,349	100%
6,779,676	76%	7,231,597	78%	6,431,835	82%	8,411,781	73%
2,095,646	24%	2,061,572	22%	1,458,107	18%	3,062,568	27%
608,494	7%	631,646	7%	623,353	8%	519,807	5%
514,133	6%	196,303	2%	253,206	3%	319,113	3%
1,071,405	12%	264,435	3%	20,912	0%	54,154	0%
823,344	9%	1,055,964	11%	888,895	11%	825,417	7%
724,958	8%	2,025,152	22%	1,449,531	18%	2,994,911	26%
(28,197)	-0%	392,210	4%	481,707	6%	682,069	6%
753,155	8%	1,632,942	18%	967,824	12%	2,312,842	20%
22,614,412	79%	23,476,232	82%	14,266,718	75%	8,264,524	45%
1,237,337	4%	1,051,143	4%	1,037,733	5%	1,013,768	6%
432,070	2%	654,580	2%	462,272	2%	798,023	4%
1,742,306	6%	2,100,797	7%	1,314,633	7%	2,223,490	12%
2,572,424	9%	1,513,423	5%	2,023,878	11%	6,071,744	33%
28,598,549	100%	28,796,175	100%	19,105,234	100%	18,371,549	100%
18,593,130	65%	18,066,178	63%	16,850,410	88%	15,880,463	86%
780,110	3%	667,582	2%	678,837	4%	598,820	3%
583,701	2%	433,440	2%	291,028	2%	219,894	1%
5,878,871	21%	6,941,693	24%	-	0%	-	0%
11,349	-	-	-	-	-	-	-
1,079,763	4%	1,079,763	4%	-	0%	-	0%
1,671,626	6%	1,607,519	6%	1,284,959	7%	1,672,372	9%
28,598,549	100%	28,796,175	100%	19,105,234	100%	18,371,549	100%
1,547,467	223%	1,562,377	3073%	5,242,579	-576%	1,503,728	-124%
377,914	54%	(9,278,524)	-18251%	(5,762,074)	633%	(2,034,478)	167%
(1,230,297)	-177%	7,766,987	15277%	(390,752)	43%	(686,251)	56%
695,084	100%	50,840	100%	(910,247)	100%	(1,217,001)	100%
724,958	25%	2,025,152	61%	1,449,531	59%	2,994,911	62%
1,071,405	37%	264,435	8%	20,912	1%	54,154	1%
1,111,501	38%	1,009,936	31%	994,772	40%	1,790,586	37%
-	0%	-	0%	-	0%	1,649	0%
2,907,864	100%	3,299,523	100%	2,465,215	100%	4,841,300	100%
724,958	40%	2,025,152	88%	1,449,531	99%	2,994,911	98%
1,071,405	60%	264,435	12%	20,912	1%	54,154	2%
1,796,363	100%	2,289,587	100%	1,470,443	100%	3,049,065	100%

Six Years At A Glance (PNSC)

	2013-2014	2012-2013	2011-2012	2010-2011	2009-2010	2008-2009
	(Rupees in '000)					
Profit & Loss						
Revenue	8,727,685	5,962,892	2,777,932	3,084,361	2,077,947	3,491,783
Expenditure	7,051,185	4,228,202	1,845,685	1,945,834	1,351,580	1,932,155
Gross profit	1,676,500	1,734,690	932,247	1,138,527	726,367	1,559,628
Administrative, general & other expenses	686,719	479,587	609,673	310,042	402,621	637,029
Other income	576,611	530,695	505,073	317,110	834,377	824,149
Finance Costs	546,681	711,933	1,069,279	261,994	19,161	48,446
Profit / loss before taxation	1,019,711	1,073,865	(241,632)	883,601	1,138,962	1,698,302
Taxation	216,435	414,308	(77,085)	287,199	427,429	641,539
Profit / loss after taxation	803,276	659,557	(164,547)	596,402	711,533	1,056,763
Balance Sheet						
Non-current assets	28,057,057	27,923,891	26,617,392	26,312,254	15,698,168	8,729,638
Current assets	7,383,084	5,117,827	3,859,841	3,309,308	2,826,872	8,070,341
Total Assets	35,440,141	33,041,718	30,477,233	29,621,562	18,525,040	16,799,979
Paid-up Capital	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634	1,320,634
Reserves	6,314,151	5,633,268	5,107,078	5,460,726	5,144,962	4,814,590
Share-holders' equity	7,634,785	6,953,902	6,427,712	6,781,360	6,465,596	6,135,224
Surplus on revaluation of fixed assets	768,248	776,064	777,285	662,817	671,928	681,027
Non-current liabilities	5,186,344	6,439,860	6,473,920	7,375,134	291,028	219,894
Current liabilities	21,850,764	18,871,892	16,798,316	14,802,251	11,096,488	9,763,834
	35,440,141	33,041,718	30,477,233	29,621,562	18,525,040	16,799,979
RATIOS						
Profitability Ratios						
Gross Profit/ Operating Revenue (%)	19%	29%	34%	37%	35%	45%
Profit Before Tax/Operating Revenue (%)	11.68%	18.01%	-8.70%	28.65%	54.81%	48.64%
Profit after Tax/Operating Revenue (%)	9.20%	11.06%	-5.92%	19.34%	34.24%	30.26%
Return on Capital Employed (%)	5.91%	4.65%	-1.20%	4.02%	9.58%	15.02%
Liquidity / Leverage Ratios						
Current Ratio (Times)	0.34	0.27	0.23	0.22	0.25	0.83
Fixed Assets Turnover Ratio (Times)	0.31	0.21	0.10	0.12	0.13	0.40
Equity / Total Assets (%)	24%	23%	24%	25%	39%	41%
Return to Shareholders						
Earnings per share (Rs.)	6.08	4.99	(1.25)	4.52	5.39	8.00
Price Earning Ratio (Rs.)	12.02	9.21	(12.37)	5.31	7.40	5.77
Cash Dividend (Rs. / share)	1.5	1	0.5	1.00	1.50	3.00
Break-up Value per share	63.63	58.53	54.56	56.37	54.05	51.61
Share prices in Rupees						
High	94.57	52	25.89	41.74	75.54	52.31
Low	46.00	14.41	11.5	23.40	38.00	44.14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Review Report To The Members

On The Statement Of Compliance With The Code Of Corporate Governance

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS
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We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Pakistan National Shipping Corporation (the Corporation) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited where the Corporation is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Corporation. 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 Corporation's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Corporation's personnel and review of various documents prepared by the Corporation to comply with the Code.

As a part of our audit of the 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 of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Corporation's corporate governance procedures and risks.

The Code requires the Corporation to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of 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 Corporation's compliance, in all material respects, with the best practices contained in the Code as applicable to the Corporation for the year ended June 30, 2014.

Further, we highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

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S. No	Paragraph reference	Description
I.	11	The terms and conditions of employment and remuneration of the Head of Internal Audit are to be ratified by the Board of Directors.
II.	24	The mechanism for development of an annual evaluation plan to evaluate the Board of Directors' own performance is currently in process.
III.	24	Materiality levels for placement of significant matters before the Board of Directors is pending for Board's approval.
IV.	7	Formulation of whistle blowing policy.
V.	10	Arrangement for director's training program is currently in progress.

A. F. FERGUSON & CO.
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurshid Hasan

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurram Jameel

Statement Of Compliance With The Code Of Corporate Governance

Pakistan National Shipping Corporation
(Established under the Pakistan National Shipping Corporation Ordinance, 1979)
Year Ended: 30th June, 2014

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation 35 of 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 Corporation has applied the principles contained in the Code in the following manner:

1. In accordance with the provisions of the Pakistan National Shipping Corporation Ordinance, 1979, Ordinance No. xx of 1979, the Board of Directors (the Board) consists of five directors appointed by Federal Government, and two directors elected by the shareholders other than the Federal Government. All directors other than the Chairman are non-executive directors. At present the board includes:

Category	Names	
Chairman / CEO of Board of Directors	I.	Mr. Muhammad Siddique Memon
Non – Executive Directors (appointed by Federal Government)	II.	Mr. M. Anwar Malik
	III.	Mr. Shabbir Ahmed
	IV.	Ms. Ava A. Cowasjee
	V.	Mr. Akbar Adil
Non – Executive Directors (Elected by Shareholders)	I.	Mr. Khowaja Obaid Imran Ilyas
	II.	Capt. Anwar Shah

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Corporation.

3. All the resident directors of the Corporation are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy has occurred during the year.

5. The Corporation has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the Corporation along with its supporting policies and procedures.

6. All the powers of the Board have been duly exercised and decisions on material transactions have been taken by the Board. However the appointment and remuneration of the Chairman/Chief Executive Officer (CEO) has been determined by the Federal Government.

7. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Corporation. During the year the Board has approved governance, risk management and compliance issues, and human resource management policies. While the policies for write off of bad debts and capital expenditure have already been approved and defined in the financial statements. Further the Corporation follows the directions of the Federal Government for investment of funds and borrowing of monies. A complete record of particulars of significant policies along with the dates on which they were approved has been maintained.

8. The Directors were apprised of their duties and responsibilities from time to time.

9. The meetings of the Board were presided over by the Chairman, and the Board met at least once in every quarter. Written notices of the Board meetings along with the agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

10. The Corporation has not arranged any training programs for its directors during the year as the government nominated directors were replaced with the new directors in the month of May, 2014 and accordingly training programs would be arranged soon.

11. There have been no fresh appointments of Chief Financial Officer (CFO) and Company Secretary. During the year the Board has appointed acting Head of Internal Audit. However, the terms and conditions of employment and remuneration of the Head of Internal Audit are to be ratified by the Board.

12. The directors' report for this year 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 Corporation were duly endorsed by CEO and CFO before approval of the Board.

14. The directors, CEO and executives do not hold any interest in the shares of the Corporation other than that disclosed in the pattern of shareholding.

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

16. The board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is also a non-executive director.

17. The meetings of the Audit Committee (the Committee) were held at least once every quarter prior to approval of interim and final results of the Corporation and as required by the Code. The Committee was reconstituted as a sequel to the reconstitution of the Corporation's Board by the Federal Government. The terms of reference of the Committee have been formed and advised to the Committee for compliance. All the requirements of the Code with respect to the Committee were complied.

18. The board has formed a Human Resource and Remuneration (HR) Committee. The HR Committee was also reconstituted as a sequel to the reconstitution of the PNSC Board by the Federal Government. It comprises of three members, of whom all are non-executive directors and the Chairman of the HR Committee is a non-executive director.

19. The board has set up an internal audit function. The members of the internal audit function of the Corporation are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Corporation.

20. The statutory auditors of the Corporation have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold any shares of

the Corporation 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 the ICAP.

21. 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.

22. The closed period, prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of the Corporation's securities, was determined and intimated to directors, employees and stock exchange(s).

23. Material/price sensitive information has been disseminated among all market participants at once through the stock exchange(s).

24. We confirm that all other material principles enshrined in the Code have been complied with except for the following, towards which reasonable progress is being made by the Corporation to seek compliance by the end of next accounting year.

    - Arrangement for training program of directors.
    - The materiality levels for approval of significant transactions have been determined and approved by the Audit Committee and are pending for the Board's approval.
    - Formulations of mechanism to evaluate the Board's own performance.
    - Formulation of whistle blowing Policy by the Board.

Muhammad Siddique Memon
Chairman /CEO
Dated: September 16, 2014

Consolidated Report and Accounts of Pakistan National Shipping Corporation Group of Companies

for the year ended June 30, 2014

Auditors' Report to the Members

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
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We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Pakistan National Shipping Corporation (the Holding Company), and its subsidiary companies as at June 30, 2014 and the related consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of the Holding Company and its subsidiary companies. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on the accompanying consolidated financial statements based on our audit.

Our audit was conducted in accordance with the auditing standards as applicable in Pakistan and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Holding Company and its subsidiary companies as at June 30, 2014 and the results of its operations for the year then ended.

A. F. Ferguson & Co

A. F. FERGUSON & CO.
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurshid Hasan

Ernst & Young Ford Rhodes Sidat Hyder

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurram Jameel

Consolidated Balance Sheet

As at June 30, 2014

	Note	2014	2013
		(Rupees in '000)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	22,567,568	23,210,977
Intangible asset	5	-	-
Investment properties	6	1,080,596	1,080,596
Long-term investments in:			
- Related party (associate)	7	-	-
- Listed companies and another entity	8	53,669	38,211
Long-term loans and advances		58	58
Long-term deposits		90	90
Deferred taxation	9	90,777	80,552
		23,792,758	24,410,484
CURRENT ASSETS			
Stores and spares	10	637,847	734,392
Trade debts	11	2,439,569	1,177,691
Agents' and owners' balances	12	124,824	8,991
Loans and advances	13	58,564	67,544
Trade deposits and short-term prepayments	14	47,664	37,575
Interest / mark-up accrued on bank deposits and investments		35,009	19,899
Other receivables	15	343,625	167,978
Incomplete voyages	27	-	99,180
Insurance claims	16	7,032	169,440
Taxation-net		749,726	276,206
Short-term investments	17	2,294,880	1,995,450
Cash and bank balances	18	1,852,441	1,788,301
		8,591,181	6,542,647
TOTAL ASSETS		32,383,939	30,953,131
EQUITY AND LIABILITIES			
EQUITY ATTRIBUTABLE TO THE OWNERS OF THE HOLDING COMPANY			
Share capital	19	1,320,634	1,320,634
Reserves	20	21,144,018	19,124,419
		22,464,652	20,445,053
NON-CONTROLLING INTEREST	21	2,515	2,132
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE GROUP		22,467,167	20,447,185
SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
- Owners of the holding company		770,549	778,365
- Non-controlling interest		524	524
	22	771,073	778,889
NON-CURRENT LIABILITIES			
Long-term financing	23	4,568,861	5,873,286
Deferred liabilities	24	617,483	566,574
		5,186,344	6,439,860
CURRENT LIABILITIES			
Trade and other payables	25	2,520,301	1,854,311
Provision against damage claims	26	31,973	22,338
Current portion of long-term financing	23	1,316,882	1,316,882
Incomplete voyages	27	11,684	-
Accrued mark-up on long term financing		78,515	91,087
Taxation - net		-	2,579
		3,959,355	3,287,197
TOTAL EQUITY AND LIABILITIES		32,383,939	30,953,131
CONTINGENCIES AND COMMITMENTS	28		

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Consolidated Profit and Loss Account

For the year ended June 30, 2014

	Note	2014	2013
		---------(Rupees in '000)--------	
REVENUE			
Income from shipping business	29	15,585,416	12,128,776
Rental income		141,130	124,158
		15,726,546	12,252,934
EXPENDITURE			
Fleet expenses - direct	30	(12,243,641)	(8,862,616)
- indirect	31	(33,878)	(33,172)
Real estate expenses	32	(67,541)	(65,935)
		(12,345,060)	(8,961,723)
GROSS PROFIT		3,381,486	3,291,211
Administrative and general expenses	33	(816,516)	(823,137)
Other expenses	34	(302,796)	(211,876)
Other income	35	688,901	900,918
		(430,411)	(134,095)
OPERATING PROFIT		2,951,075	3,157,116
Finance costs	36	(548,845)	(714,958)
PROFIT BEFORE TAXATION		2,402,230	2,442,158
Taxation	37	(253,173)	(450,819)
PROFIT FOR THE YEAR		2,149,057	1,991,339
Attributable to:			
Equity holders of the Holding Company		2,148,674	1,991,030
Non-controlling interest		383	309
		2,149,057	1,991,339
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		1,307	(87,643)
Tax on remeasurement of post-retirement benefits obligation		914	13,333
		2,221	(74,310)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,151,278	1,917,029
		-----------(Rupees)-----------	
EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY	38	16.27	15.08

Note: The appropriations from profits are set out in the statement of changes in equity

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Consolidated Statement of Changes in Equity

For the year ended June 30, 2014

	Attributable to the share holders of the Holding Company							
			Revenue reserves					
	Issued, subscribed and fully paid-up share capital (Note 19)	Capital reserve	General reserve	Remeasurement of post retirement benefits obligation - net of tax	Unappropriated profit	Total	Non-controlling interest	Total
	(Rupees in '000)							
Balance as at July 1, 2012	1,320,634	131,344	129,307	(154,433)	17,164,455	17,139,329	1,823	18,593,130
Final cash dividend for the year ended June 30, 2012 paid to shareholders of the Holding Company @ Re 0.5 per ordinary share	-	-	-	-	(66,032)	(66,032)	-	(66,032)
Profit for the year	-	-	-	-	1,991,030	1,991,030	309	1,991,339
Other comprehensive loss for the year	-	-	-	(74,310)	-	(74,310)	-	(74,310)
Total comprehensive income for the year	-	-	-	(74,310)	1,991,030	1,916,720	309	1,917,029
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 22)	-	-	-	-	6,975	6,975	-	6,975
Transaction cost incurred for issue of further share capital of subsidiaries	-	-	-	-	(3,917)	(3,917)	-	(3,917)
Balance as at June 30, 2013	1,320,634	131,344	129,307	(228,743)	19,092,511	18,993,075	2,132	20,447,185
Final cash dividend for the year ended June 30, 2013 paid to shareholders of the Holding Company @ Re 1 per ordinary share	-	-	-	-	(132,063)	(132,063)	-	(132,063)
Profit for the year	-	-	-	-	2,148,674	2,148,674	383	2,149,057
Other comprehensive income for the year	-	-	-	2,221	-	2,221	-	2,221
Total comprehensive income for the year	-	-	-	2,221	2,148,674	2,150,895	383	2,151,278
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 22)	-	-	-	-	7,449	7,449	-	7,449
Transaction cost incurred for issue of further share capital of a subsidiary	-	-	-	-	(6,682)	(6,682)	-	(6,682)
Balance as at June 30, 2014	1,320,634	131,344	129,307	(226,522)	21,109,889	21,012,674	2,515	22,467,167

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Consolidated Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		---------(Rupees in '000)-----------	
Cash flows from operating activities			
Cash generated from operations	39	3,419,104	3,223,807
Employees' gratuity paid		(7,474)	(204,160)
Employees' compensated absences paid		(60,241)	(71,852)
Post-retirement medical benefits paid		(25,938)	(25,342)
Long-term loans and advances		-	14
Finance costs paid		(793,788)	(984,178)
Receipt under cross currency interest rate swap		208,955	102,104
Damage claims paid		-	(452)
Taxes paid		(738,950)	(395,362)
Net cash generated from operating activities		2,001,668	1,644,579
Cash flows from investing activities			
Purchase of property, plant and equipment		(435,253)	(1,760,088)
Proceeds from disposal of property, plant and equipment		-	226,215
Short term investments made during the year		(1,497,440)	-
Interest / mark-up received		256,400	241,089
Dividends received		821	1,233
Net cash used in investing activities		(1,675,472)	(1,291,551)
Cash flows from financing activities			
Long-term financing (repaid) / obtained - net		(1,323,158)	231,535
Transaction costs paid for issue of ordinary share capital		(6,682)	(3,917)
Dividends paid		(130,226)	(64,676)
Net cash (used in) / generated from financing activities		(1,460,066)	162,942
Net (decrease) / increase in cash and cash equivalents		(1,133,870)	515,970
Cash and cash equivalents at beginning of the year		3,783,751	3,267,781
Cash and cash equivalents at end of the year	40	2,649,881	3,783,751

The annexed notes 1 to 50 form an integral part of these consolidated financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

1. GENERAL INFORMATION

Pakistan National Shipping Corporation (the Holding Company), its subsidiary companies and an associate (together 'the Group') were incorporated under the provisions of the Pakistan National Shipping Ordinance, 1979 and the Companies Ordinance, 1984, respectively. The Group is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services. The Group is also engaged in renting out its properties to tenants under lease agreements. The Group's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi except for Pakistan Co-operative Ship Stores (Private) Limited which is situated at 70/4, Timber Pond, N.M Reclamation Kemari, Karachi.

The Group consists of:

Holding company
- Pakistan National Shipping Corporation

Subsidiary companies
- Bolan Shipping (Private) Limited
- Chitral Shipping (Private) Limited
- Hyderabad Shipping (Private) Limited
- Islamabad Shipping (Private) Limited
- Johar Shipping (Private) Limited
- Kaghan Shipping (Private) Limited
- Karachi Shipping (Private) Limited
- Khairpur Shipping (Private) Limited
- Lahore Shipping (Private) Limited
- Lalazar Shipping (Private) Limited
- Makran Shipping (Private) Limited
- Malakand Shipping (Private) Limited
- Multan Shipping (Private) Limited
- Pakistan Co-operative Ship Stores (Private) Limited
- Quetta Shipping (Private) Limited
- Sargodha Shipping (Private) Limited
- Shalamar Shipping (Private) Limited
- Sibi Shipping (Private) Limited
- Swat Shipping (Private) Limited

Associate
- Muhammadi Engineering Works (Private) Limited

The Holding Company owns 73% (2013: 73%) of the share capital of Pakistan Co-operative Ship Stores (Private) Limited and 100% (2013: 100%) of the share capital of the remaining eighteen subsidiary companies. All the wholly owned subsidiaries operate one vessel / tanker each with the exception of Bolan Shipping (Private) Limited, Swat Shipping (Private) Limited, Lalazar Shipping (Private) Limited, Johar Shipping (Private) Limited, Shalamar Shipping (Private) Limited, Khairpur Shipping (Private) Limited, Islamabad Shipping (Private) Limited, Sargodha Shipping (Private) Limited and Makran Shipping (Private) Limited which currently do not own any vessel / tanker.

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These consolidated 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 (the Ordinance), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail. These consolidated financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

The preparation of consolidated financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 of these consolidated financial statements.

2.2 New standards, amendments to published approved accounting standards and interpretations

2.2.1 New amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2014

There were certain new amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

2.2.2 New standard, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Group

There are certain amendments to the approved accounting standards and new interpretations issued by IFRIC which will be effective after July 1, 2014 but are considered not to be relevant or are expected to have any significant effect on the Group's operations and are, therefore, not disclosed in these consolidated financial statements.

2.3 Basis of consolidation

2.3.1 Subsidiaries

These consolidated financial statements comprise the financial statements of the Holding Company and all of its subsidiary companies as at June 30 each year.

The financial statements of the subsidiary companies have been consolidated on a line-by-line basis and the carrying values of the investments held by the Holding Company have been eliminated against the shareholders' equity in the subsidiary companies.

The financial statements of the subsidiaries are prepared for the same reporting year as the Holding Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

Transactions with non-controlling interests

The Group treats transactions with non controlling interest as transactions with equity owners of the Group. For purchase of interest from non controlling interests, the difference between any consideration paid and relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the equity is remeasured to its fair value, with the change in carrying amount recognised in the profit and loss account. The fair value is the initial carrying amount for the purposes of subsequent accounting for the retained interest as an associate, joint venture or financial assets. In addition, any amount previously recognised in other comprehensive income in respect to that entity are accounted for as if the Group had directly disposed off the related assets and liabilities.

2.3.2 Associates

Associates are all entities over which the Group has significant influence but no control. Investments in associate is accounted for using the equity method of accounting and are initially recognised at cost.

2.4 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less accumulated depreciation and any subsequent impairment losses, if any. The revaluation of related assets is carried out with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the balance sheet date.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit and loss account and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Residual values, useful lives and methods of depreciation are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

A revaluation deficit is recognised in profit and loss account, except that a deficit directly offsetting a previous surplus on any asset, in which case the deficit is recognised in surplus on revaluation of property, plant and equipment account. Surplus on revaluation can not be distributed to shareholders until it is transferred to retained earnings. An annual transfer from the surplus on revaluation of property, plant and equipment account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Group expects to use them during more than one year.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

2.5 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.

2.6 Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged to profit and loss account by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Group. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

2.7 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Group are classified as investment properties.

Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of these properties is carried out with sufficient regularity.

Gains and losses arising from a change in the fair value of investment properties are included in profit and loss account.

2.8 Impairment of non-financial assets

The Group assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of any other asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.9 Financial instruments

2.9.1 Financial assets

The Group classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Group becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade-date i.e. the date on which the Group commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transactions costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.9.2 Impairment

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.9.3 Financial liabilities

All financial liabilities are recognised at the time when the Group becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.9.4 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate and cross currency swaps to manage its risks associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognised 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 (unrealised gains) are included in 'other receivables' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the balance sheet. Any gains or losses arising from changes in fair value of derivatives that do not qualify for hedge accounting are recognised directly to the profit and loss account.

2.10 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the consolidated financial statements if the Group has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.11 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the balance sheet date.

Certain spares having low value and high consumption levels are charged to profit and loss account at the time of purchase.

The Group reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in the usage pattern and physical form.

2.12 Trade debts and other receivables

Trade and other debts are recognised at the fair value of consideration to be received against goods and services and are carried at amortised cost. Provision is made in respect of doubtful debts, if any. Debts, considered irrecoverable, are written off, as and when identified.

2.13 Taxation

2.13.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover, whichever is higher. For certain subsidiaries owning and operating vessels, the charge for current taxation is based on Final Tax Regime (FTR) under clause 21(a) of Part II of the Second Schedule to the Income Tax Ordinance, 2001.

2.13.2 Deferred

Deferred tax is accounted for, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.14 Insurance claims

Hull claims and other claimable expenses relating to hull are charged to income currently and claims filed there-against are taken to income when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are recognised to insurance claims receivable.

2.15 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 whether billed or not.

2.16 Provisions

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

2.17 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the consolidated financial statements in the period in which such dividends are declared / transfers are made.

2.18 Staff retirement benefits

2.18.1 The Group operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Group and its employees, to the fund at the rate of 10 percent of the basic salaries of employees.

2.18.2 Defined benefit gratuity scheme

The Group operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Group on or after October 16, 1984. Further, the Group also operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

The Group's crew members are also entitled to gratuity in accordance with the Pakistan Maritime Board Regulations. However, these employee benefits are recognised upon payment as the amounts involved are not material.

2.18.3 Post-retirement medical benefits

The Group provides lump sum medical allowance to its retired permanent employees in accordance with the service regulations.

During the year ended June 30, 2014, the Group has introduced the policy of post-retirement medical benefits to its shore based contractual employees with effect from October 29, 2013.

Provisions are made in the consolidated financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

2.18.4 Employees' compensated absences

The Group accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to profit and loss account currently. The remeasurement of defined benefit obligation arising at each valuation date is recognised immediately.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, deposits held with banks and other short-term highly liquid investments with maturities of three months or less.

2.20 Foreign currency translation

These consolidated financial statements are presented in Pakistani Rupee, which is the Group's functional and presentation currency.

Transactions in foreign currencies are recorded in Pakistani Rupee at the exchange rates approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani Rupee at the exchange rates approximating those prevalent at the balance sheet date. Gains and losses on translation are recognised to profit and loss account.

2.21 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge on or before the balance sheet date. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the balance sheet as 'Incomplete voyages'. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days to the balance sheet date.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Group's right to receive the dividend is established.

- Profit from bank accounts and return on investments is recognised on a time proportion basis.

2.22 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The Scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of SOEs need to be accounted for by the covered entities, including the Group, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2014, for the years ended June 30, 2014 and 2013 would have been as follows:

	Year ended June 30, 2014	Year ended June 30, 2013
	-----------(Rupees in '000)---------	
Staff costs of the Group for the year would have been higher by	77,977	104,474
Profit for the year would have been lower by	77,977	104,474
Earnings per share would have been lower by	0.59	0.79

	Year ended June 30, 2014	Year ended June 30, 2013
	-----------(Rupees in '000)---------	
Retained earnings would have been lowered by	654,499	576,522
Reserves would have been higher by	654,499	576,522

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the consolidated financial statements.

(a) Valuation of certain property, plant and equipment and investment properties;

(b) Determination of the residual values and useful lives of property, plant and equipment;

(c) Recognition of taxation and deferred taxation;

(d) Accounting for provision for impairment against loans and advances, trade debts, agents and owners balances, deposits and other receivables;

(e) Accounting for provision against damage claims;

(f) Accounting for defined benefit plans;

(g) Measuring fair value of cross currency swap and interest rate swap;

(h) Recoverable amount of investment in related parties; and

(i) Determination of contingent assets and liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

	Note	2014	2013
		-----------(Rupees in '000)---------	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	21,894,357	22,703,824
- Major spare parts and stand-by equipment	4.6	218,731	191,893
- Capital work-in-progress	4.8	454,480	315,260
		22,567,568	23,210,977

4.1 The following is a statement of operating fixed assets:

	Leasehold land (note 4.2 and 4.3)	Buildings on leasehold land (note 4.2 and 4.3)	Vessel fleet Cost	Vessel fleet Dry docking	Vessel fleet Total	Vehicles	Office equipment	Furniture and fittings	Motor launch and jetty	Equipment on board	Container fittings	Beach huts (note 4.2 and 4.3)	Workshop machinery and equipment (note 4.3)	Computer equipment	Total
	-----	-----	-----	-----	-----	-----	-----	(Rupees in '000)	-----	-----	-----	-----	-----	-----	-----
As at June 30, 2012															
Cost or revalued amount	649,060	553,235	23,247,577	805,866	24,053,443	68,045	48,958	31,720	18	17,262	3,468	14,988	14,883	33,811	25,488,891
Less: Accumulated depreciation	-	49,051	2,446,334	638,031	3,084,365	61,738	16,673	13,350	18	7,999	3,468	-	9,955	21,695	3,268,312
Net book value	649,060	504,184	20,801,243	167,835	20,969,078	6,307	32,285	18,370	-	9,263	-	14,988	4,928	12,116	22,220,579
Year ended June 30, 2013															
Opening net book value	649,060	504,184	20,801,243	167,835	20,969,078	6,307	32,285	18,370	-	9,263	-	14,988	4,928	12,116	22,220,579
Additions	-	24,803	1,344,773	254,653	1,599,428	-	1,477	70	-	5,593	-	-	74	3,074	1,634,519
Disposals															
Cost	-	-	(119,648)	(157,412)	(277,060)	-	(1,065)	(479)	-	(4,015)	-	-	-	-	(282,619)
Accumulated depreciation	-	-	23,694	147,398	171,092	-	1,012	230	-	2,471	-	-	-	-	174,805
	-	-	(95,954)	(10,014)	(105,968)	-	(53)	(249)	-	(1,544)	-	-	-	-	(107,814)
Depreciation charge for the year	-	(25,616)	(853,426)	(139,065)	(992,491)	(3,378)	(6,851)	(3,700)	-	(2,513)	-	(1,298)	(458)	(7,153)	(1,043,458)
Closing net book value	649,060	503,371	21,196,636	273,409	21,470,047	2,929	26,858	14,491	-	10,799	-	13,690	4,544	8,037	22,703,826
As at June 30, 2013															
Cost or revalued amount	649,060	578,038	24,472,702	903,107	25,375,809	68,045	49,370	31,311	18	18,840	3,468	14,988	14,957	36,885	26,840,789
Less: Accumulated depreciation	-	74,667	3,276,066	629,698	3,905,764	65,116	22,512	16,820	18	8,041	3,468	1,298	10,413	28,848	4,136,965
Net book value	649,060	503,371	21,196,636	273,409	21,470,045	2,929	26,858	14,491	-	10,799	-	13,690	4,544	8,037	22,703,824
Year ended June 30, 2014															
Opening net book value	649,060	503,371	21,196,636	273,409	21,470,045	2,929	26,858	14,491	-	10,799	-	13,690	4,544	8,037	22,703,824
Additions	-	8,638	-	229,671	229,671	-	1,026	136	-	2,098	-	-	333	5,243	247,145
Write off															
Cost	-	-	-	-	-	-	-	-	(18)	-	(3,468)	-	-	-	(3,486)
Accumulated depreciation	-	-	-	-	-	-	-	-	18	-	3,468	-	-	-	3,486
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(27,153)	(840,237)	(166,849)	(1,007,086)	(1,107)	(6,609)	(3,671)	-	(2,547)	-	(1,399)	(472)	(6,568)	(1,056,612)
Closing net book value	649,060	484,856	20,356,399	336,231	20,692,630	1,822	21,275	10,956	-	10,350	-	12,291	4,405	6,712	21,894,357
As at June 30, 2014															
Cost or revalued amount	649,060	586,676	24,472,702	1,132,778	25,605,480	68,045	50,396	31,447	-	20,938	-	14,988	15,290	42,128	27,084,448
Less: Accumulated depreciation	-	101,820	4,116,303	796,547	4,912,850	66,223	29,121	20,491	-	10,588	-	2,697	10,885	35,416	5,190,091
Net book value	649,060	484,856	20,356,399	336,231	20,692,630	1,822	21,275	10,956	-	10,350	-	12,291	4,405	6,712	21,894,357
Annual rate of depreciation (%) 2014	-	3 to 20	3.33	20 to 40	-	20	15	10 to 15	10 to 15	10 to 15	15	10	5 to 10	25	
Annual rate of depreciation (%) 2013	-	3 to 20	3.33	20 to 40	-	20	15	10 to 15	10 to 15	10 to 15	15	10	5 to 10	25	

4.2 The revaluation of the 'leasehold land', 'buildings on leasehold land' and 'beach huts' had been carried out as of June 30, 2012 by Pee Dee & Associates on the basis of their professional assessment of present market values. The revaluation resulted in a surplus of Rs 153.903 million on the written down values of Rs 1,010.686 million which was incorporated in the books of the Holding Company as at June 30, 2012. Out of the total revaluation surplus arisen, Rs 804.140 million (2013: Rs 813.778 million) remains undepreciated at June 30, 2014.

4.3 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	2014	2013
	---------(Rupees in '000)---------	
Leasehold land, buildings on leasehold land and beach huts	285,874	313,933
Workshop machinery and equipment	4,290	4,487
	290,164	318,420

4.4 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian authorities during the 1965 war and the Holding Company does not have physical possession or control over the vessel.

4.5 No operating fixed assets with a net book value exceeding Rs 50,000 were disposed of during the year.

	Note	2014	2013
		---------(Rupees in '000)---------	
4.6 Major spare parts and standby equipment			
Net carrying value			
Balance at beginning of the year		191,893	106,181
Additions during the year		48,888	97,963
Balance at end of the year		240,781	204,144
Depreciation		(22,050)	(12,251)
Net book value		218,731	191,893
4.7 The depreciation charge for the year has been allocated as follows:			
Fleet expenses - direct	30	1,026,798	982,016
Fleet expenses - indirect	31	474	458
Real estate expenses	32	21,816	20,282
Administrative and general expenses	33	24,860	27,885
Incomplete voyages	27	4,714	25,068
		1,078,662	1,055,709
4.8 Capital work-in-progress - buildings on leasehold land			
Balance at beginning of the year		315,260	287,652
Additions during the year		144,777	52,411
Transferred to operating fixed assets during the year		(5,557)	(24,803)
Balance at end of the year		454,480	315,260

5. INTANGIBLE ASSET

This represents cost of Rs 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

6. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		--------------(Rupees in '000)--------------------		
Balance as at June 30, 2014		1,043,560	37,036	1,080,596
Balance as at June 30, 2013	6.1	1,043,560	37,036	1,080,596

6.1 The revaluation of the Group's investment properties was carried out by Pee Dee & Associates as of June 30, 2012 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 91.060 million was determined in respect of leasehold land whereas a revaluation loss was determined on buildings on leasehold land amounting to Rs 8.092 million.

7. LONG-TERM INVESTMENT IN A RELATED PARTY (ASSOCIATE)

Equity method

No. of shares - ordinary		Name of the company	Country of incorporation	Share of net assets		Latest available audited financial statements for the year ended	Percentage holding	Face value per share		
2014	2013			2014	2013				2014	2013
				---(Rupees in '000)---			%	(Rupees)	-----(Rupees '000)------	
Associate - unlisted										
12,250	12,250	Muhammadi Engineering Works Limited Pakistan	Pakistan	1,600	1,600	December 31, 1982 (unaudited)	49	100	1,600	1,600
		Less: Accumulated impairment losses							1,600	1,600
									-	-

8. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND ANOTHER ENTITY

	Note	2014	2013
		---------(Rupees in '000)--------	
Financial assets designated as 'at fair value through profit or loss'			
Listed companies			
Siemens (Pakistan) Engineering Limited. 6,930 (2013: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2014 Rs 1,257 (2013: Rs 651.20).	8.1	8,711	4,513
Pakistan State Oil Company Limited. 115,358 (2013: 104,871) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2014 Rs 388.86 (2013: Rs 320.38).	8.2	44,858	33,598
		53,569	38,111
Available-for-sale financial asset			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited. 10,000 (2013: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		53,669	38,211

	Note	2014	2013
		---------(Rupees in '000)--------	
8.1 The Group holds 0.00084% (2013: 0.00084%) of the investee's share capital.			
Opening balance		4,513	5,177
Change in fair value		4,198	(664)
		8,711	4,513
8.2 The Group holds 0.04246% (2013: 0.04246%) of the investee's share capital.			
Opening balance		33,598	17,176
Change in fair value		11,260	16,422
		44,858	33,598

9. DEFERRED TAXATION

	Note	2014	2013
Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		136,660	129,710
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment	22	35,892	37,714
- accelerated depreciation		9,991	11,444
		45,883	49,158
		90,777	80,552

9.1 The management of the Group is confident that sufficient future taxable profits will be available against which deferred tax asset will be adjusted.

10. STORES AND SPARES

	2014	2013
	---------(Rupees in '000)--------	
Stores		
- at depots	9,495	12,703
- at buildings	845	1,093
- on board	22,991	15,499
	33,331	29,295
Spares		
- at buildings	1,062	1,749
- in transit	169	169
- on board	193,449	151,733
	194,680	153,651
Bunker on board	409,836	551,446
	637,847	734,392

	Note	2014	2013
		---------(Rupees in '000)--------	

11. TRADE DEBTS - unsecured

	Note	2014	2013
Considered good	11.1	2,439,569	1,177,691
Considered doubtful		242,749	252,814
		2,682,318	1,430,505
Less: Provision for impairment	11.2	242,749	252,814
		2,439,569	1,177,691

11.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

	Note	2014	2013
		---------(Rupees in '000)--------	
Upto 1 month		1,031,717	762,813
1 to 6 months		933,226	266,028
More than 6 months		474,626	148,850
		2,439,569	1,177,691

11.2 Provision for impairment

	Note	2014	2013
Balance at the beginning of the year		252,814	183,448
Provision made during the year	33	-	88,223
Provision reversed during the year		(9,961)	-
Provision written off during the year		(104)	(18,857)
Balance at the end of the year	11.3	242,749	252,814

11.3 As at June 30, 2014, trade debts of Rs 242.749 million (2013: Rs 252.814 million) were impaired and provided for.

	Note	2014	2013
		---------(Rupees in '000)--------	

12. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	2014	2013
Considered good	12.1	124,824	8,991
Considered doubtful		4,453	4,453
		129,277	13,444
Less: Provision for impairment		4,453	4,453
		124,824	8,991

12.1 The ageing analysis of these agents' and owners' balances that are past due but not impaired is as follows:

	2014	2013
	---------(Rupees in '000)--------	
Upto 1 month	60,128	3,631
1 to 6 months	64,033	4,569
More than 6 months	663	791
	124,824	8,991

	Note	2014	2013
		---------(Rupees in '000)--------	
13. LOANS AND ADVANCES - considered good			
To employees		1	1
Advances			
- employees		46,738	20,934
- contractors and suppliers		3,197	11,842
- others		8,628	34,767
		58,564	67,544
14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Deposits			
- considered good		9,914	8,464
- considered doubtful		369	369
		10,283	8,833
Less: Provision for impairment		369	369
		9,914	8,464
Prepayments		37,750	29,111
		47,664	37,575
15. OTHER RECEIVABLES			
Rent receivable			
- considered good	15.1	10,335	13,837
- considered doubtful		3,801	4,211
		14,136	18,048
Less: Provision for impairment	15.2	3,801	4,211
		10,335	13,837
Amount held by lawyer in respect of a guarantee provided to the court		4,952	72,719
Derivative cross currency interest rate swap	15.4 & 15.5	147,209	-
Others			
- considered good		181,129	81,422
- considered doubtful		12,659	12,659
	15.6	193,788	94,081
Less: Provision for impairment		12,659	12,659
		181,129	81,422
		343,625	167,978

15.1 The ageing analysis of rent receivables past due but not impaired is as follows:

	2014	2013
	---------(Rupees in '000)--------	
Upto 1 month	890	2,614
1 to 6 months	1,952	5,848
More than 6 months	7,493	5,375
	10,335	13,837

15.2 Provision for impairment

	2014	2013
Balance at the beginning of the year	4,211	4,600
Provision written off during the year	(410)	(160)
Provision reversed during the year	-	(229)
Balance at the end of the year	3,801	4,211

15.3 As at June 30, 2014, rent receivables of Rs 3.801 million (2013: Rs 4.211 million) were impaired and provided for. These receivables have been outstanding for more than three years.

15.4 The Holding Company has entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing. Under the terms of the cross currency swap arrangement, the Holding Company is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Holding Company shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. Furthermore, the Holding Company had also entered into an interest rate swap. Under the terms of the interest rate swap, the Holding Company receives a fixed interest of 13% per annum, whereas the Holding Company has to pay 3 months KIBOR for each quarter. The net fair value of cross currency interest and interest rate swap as determined by the bank were Rs 86.851 million (favourable) (2013: Rs 140.098 million (unfavourable)) and Rs 14.015 million (favourable) (2013: Rs 30.667 million) (favourable) respectively to the Holding Company as of the balance sheet date which has been increased by the net interest receivable and exchange loss aggregating Rs 46.343 million (2013: Rs 4.194 million) as at June 30, 2014.

15.5 On September 26, 2013, the Holding Company has early terminated one of its cross currency swap contract having a notional amount aggregating Rs 1,244.880 million. The early termination resulted in the payment by the Holding Company to the arranging bank aggregating Rs 87.624 million comprising of net effects of interest received aggregating Rs 7.982 million, exchange loss and swap spread paid amounting to Rs 60.565 million and Rs 35.041 million respectively.

15.6 This includes the following:

	2014	2013
	---------(Rupees in '000)--------	
Receivable from sundry debtors	128,226	71,953
Sales tax refund claims	26,017	14,396
Insurance claims receivable	29	-
Others	39,516	7,732
	193,788	94,081

16. INSURANCE CLAIMS

In addition to Rs 7.032 million claims aggregating to Rs 6.5 million (2013: Rs 42.3 million) are receivable from cargo owners and charterers. These amounts are determined on the basis of adjustment received from independent adjuster. The Group has not recognised these claims as receivable pending acceptance from the counter parties or underwriter.

17. SHORT-TERM INVESTMENTS

	Note	2014	2013
		---------(Rupees in '000)--------	
Term deposits with banks having maturity of			
- three to six months	17.1	1,497,440	-
- three months or less	17.2	797,440	1,995,450
		2,294,880	1,995,450

17.1 The mark-up on these term deposits denominated in local currency ranges from 10% to 10.50% (2013: Nil) per annum, whereas mark-up on term deposits denominated in foreign currency is 2% (2013: Nil) per annum.

17.2 The mark-up on these term deposits denominated in local currency ranges from 9.75% to 10.50% (2013: 8.9% to 12%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.6% to 2% (2013: 1.5% to 2.95%) per annum.

18. CASH AND BANK BALANCES

	Note	2014	2013
		---------(Rupees in '000)--------	
Cash at bank			
- in current accounts			
- local currency		413,495	392,946
- foreign currency		145,426	114,197
		558,921	507,143
- in saving accounts			
- local currency	18.1 & 18.2	1,290,962	1,278,218
- foreign currency	18.3	1,579	1,932
		1,292,541	1,280,150
Cash in hand		979	1,008
		1,852,441	1,788,301

18.1 This includes Rs 2.126 million (2013: Rs 2.126 million) and Rs 3 million (2013: Rs 3 million) held as security by Habib Bank Limited, P.N.S.C. Branch and Soneri Bank Limited, AKU Branch respectively against guarantees issued on behalf of the Holding Company.

18.2 The mark-up on savings accounts in local currency ranges from 4.8% to 9.4% (2013: 6% to 9.25%) per annum.

18.3 The mark-up on savings accounts in foreign currency ranges from 0.15% to 0.50% (2013: 0.15% to 0.50%) per annum.

19. SHARE CAPITAL

19.1 Issued, subscribed and fully paid-up capital

2014	2013		2014	2013
---------(No. of Shares)---------			--------(Rupees in '000)--------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to the GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Holding Company in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

19.2 As at June 30, 2014, the GoP held 109,919,234 (2013: 108,554,430) ordinary shares of the Holding Company.

20. RESERVES

	Note	2014	2013
		--------(Rupees in '000)--------	
Capital reserves	20.1	131,344	131,344
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(226,522)	(228,743)
- unappropriated profit (including general reserve)		21,239,196	19,221,818
		21,144,018	19,124,419

20.1 This includes amount transferred from shareholders' equity at the time of merger of former NSC and PSC.

21. NON-CONTROLLING INTEREST

	2014	2013
	--------(Rupees in '000)--------	
Share of non-controlling interest in:		
- share capital	59	59
- general reserve	10	10
- unappropriated profit	2,063	1,754
- profit for the year	383	309
	2,515	2,132

	Note	2014	2013
		--------(Rupees in '000)--------	
22. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX			
Balance at the beginning of the year		816,603	825,776
Less: Transferred to unappropriated profit:			
Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		7,449	6,975
Related deferred tax liability		2,189	2,198
		9,638	9,173
		806,965	816,603
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		37,714	45,666
- Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(2,189)	(2,198)
- Effect of change in statutory tax rate for next year		1,109	(1,305)
- Effect of allocation of revenue between presumptive tax regime and normal tax regime		(742)	(4,449)
	9	35,892	37,714
Balance at the end of the year		771,073	778,889
Less: Surplus on revaluation of fixed assets attributable to non-controlling interest		524	524
		770,549	778,365

23. LONG-TERM FINANCING

	Note	2014	2013
Financing under syndicate term finance agreement	23.1	5,142,882	6,282,672
Less: Current portion		1,150,674	1,150,674
		3,992,208	5,131,998
Financing under Term Finance Certificates agreement	23.1	742,861	907,496
Less: Current portion		166,208	166,208
		576,653	741,288
		4,568,861	5,873,286

23.1 During the year ended June 30, 2011, the Holding Company obtained a financing facility of Rs 10,300 million. The financing was obtained in the form of a syndicated term finance loan of Rs 9,000 million with the remaining amount of Rs 1,300 million in the form of Term Finance Certificates (TFCs) having a face value of Rs 5,000 each by way of private placement.

The financing carries mark-up of KIBOR+2.20%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date is November 23, 2018. The facility is secured by a first mortgage charge over certain vessels owned by subsidiary companies, all present and future receivables of the Holding Company from three major customers and its investment properties.

As at June 30, 2014, the Holding Company has drawn Rs 8,733.757 million (2013: Rs 8,733.757 million) and Rs 1,261.543 million (2013: Rs 1,261.543 million) from syndicated term finance and TFCs respectively. The Holding Company has also paid loan arrangement fee amounting to Rs 106.662 million out of which Rs Nil (2013: Rs 103.507 million) was included in the amortised cost of the long term financing whereas the remaining amount of Rs 3.155 million has been expensed out upon completion of the drawdowns and expiry of the facility on September 7, 2012.

	Note	2014	2013
		--------(Rupees in '000)--------	
24. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	24.1.3	86,899	72,652
- unfunded	24.1.3	100,995	67,166
		187,894	139,818
Post-retirement medical benefits	24.1.3	194,581	200,957
Employees' compensated absences	24.2.3	235,008	225,799
		617,483	566,574

24.1 Retirement benefit schemes

24.1.1 The disclosures made in note 24.1.2 to 24.1.12 are based on the information included in the actuarial valuation report as of June 30, 2014.

24.1.2 As stated in notes 2.18.2 and 2.18.3 of these consolidated financial statements, the Group operates a funded retirement gratuity scheme for those permanent employees who joined the Group before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	2014		2013	
	Employees' gratuity (funded and unfunded)	Post retirement medical benefits	Employees' gratuity (funded and unfunded)	Post retirement medical benefits
Discount rate	13.25%	13.25%	11.00%	11.00%
Future salary increases - for permanent employees				
For the year 2013-14	N/A	N/A	2.00%	N/A
For the year 2014-15	40.00%	N/A	40.00%	N/A
For the year 2015-16	2.00%	N/A	2.00%	N/A
For the year 2016-17	40.00%	N/A	40.00%	N/A
For the year 2017-18	2.00%	N/A	2.00%	N/A
For the year 2018-19	40.00%	N/A	40.00%	N/A
For the year 2019-20	2.00%	N/A	9.00%	N/A
For the year 2020-21 and onwards	13.25%	N/A	9.00%	N/A
Future salary increases - for contractual employees				
For the year 2013-14	N/A	N/A	15.00%	N/A
For the year 2014-15 till 2017-18	15.00%	N/A	15.00%	N/A
For the year 2018-19	15.00%	N/A	9.00%	N/A
For the year 2019-20 and onwards	13.25%	N/A	9.00%	N/A
Medical escalation rate	N/A	13.25%	N/A	11.00%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.			

		2014			2013		
		Employees' gratuity		Post retirement medical benefits	Employees' gratuity		Post retirement medical benefits
		Funded	Unfunded		Funded	Unfunded	
		--------(Rupees in '000)--------					
24.1.3	**Balance sheet reconciliation**						
	Present value of defined benefit obligation	397,045	100,995	194,581	435,454	67,166	200,957
	Fair value of plan assets	(310,146)	-	-	(362,802)	-	-
	Net liability in the balance sheet	86 ,899	100,995	194,581	72,652	67,166	200,957
24.1.4	**Movement in present value of defined benefit obligation**						
	Balance at the beginning of the year	435,454	67,166	200,957	438,334	51,122	131,833
	Current service cost	11,991	11,416	7,232	11,156	8,791	5,195
	Interest cost	44,414	6,890	21,032	53,094	7,097	22,730
	Benefits paid	(83,717)	(7,474)	(25,938)	(82,770)	(4,160)	(25,342)
	Recognised prior service cost	-	-	10,273	-	-	13,575
	Remeasurement of obligation	(11,097)	22,997	(18,975)	15,640	4,316	52,966
	Balance at the end of the year	397,045	100,995	194,581	435,454	67,166	200,957
24.1.5	**Movement in fair value of plan assets**						
	Balance at the beginning of the year	362,802	-	-	235,451	-	-
	Expected return on plan assets	36,829	-	-	24,842	-	-
	Contribution	-	-	-	200,000	-	-
	Benefits paid	(83,717)	-	-	(82,770)	-	-
	Remeasurement: Difference between actual return and expected return on assets	(5,768)	-	-	(14,721)	-	-
	Balance at the end of the year	310,146	-	-	362,802	-	-
24.1.6	**Movement in net liability in the balance sheet**						
	Balance at the beginning of the year	72,652	67,166	200,957	202,883	51,122	131,833
	Expense recognised for the year	19,576	18,306	38,537	39,408	15,888	41,500
	Contributions made by the Holding Company / payments	-	(7,474)	(25,938)	(200,000)	(4,160)	(25,342)
	Net actuarial (gains) / losses for the year	(5,329)	22,997	(18,975)	30,361	4,316	52,966
		86,899	100,995	194,581	72,652	67,166	200,957
24.1.7	**The amounts recognised in the profit and loss account**						
	Current service cost	11,991	11,416	7,232	11,156	8,791	5,195
	Net interest amount	7,585	6,890	21,032	28,252	7,097	22,730
	Prior service cost	-	-	10,273	-	-	13,575
	Expense	19,576	18,306	38,537	39,408	15,888	41,500
24.1.8	**Actual return on plan assets**						
	Expected return on plan assets	36,829	-	-	24,842	-	-
	Actuarial loss on plan assets	(5,768)	-	-	(14,721)	-	-
	Actual return on plan assets	31,061	-	-	10,121	-	-

		2014 Rupees in '000	2014 %	2013 Rupees in '000	2013 %
24.1.9	**Major categories / composition of plan assets**				
	Cash and cash equivalents	33,530	10.81%	61,164	16.86%
	Term deposit receipts of private commercial banks (unquoted)	276,616	89.19%	301,638	83.14%
		310,146	100%	362,802	100%

24.1.10 Amounts for the current period and previous annual period of the present value of defined benefit obligation and fair value of plan assets are as follows:

Employee gratuity	2014	2013
	-----------(Rupees in ‘000)------	
Present value of defined benefit obligation	498,040	502,620
Fair value of plan assets	(310,146)	(362,802)
Deficit	187,894	139,818
Experience loss / (gain) on defined benefit obligation	26,229	(29,117)
Experience loss on plan assets	(5,768)	(14,721)
Post-retirement medical benefits		
Present value of defined benefit obligation	194,581	200,957
Experience adjustment on defined benefit obligation	(17,594)	9,978

24.1.11 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

	One percentage point increase	One percentage point decrease
	-----------(Rupees in ‘000)------	
Future salary increase rate		
- funded	407,426	387,008
- unfunded	112,799	91,031
Discount rate		
- funded	387,332	407,271
- unfunded	91,267	112,722

24.1.12 Assumed medical cost escalation rate and discount rate have a significant effect on the post retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

	One percentage point increase	One percentage point decrease
	-----------(Rupees in ‘000)------	
Medical cost escalation rate	200,759	188,963
Discount rate	188,376	201,513

24.2 Employees' compensated absences

24.2.1 The disclosures made in notes 24.2.2 to 24.2.6 are based on the information included in the actuarial valuation carried out as of June 30, 2014.

24.2.2 As stated in note 2.18.4, the Group operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. Actuarial valuation is carried out annually and the latest valuation was carried out at June 30, 2014 using the Projected Unit Credit Method. The following significant assumptions were used for the actuarial valuation of the scheme:

	2014	2013
Discount rate	13.25%	11.00%
Future salary increases - for permanent employees		
For the year 2013-14	N/A	2.00%
For the year 2014-15 and 2016-17	40.00%	40.00%
For the year 2015-16 and 2017-18	2.00%	2.00%
For the year 2018-19	40.00%	40.00%
For the year 2019-20	2.00%	9.00%
For the year 2020-21 and onwards	13.25%	9.00%
Future salary increases - for contractual employees		
For the year 2013-14	N/A	15.00%
For the year 2014-15 and 2017-18	15.00%	15.00%
For the year 2018-19	15.00%	9.00%
For the year 2019-20 and onwards	13.25%	9.00%

24.2.3 Balance sheet reconciliation

	-----------(Rupees in '000)------	
Present value of defined benefit obligation (recognised)	235,008	225,799

24.2.4 Movement in present value of defined benefit obligation

Balance at the beginning of the year	225,799	197,863
Current service cost	58,268	46,852
Interest cost	25,413	30,261
Remeasurement on obligation	(14,231)	22,675
Benefits paid	(60,241)	(71,852)
Balance at the end of the year	235,008	225,799

24.2.5 Expenses

Current service cost	58,268	46,852
Interest cost	25,413	30,261
Remeasurement on obligation	(14,231)	22,675
Expense	69,450	99,788

24.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	2014	2013
	-----------(Rupees in '000)------	
Present value of defined benefit obligation	235,008	225,799
Experience gain on defined benefit obligation	(18,957)	(1,232)

24.3 Expected retirement benefits costs for the year ended June 30, 2015 are as follows:

	(Rupees in '000)
Gratuity	55,131
Post-retirement medical benefits	31,388
Compensated absences	89,504

24.4 During the year, the Group contributed Rs 10.589 million (2013: 11.876 million) to the provident fund.

25. TRADE AND OTHER PAYABLES

	Note	2014	2013
		(Rupees in '000)	
Creditors		102,188	286,024
Agents' and owners' balances		804,063	434,047
Accrued liabilities		1,262,344	665,087
Deposits	25.1	68,614	38,133
Derivative financial instruments	15.4 & 15.5	-	105,237
Unclaimed dividends		29,916	28,079
Sales tax payable		186	186
Bills payable		1,364	33,142
Advance from customers		128,305	136,678
Other liabilities			
- amounts retained from contractors		23,695	22,918
- others		99,626	104,780
		123,321	127,698
		2,520,301	1,854,311

25.1 These deposits are interest free and are repayable on demand or on completion of specific contracts.

26. PROVISION AGAINST DAMAGE CLAIMS

	Note	2014	2013
		(Rupees in '000)	
Balance at the beginning of the year		22,338	20,111
Charged during the year	34	15,847	7,663
Settled during the year		-	(452)
Reversed during the year	35	(6,212)	(4,984)
Balance at the end of the year		31,973	22,338

27. INCOMPLETE VOYAGES

	Note	2014	2013
Net freight		49,681	92,038
Salaries and allowances		2,708	11,524
Diesel, fuel and lubricants		18,530	88,767
Stores and spares consumed		4,744	23,973
Insurance		1,074	7,580
Charter hire and related expenses		5,992	32,793
Depreciation	4.7	4,714	25,068
Victualling		235	1,513
		37,997	191,218
		11,684	(99,180)

28. CONTINGENCIES AND COMMITMENTS

Contingencies

28.1 Amount in respect of claims not admitted by the Holding Company as at June 30, 2014 aggregate to Rs 368.244 million (2013: Rs 313.873 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.225 million (2013: Rs 5.429 million) approximately in respect of insurance claims which, if accepted, will be borne by the Holding Company as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 273.186 million (2013: Rs 152.058 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Holding Company. As a matter of prudence, the management has made a total provision of Rs 31.973 million (2013: Rs 22.338 million) against the aforementioned claims in these consolidated financial statements.

28.2 The Holding Company has not accepted liability in respect of customs duty approximating Rs 2.500 million (2013: Rs 2.500 million) relating to the sale of the vessel M.V. Bhambore during the year ended June 30, 1978. The duty was claimed from the Holding Company and the matter has been taken up with the appropriate Government agencies.

28.3 The former owners of East & West Steamship Company, Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Holding Company.

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2013: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Holding Company liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Holding Company.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2013: Rs 1.300 million) and Rs 66.800 million (2013: Rs 66.800 million) respectively.

The Holding Company disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

28.4 Certain other claims have been filed against the Holding Company in respect of employees' matters for an aggregate amount of approximately Rs 108.817 million (2013: Rs 102.468 million). These cases are pending and the management is confident that the outcome of these cases will be in the Holding Company's favour and accordingly no provision for above claims has been made in these consolidated financial statements.

28.5 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal Government under the scheme of financial restructuring of the Holding Company. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Holding Company and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of the Holding Company. The Income Tax Appellate Tribunal (ITAT) has given the decision in favour of the Holding Company on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court against the aforementioned orders of ITAT. The Honourable High Court has decided the appeal against the Holding Company. The leave to appeal filed by the Holding Company has been accepted by the Honourable Supreme Court and the decision of the High Court has been suspended. Hearing of the appeal is pending in the Honourable Supreme Court.

28.6 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) has issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Holding Company has paid Rs 170 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) - CIT(A). During the year, CIT (A) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters resulting in refund of Rs 90.579 million. The management has provided for all the matters that have been decided against the Holding Company, with the exception of disallowance of allocation of common expenses to profit on debt for tax year 2008 and 2009 which may result in increase of tax liability by Rs 17.848 million. The Holding Company has filed an appeal with the ITAT in respect of aforementioned disallowances. The management of the Holding Company is confident that the matters in appeals shall be eventually decided in its favour.

28.7 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company had paid Rs 160.513 million (2013: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year, CIT (A) in his order has upheld certain additions and has given decisions in favour of the Holding Company on certain matters, and has worked out refund of Rs 15.068 million. The Holding Company and the tax department have filed appeals with the ITAT in respect of aforementioned disallowances. The management of the Holding Company is confident that the subject matter in respect of tax year 2011 will eventually be decided in favour of the Holding Company.

28.8 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. The Holding Company has paid Rs 65 million under protest and has filed an appeal with the CIT (A) and at present the matter is pending for hearing. The management of the Holding Company is confident that the subject matter in respect of tax year 2012 will eventually be decided in favour of the Holding Company.

28.9 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Holding Company on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR disallowed the basis of apportionment of expenses. The Holding Company has paid Rs 288.265 million under protest and adjusted Rs 15.068 million against refunds available for the tax year 2011. Further the management has filed an appeal with the CIT (A) and at present the matter is pending for hearing. The management of the Holding Company is confident that the subject matter in respect of tax year 2013 will eventually be decided in favour of the Holding Company.

28.10 During the year ended June 30, 2014, the Deputy Commissioner Inland Revenue (DCIR) has issued assessment orders under section 161 of the ITO, 2001 in respect of tax years 2008 to 2013. According to the orders, the DCIR has held that the Holding Company was required to withhold tax under section 152 (2) of the ITO, 2001 while making payments to non-resident shipping Companies, and the failure to deduct tax at source renders it personally liable to pay tax along with default surcharge on the unpaid amount of tax, under section 205 of the ITO, 2001. By virtue of above orders a total tax demand of Rs 2,695.502 million was raised by the tax authorities. The Holding Company has filed an appeal with the CIT (A) and at present the matter is pending for hearing. The management of the Holding Company is confident that the subject matter in respect of tax year 2008 to 2013 will eventually be decided in favour of the Holding Company, and hence no provision has been recorded in the consolidated financial statements in respect of the said matter.

28.11 During the year ended June 30, 2014, the Assistant Commissioner Sindh Revenue Board (AC) has passed an order under Sindh Sales Tax on Services Act, 2011 for the tax period July 2011 to June 2012. The AC has held the Holding Company liable to pay sales tax on 'Administrative and Financial Services' provided to its subsidiaries and has also levied sales tax on the services that are provided by the Holding Company outside Sindh. By virtue of above order an additional tax demand of Rs 12.654 million, alongwith default surcharge of Rs 1.012 million was raised by the taxation authorities. The Holding Company paid the amount under protest and filed Appeal with Commissioner Appeals - SRB (CA) which was decided against the Holding Company. The Holding Company has filed another appeal against the decision of CA with the Appellate Tribunal, SRB which is pending for hearing.

28.12 Without prejudice to the Holding Company's contention on the matters stated in notes 28.5 to 28.11, the management has, as a matter of prudence, provided an aggregate amount of Rs 250 million (2013: Rs 250 million) in respect of aforementioned matters.

28.13 The OIR issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2003 against Karachi Shipping (Private) Limited (KSPL). According to the amended order, OIR made additions to taxable income of KSPL aggregating to Rs 163.523 million mainly on account of interest income and gain on sale of fixed assets, which have been taxed separately. KSPL made payment of Rs 70.315 million under protest, being the additional tax demand raised by the OIR in his order and filed an appeal against the subject order with CIT(A). Consequently, KSPL filed a petition to Alternate Dispute Resolution Committee (ADRC) with respect to the said matter. During the year ended June 30, 2009, the ADRC upheld the decision of OIR and decided the matter against KSPL. As KSPL was not satisfied with the order, KSPL continued to pursue its remedy against CIT(A) which is, at present, pending for hearing.

The management of KSPL is confident that the matter in the appeal shall eventually be decided in its favour. Without prejudice to the contentions of the management, the management has as a matter of prudence provided for amount aggregating Rs 70.315 million as payment under protest in these consolidated financial statements.

28.14 During the year ended June 30, 2011, the OIR has issued an order under section 122 (5A) of the ITO, 2001 in respect of tax year 2008 against KSPL. According to the order, OIR has made certain additions to the income of KSPL and determined tax demand aggregating Rs 11.225 million. KSPL has obtained stay order against the payment of aforesaid tax demand and filed an appeal with the CIT(A). During the year ended June 30, 2012, the CIT(A) has maintained certain disallowances and set aside the action of the OIR in invoking the provisions of section 108 of the ITO, 2001. As KSPL was not satisfied with the order, KSPL has filed an appeal with the ITAT.

The management of KSPL is confident that the matter in the appeal shall eventually be decided in its favour. Accordingly, no provision has been made in these consolidated financial statements against the aforementioned tax demand.

28.15 The OIR issued an amended assessment order under section 122(5A) of the ITO, 2001 in respect of tax year 2004 against Swat Shipping (Private) Limited (SSPL). According to the amended order, OIR made additions to taxable income of SSPL aggregating to Rs 58.018 million mainly on account of other income and gain on sale of fixed assets, by taxing them separately. SSPL made payment of Rs 11.893 million under protest, against the additional tax demand of Rs 23.787 million raised by the OIR in his order and filed an appeal against the subject order with CIT(A). CIT(A), in his order, allowed partial relief to SSPL by reducing additional tax assessed to Rs 10.676 million resulting in refund claim of Rs 1.217 million. Being, aggrieved by the decision, SSPL and the tax authorities have filed appeals with the ITAT which are pending for hearing.

The management of SSPL is confident that the matter in the appeal shall eventually be decided in its favour. Accordingly, no provision has been made in these consolidated financial statements against the aforementioned tax demand.

28.16 While framing tax assessment for the income year ended June 30, 2005, the OIR issued order under section 122 (5A) of the ITO, 2001 whereby demand of Rs 139.118 million was raised by the tax department against Lalazar Shipping (Private) Limited (LSPL). According to the order, the OIR is of the view that the income appearing under the head ‘other income’ in the annual audited financial statements for the said year is taxable under normal tax regime with reference to section 39 of the ITO, 2001. LSPL had filed appeals with the CIT (A) and ITAT, however, the appeals were decided in favour of the tax department.

During the year ended June 30, 2011, the Honourable High Court had heard the appeal filed by LSPL and reduced the tax demand raised by OIR to Rs 68.284 million. LSPL had paid the reduced tax demand under protest and filed an appeal with the Honourable Supreme Court for which leave to appeal was granted to LSPL. Further, the tax department had also filed an appeal with the Honourable Supreme Court against the order and the matter is at present pending for hearing.

The management of LSPL is confident that the matter shall eventually be decided in favour of LSPL. However, the management, without prejudice to its contention in respect of the subject matter, as a matter of prudence, had provided an aggregate amount of Rs 68.284 million in this respect.

Commitments

28.17 Commitments in respect of capital expenditure amount to Rs 193.057 million (2013: Rs 285.589 million).

28.18 Outstanding letters of guarantee amount to Rs 5.126 million (2013: Rs 5.126 million).

	Note	2014	2013
		----------(Rupees in '000)-------	

29. INCOME FROM SHIPPING BUSINESS

	Note	2014	2013
Owned vessels			
- combi vessels		25,771	156,960
- bulk carriers		2,512,075	1,772,202
- oil tankers		4,751,035	4,622,121
		7,288,881	6,551,283
Chartered vessels			
- slot charter		1,503,241	2,121,883
- voyage charter		6,793,294	3,455,610
		8,296,535	5,577,493
		15,585,416	12,128,776

30. FLEET EXPENSES - DIRECT

	Note	2014	2013
Stevedoring and transhipment expenses		13,900	12,363
Diesel, fuel and lubricants consumed		2,394,434	2,158,061
Ocean loss		21,793	63,063
Port, light, canal and customs dues		651,194	548,370
Salaries and allowances		621,866	530,361
Charter hire and related expenses	30.1	6,620,384	3,689,356
Fleet communication expenses		24,018	18,149
Agency commission and brokerage		140,384	123,571
Victualling expenses		66,991	60,256
Insurance		276,105	266,834
Claim charges		-	1,814
Stores and spares consumed		153,751	184,933
Repairs, maintenance and special surveys		150,056	122,996
Depreciation on opening incomplete voyage	27	25,068	9,452
Depreciation	4.7	1,026,798	982,016
		1,051,866	991,468
Exchange (gain) / loss		(39,940)	11,026
Services sales tax expense		8,447	4,218
Additional war risk		15,771	11,437
Sales tax expense		-	1,193
Sundry expenses		72,621	63,147
		12,243,641	8,862,616

30.1 Charter hire and related expenses

	Note	2014	2013
Foreign flag vessels			
- voyage charter expenses		5,854,181	2,644,257
- slot charter expenses		766,203	1,045,099
		6,620,384	3,689,356

31. FLEET EXPENSES - INDIRECT

	Note	2014	2013
Conference establishment expenses		-	300
Salaries and allowances	31.1	14,838	21,083
Agents' and other general expenses	31.2	15,881	8,738
Legal and professional charges		1,931	1,967
Depreciation	4.7	474	458
General establishment expenses		754	626
		33,878	33,172

31.1 This includes Rs 1.756 million (2013: Rs 1.215 million) in respect of provident fund contribution.

		Note	2014	2013
			----------(Rupees in '000)-------	
31.2	Agents' and other general expenses			
	Legal and professional charges		5,094	804
	Printing and stationery		57	40
	Advertisement and publicity		1,185	1,191
	Telephone, telex and postage		3,172	5,288
	Air freight		1,328	1,127
	Bank charges and commission		382	273
	Sundry expenses		4,663	15
			15,881	8,738

32. REAL ESTATE EXPENSES

	Note	2014	2013
Salaries and allowances	32.1	8,658	12,939
General establishment expenses	32.2	25,752	18,113
Rent, rates and taxes		7,286	7,144
Insurance		4,008	4,029
Depreciation	4.7	21,816	20,282
Legal and professional charges		21	3,428
		67,541	65,935

32.1 This includes Rs 0.246 million (2013: Rs 0.289 million) in respect of provident fund contribution.

		2014	2013
		----------(Rupees in '000)-------	
32.2	General establishment expenses		
	Repairs and maintenance	5,718	3,171
	Security charges	6,632	4,340
	Light, power and water	13,064	10,249
	Vehicle running, repairs and maintenance expenses	338	353
		25,752	18,113

33. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2014	2013
Workshop management expense		56,098	55,704
Salaries and allowances	33.1	468,787	452,476
General establishment expenses	33.2	193,637	164,979
Rent, rates and taxes		5,972	7,568
Scholarship and training expenses		2,196	2,620
Insurance		3,586	3,947
Depreciation	4.7	24,860	27,885
Directors' fee	41.2	1,350	955
Legal and professional charges		28,649	17,400
Services sales tax expense		339	-
Sales tax expense		17,236	-
Provision for doubtful debts	11.2	-	88,223
Loss on settlement of trade debts		13,798	-
Sundry expenses		8	1,380
		816,516	823,137

33.1 This includes Rs 8.587 million (2013: Rs 10.377 million) in respect of provident fund contribution.

	Note	2014	2013
		----------(Rupees in '000)-------	

33.2 General establishment expenses

	Note	2014	2013
Repairs and maintenance		9,973	10,578
Medical expenses		53,975	43,818
Contribution to employees welfare fund		9	11
Contribution to group term insurance		1,865	1,766
Security charges		2,524	1,839
Travelling and conveyance		47,702	31,118
Entertainment and canteen subsidy		2,884	2,763
Books, periodicals and subscription		5,506	5,673
Uniform and liveries		1,204	800
Hajj expenses		1,551	1,767
Printing and stationery		3,825	3,115
Telephone, telex and postage		6,954	7,323
Light, power and water		10,263	17,420
Computer expenses		7,851	7,468
Advertisement and publicity		5,083	3,909
Vehicle running, repairs and maintenance expenses		17,779	16,789
Ship inspection expenses		2,269	581
Sundry expenses		12,420	8,241
		193,637	164,979

34. OTHER EXPENSES

	Note	2014	2013
Donations	34.1	1,000	100
Auditors' remuneration	34.2	11,289	7,529
Demurrage expenses		128,791	-
Employees' gratuity			
- funded	24.1.7	19,576	39,408
- unfunded	24.1.7	18,306	15,888
		37,882	55,296
Post retirement medical benefits	24.1.7	38,537	41,500
Employees' compensated absences	24.2.5	69,450	99,788
Provision in respect of damage claims	26	15,847	7,663
		302,796	211,876

34.1 Donations were not made to any donee in which the Group or a director or his spouse had any interest.

34.2 Auditors' remuneration

	2014			2013		
	A. F. Ferguson & Co.	Ernst & Young Ford Rhodes Sidat Hyder	Total	A. F. Ferguson & Co.	Ernst & Young Ford Rhodes Sidat Hyder	Total
	(Rupees in '000)					
Audit fee - the Holding Company	1,061	1,061	2,122	1,036	1,036	2,072
Audit fee - subsidiaries	1,461	1,461	2,922	1,461	1,461	2,922
Review of half yearly financial statements	360	360	720	350	350	700
Review of compliance with the best practices of the code of corporate governance	106	106	212	100	100	200
Fee for audit of the consolidated financial statements	130	130	260	125	125	250
Tax advisory services	4,286	-	4,286	692	-	692
Central Depository Company certification fees	15	-	15	-	15	15
Out of pocket expenses	376	376	752	375	303	678
	7,795	3,494	11,289	4,139	3,390	7,529

35. OTHER INCOME

	Note	2014	2013
		(Rupees in '000)	
Income from financial assets / liabilities			
Income from saving account and term deposits		271,510	251,535
Dividend income		821	1,233
Agency fee		28,051	9,039
Gain on revaluation of long-term investments		15,458	15,758
Gain on revaluation of swap derivative - net		210,297	167,324
Exchange gain		10,051	33,086
Income from non-financial assets			
Gain on disposal of fixed assets		-	118,401
Sale of scrap		456	334
Provisions no longer required written back		16,173	24,200
Insurance claims	35.1	80,495	181,037
Demurrage income		-	464
Ocean loss written back		1,050	-
Sundry income		54,539	98,507
		688,901	900,918

35.1 This represents recoveries from hull, cargo and other claims according to the insurance policies.

	Note	2014	2013
		----------(Rupees in '000)-------	

36. FINANCE COSTS

	Note	2014	2013
Interest on long-term financing		796,913	964,854
Gain on cross currency interest rate swap derivative	36.1	(251,104)	(254,344)
Bank charges		3,036	4,448
		548,845	714,958

36.1 This relates to the amount received during the year on account of quarterly exchanges and terminations under the swap arrangement as explained in note 15.4 amounting to Rs 251.104 million (2013: Rs 254.344 million).

37. TAXATION

	2014	2013
	----------(Rupees in '000)-------	
Tax charge for:		
- current year	305,430	301,785
- prior years	(42,579)	76,372
	262,851	378,157
Deferred	(9,678)	72,662
	253,173	450,819

37.1 Relationship between tax expense and accounting profit

	2014	2013
Accounting profit before tax	2,402,230	2,442,158
Tax rate	34%	35%
Tax on accounting profit	816,758	854,755
Tax effect in respect of income / expenses not admissible for calculation of taxable profit	4,645	70,729
Tax effect of lower tax rates on certain incomes:		
- Tax saving due to lower income tax rates	(433,744)	(459,777)
- Tax liability under final tax regime	(101,082)	(100,465)
	(534,826)	(560,242)
Effect of charging deferred tax on different rate than current tax	2,593	2,368
Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	(4,589)	4,940
	(532,177)	(482,205)
	284,581	372,550
Tax effects of adjustments in respect of taxes paid abroad	11,171	1,897
Tax effects of adjustments in respect of prior years	(42,579)	76,372
Tax expense for the year	253,173	450,819

	2014	2013
	----------(Rupees in '000)-------	

38. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY

	2014	2013
Profit for the year	2,148,674	1,991,030
	---------(No. of Shares)---------	
Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
	-------------(Rupees)------------	
Earnings per share - basic and diluted	16.27	15.08

There were no dilutive potential ordinary shares outstanding as at June 30, 2014 and 2013.

39. CASH GENERATED FROM OPERATIONS

	Note	2014	2013
		----------(Rupees in '000)-------	
Profit before taxation		2,402,230	2,442,158
Adjustments for non-cash charges and other items:			
Depreciation		1,078,662	1,040,093
Provision in respect of damage claims		15,847	7,663
Provision for employees' gratuity		37,882	55,296
Provision for employees' compensated absences		69,450	99,788
Provision for post retirement medical benefits		38,537	41,500
Dividend income		(821)	(1,233)
Provision for impairment on doubtful receivables		-	88,223
Provision no longer required written back		(6,212)	(4,984)
Interest / mark-up income		(271,510)	(251,535)
Interest / mark-up expense		799,949	969,302
Gain on revaluation of long-term investments		(15,458)	(15,758)
Gain on disposal of property, plant and equipment		-	(118,401)
Gain on cross currency interest rate swap derivative		(461,401)	(421,668)
Long term advance rent earned		-	(11,349)
Working capital changes	39.1	(268,051)	(695,288)
		3,419,104	3,223,807

	Note	2014	2013
		----------(Rupees in '000)-------	

39.1 Working capital changes

	2014	2013
Increase in current assets:		
Stores and spares	96,545	(262,708)
Trade debts	(1,261,878)	(833,844)
Agents' and owners' balances	(115,833)	(8,462)
Loans and advances	8,980	(34,831)
Deposits and short-term prepayments	(10,089)	(10,077)
Other receivables	(28,438)	(78,889)
Insurance claims	162,408	(147,955)
Short term investment	-	6,000
	(1,148,305)	(1,370,766)
Increase in current liabilities:		
Incomplete voyages	110,864	36,160
Trade and other payables	769,390	639,318
	880,254	675,478
	(268,051)	(695,288)

40. CASH AND CASH EQUIVALENTS

	Note	2014	2013
Short-term investments having maturity of three months or less	17	797,440	1,995,450
Cash and bank balances	18	1,852,441	1,788,301
		2,649,881	3,783,751

41. REMUNERATION OF CHAIRMAN, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman, Executive Directors and other Executives of the Group were as follows:

	2014	2013	2014	2013	2014	2013
	Chairman & Chief Executive		Executive Directors		Other Executives	
	-------------------------------(Rupees in '000)-------------------------------					
Managerial remuneration and allowances	805	2,099	18,812	19,464	264,669	198,085
Retirement benefits	-	-	-	-	8,032	925
House rent	-	600	2,549	2,679	98,783	70,955
Conveyance	-	-	-	-	9,036	4,976
Entertainment	317	121	705	547	3,852	1,937
Medical	440	318	1,645	1,252	15,880	8,477
Utilities	459	136	1,872	1,844	36,926	26,971
Personal staff subsidy	-	22	-	-	121	127
Club membership fee and expenses	250	249	489	737	99	-
Bonus	-	-	2,766	1,550	44,891	17,168
Other allowances	664	203	1,176	-	240,358	162,135
	2,935	3,748	30,014	28,073	722,647	491,756
Number of persons	2	2	4	5	267	207

41.1 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Group are entitled to retirement benefits as outlined in note 2.18 to these consolidated financial statements. The Chairman and Chief Executive, Executive Directors and certain Executives are provided with Group owned and maintained cars.

41.2 The aggregate amount charged in these consolidated financial statements for fee to 6 (2013: 5) non-executive directors was Rs 1.350 million (2013: Rs 0.955 million).

41.3 During the year ended June 30, 2014, a Chief Executive was replaced by another Chief Executive.

42. FINANCIAL INSTRUMENTS BY CATEGORY

	2014	2013
	----------(Rupees in '000)-------	
FINANCIAL ASSETS		
Financial assets at fair value through profit or loss		
Long-term investments - listed companies	53,569	38,111
Derivative financial instruments	147,209	-
Loans and receivables		
Loans - employees	59	59
Trade debts	2,439,569	1,177,691
Agents' and owners' balances	124,824	8,991
Deposits	9,914	5,324
Interest / mark-up accrued	35,009	19,899
Other receivables	196,416	167,978
Insurance claims	7,032	169,440
Short-term investments	2,294,880	1,995,450
Cash and bank balances	1,852,441	1,788,301
	6,960,144	5,333,133
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	7,161,022	5,371,344
FINANCIAL LIABILITIES		
Fair value through profit or loss		
Derivative financial instruments	-	105,237
Amortised cost		
Long-term financing	5,885,743	7,190,168
Trade and other payables	2,520,301	1,612,210
Accrued mark-up on long-term financing	78,515	91,087
	8,484,559	8,998,702

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Group's activities are exposed to a variety of financial risks namely credit risk, market risk (including currency risk, cash flow and fair value interest rate risk and price risk) and liquidity risk. The Group is not exposed to any significant price risk as it does not hold any major investments exposed to price risk. The Group has established adequate procedures to manage each of these risks as explained below.

43.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

As at June 30, 2014, out of the total financial assets of Rs 7,161.022 million (2013: Rs 5,371.343 million) , the financial assets which are subject to credit risk amounted to Rs 7,160.043 million (2013: Rs 5,370.335 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Group relates to amounts due from the Public Sector organisations. Due to the Group's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Group.

For banks and financial institutions, only independently rated parties with a minimum credit rating of A are accepted.

43.1.2 Market Risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group faces foreign currency risk on receivable, payable transactions at foreign ports and the derivative cross currency interest rate swap.

As at June 30, 2014, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 30.772 million (2013: Rs 81.913 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2014, the effect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Group has a high exposure to interest rate risk due to the long-term financing. In order to manage its exposure to such risks the management of the Group has entered into a derivative cross currency interest rate swap under which the Group receives three months KIBOR on the PKR notional in exchange for payment of three months LIBOR on the USD notional. During the year ended June 30, 2012, to further manage the exposure to such risk, management had obtained interest rate swap under which the Group receives a fixed interest rate of 13% in exchange for payment of KIBOR.

The Group has interest bearing liabilities that have floating interest rates. At June 30, 2014, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been lower / higher by Rs 10.480 million (2013: Rs 12.192 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange 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 effects of changes in fair value of investments made by the Group, on the future profits are not considered to be material in the overall context of these consolidated financial statements.

43.1.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Group believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Group on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
2014	-----------------------------(Rupees in '000)-------------------------------				
Long term financing	7,712,144	1,932,063	1,864,640	3,915,441	-
Trade and other payables	2,520,301	2,520,301	-	-	-
Derivative financial instruments	-	-	-	-	-
Accrued mark-up on long-term financing	78,515	78,515	-	-	-
	10,310,960	4,530,879	1,864,640	3,915,441	-
2013	-----------------------------(Rupees in '000)-------------------------------				
Long term financing	9,694,388	2,109,536	1,956,723	4,940,387	687,742
Trade and other payables	1,612,210	1,612,210	-	-	-
Derivative instruments liabilities	105,237	105,237	-	-	-
Accrued mark-up on long-term financing	91,087	91,087	-	-	-
	11,502,922	3,918,070	1,956,723	4,940,387	687,742

43.1.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The Group classifies financial instruments measured in the balance sheet at fair value in accordance with the following fair value measurement:

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).

The Group's financial assets measured at fair value comprise of level 1 financial assets amounting to Rs 53.669 million (2013: Rs 38.111 million) and level 3 financial assets amounting to Rs 147.209 million (2013: Nil) and financial liabilities amounting to Rs Nil (2013: Rs 105.237 million).

43.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Group is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Group's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2014 and 2013 were as follows:

	2014	2013
	--------(Rupees in '000)--------	
Long-term financing (note 23)	5,885,743	7,190,168
Total equity	22,467,167	20,447,185
Total	28,352,910	27,637,353
Debt-to-equity ratio	21:79	26:74

44. ENTITY WIDE INFORMATION

44.1 The Group constitutes a single reportable segment, the principal classes of services provided are transportation of dry cargo and liquid cargo through chartered and owned vessels, and rental of properties.

44.2 Information about services

The Group's principal classes of services accounted for the following amount of revenue:

	2014	2013
	--------(Rupees in '000)--------	
Transportation of dry cargo	4,041,087	4,051,045
Transportation of liquid cargo	11,544,329	8,077,731
Rental income	141,130	124,158
	15,726,546	12,252,934

44.3 Information about geographical areas

The Group does not hold non-current assets in any foreign country.

44.4 Information about major customers

The Group has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	2014 Revenue	
	Amount (Rupees in '000)	% of Total
Client 1	7,277,834	47
Client 2	6,137,418	39
	13,415,252	86

	2013 Revenue	
	Amount (Rupees in '000)	% of Total
Client 1	2,941,168	24
Client 2	2,556,927	21
Client 3	1,348,604	11
	6,846,699	56

45. RELATED PARTY DISCLOSURES

Related parties comprise of companies affiliated to the Holding Company and the directors, chief executives of the Holding Company and employee funds maintained by the Holding Company. Particulars of remuneration to key personnel are disclosed in note 41 to these consolidated financial statements.

The significant transactions carried out by the Group with related parties are given below:

	2014	2013
	--------(Rupees in '000)--------	
Contributions to Provident Fund	10,589	11,881
Key management personnel compensation	32,949	31,821
Directors' fee	1,350	955

46. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Provident Fund (the Fund):

	Note	2014	2013
		--------(Rupees in '000)--------	
Size of the Fund - Total assets		888,525	916,676
Cost of investments made		850,181	769,480
Percentage of investments made		94.67%	92.75%
Fair value of investments	46.1	841,133	850,181

46.1 The break-up of fair value of investments is:

	2014		2013	
	(Rs in '000)	----%----	(Rs in '000)	----%----
Government securities	460,593	55%	95,785	12%
Debt securities	-	0%	300,000	35%
Mutual funds	380,540	45%	454,396	53%
	841,133	100%	850,181	100%

46.2 The investments out of the Fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose.

47. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2014 and 2013 respectively are as follows:

	2014	2013
	------(No. of Employees)------	
Average number of employees during the year	963	981
Number of employees as at end of the year	954	972

48. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

48.1 The Board of Directors at the meeting held on September 16, 2014 have proposed for the year ended June 30, 2014, cash dividend of Rs 1.5 per share (2013: Re 1 per share) amounting to Rs 198.095 million (2013: Rs 132.063 million) subject to the approval of the members at the annual general meeting to be held on October 30, 2014. The consolidated financial statements for the year ended June 30, 2014 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

49. GENERAL

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

50. DATE OF AUTHORISATION

These consolidated financial statements were authorised for issue on September 16, 2014 by the Board of Directors of the Holding Company.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Report and Accounts
of
Pakistan National Shipping Corporation (Holding Company)

for the year ended June 30, 2014

Auditors' Report to the Members

A. F. FERGUSON & CO.
CHARTERED ACCOUNTANTS
a member firm of the PwC network
STATE LIFE BUILDING 1-C
I. I. CHUNDRIGAR ROAD
KARACHI

ERNST & YOUNG FORD RHODES SIDAT HYDER
CHARTERED ACCOUNTANTS
a member firm of Ernst & Young Global Limited
PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

We have audited the annexed balance sheet of Pakistan National Shipping Corporation (the Corporation) as at June 30, 2014 and the related profit and loss account, statement of changes in equity and cash flow statement 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 Corporation'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 as applicable in Pakistan 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 Corporation 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;

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

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

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PROGRESSIVE PLAZA
BEAUMONT ROAD
KARACHI

(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 changes in equity and cash flow statement 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 Corporation's affairs as at June 30, 2014 and of the profit, its changes in equity and cash flows 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 Corporation and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.

A. F. FERGUSON & CO.
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurshid Hasan

Ernst & Young Ford Rhodes Sidat Hyder

ERNST & YOUNG FORD RHODES SIDAT HYDER
Chartered Accountants
Karachi: September 16, 2014
Audit Engagement Partner : Khurram Jameel

Balance Sheet

As at June 30, 2014

	Note	2014	2013
		-----------(Rupees in '000)-----------	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	1,642,894	1,535,411
Intangible asset	5	-	-
Investment properties	6	1,080,596	1,080,596
Long-term investments in:			
- Related parties (subsidiaries and an associate)	7	25,189,063	25,189,063
- Listed companies and another entity	8	53,669	38,211
		25,242,732	25,227,274
Long-term loans and advances		58	58
Deferred taxation	9	90,777	80,552
		28,057,057	27,923,891
CURRENT ASSETS			
Stores and spares	10	11,402	100,381
Trade debts	11	1,987,993	771,219
Agents' and owners' balances	12	124,824	8,991
Loans and advances	13	58,564	67,544
Trade deposits and short-term prepayments	14	45,604	37,126
Interest / mark-up accrued on bank deposits and investments		34,539	19,836
Other receivables	15	239,755	35,450
Incomplete voyages	16	5,992	50,242
Taxation-net		737,000	252,591
Short-term investments	17	2,294,880	1,995,450
Cash and bank balances	18	1,842,531	1,778,997
		7,383,084	5,117,827
TOTAL ASSETS		35,440,141	33,041,718
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital			
Authorised (200,000,000 Ordinary shares of Rs 10 each)		2,000,000	2,000,000
Issued, subscribed and fully paid-up capital	19	1,320,634	1,320,634
Reserves	20	6,314,151	5,633,268
		7,634,785	6,953,902
Surplus on revaluation of property, plant and equipment - net of tax	21	768,248	776,064
NON-CURRENT LIABILITIES			
Long-term financing	22	4,568,861	5,873,286
Deferred liabilities	23	617,483	566,574
		5,186,344	6,439,860
CURRENT LIABILITIES			
Trade and other payables	24	20,423,394	17,441,585
Provision against damage claims	25	31,973	22,338
Current portion of long-term financing	22	1,316,882	1,316,882
Accrued markup on long-term financing		78,515	91,087
		21,850,764	18,871,892
TOTAL EQUITY AND LIABILITIES		35,440,141	33,041,718
CONTINGENCIES AND COMMITMENTS	26		

The annexed notes 1 to 50 form an integral part of these financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Profit and Loss Account
For the year ended June 30, 2014

	Note	2014	2013
		---------(Rupees in '000)----------	
REVENUE			
Chartering revenue	27	8,296,535	5,577,493
Service fees - net	28	290,625	262,051
Rental income		140,525	123,348
		8,727,685	5,962,892
EXPENDITURE			
Fleet expenses - direct	29	(6,591,784)	(3,703,500)
- indirect	30	(23,359)	(28,777)
Vessel management expenses	31	(368,501)	(429,990)
Real estate expenses	32	(67,541)	(65,935)
		(7,051,185)	(4,228,202)
GROSS PROFIT		1,676,500	1,734,690
Administrative and general expenses	33	(390,493)	(278,430)
Other expenses	34	(296,226)	(201,157)
Other income	35	576,611	530,695
		(110,108)	51,108
OPERATING PROFIT		1,566,392	1,785,798
Finance costs	36	(546,681)	(711,933)
PROFIT BEFORE TAXATION		1,019,711	1,073,865
Taxation	37	(216,435)	(414,308)
PROFIT FOR THE YEAR		803,276	659,557
OTHER COMPREHENSIVE INCOME FOR THE YEAR			
Items that will not be reclassified to profit and loss account			
Remeasurement of post-retirement benefits obligation		1,307	(87,643)
Tax on remeasurement of post-retirement benefits obligation		914	13,333
		2,221	(74,310)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		805,497	585,247
		--------------(Rupees)--------------	
EARNINGS PER SHARE - basic and dilutive	38	6.08	4.99

Note: The appropriations from profits are set out in the statement of changes in equity.

The annexed notes 1 to 50 form an integral part of these financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and fully paid-up share capital	Capital reserve	Revenue reserves: Unappropriated profit	Revenue reserves: Remeasurement of post-retirement benefits obligation - net of tax	Total
	(Rupees in '000)				
Balance as at July 1, 2012	1,320,634	126,843	5,134,668	(154,433)	6,427,712
Final cash dividend for the year ended June 30, 2012 @ Re 0.5 per ordinary share	-	-	(66,032)	-	(66,032)
Profit for the year	-	-	659,557	-	659,557
Other comprehensive loss for the year	-	-	-	(74,310)	(74,310)
Total comprehensive income for the year	-	-	659,557	(74,310)	585,247
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged	-	-	6,975	-	6,975
Balance as at June 30, 2013	1,320,634	126,843	5,735,168	(228,743)	6,953,902
Final cash dividend for the year ended June 30, 2013 @ Re 1 per ordinary share	-	-	(132,063)	-	(132,063)
Profit for the year	-	-	803,276	-	803,276
Other comprehensive income for the year	-	-	-	2,221	2,221
Total comprehensive income for the year	-	-	803,276	2,221	805,497
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax (note 21)	-	-	7,449	-	7,449
Balance as at June 30, 2014	1,320,634	126,843	6,413,830	(226,522)	7,634,785

The annexed notes 1 to 50 form an integral part of these financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014	2013
		---------(Rupees in '000)---------	
Cash flows from operating activities			
Cash generated from operations	39	3,100,569	3,024,271
Employees' gratuity paid		(7,474)	(204,160)
Employees' compensated absences paid		(60,241)	(71,852)
Post-retirement medical benefits paid		(25,938)	(25,342)
Long-term loans and advances		-	14
Finance costs paid		(791,624)	(974,015)
Receipts under cross currency interest rate swap		208,955	102,104
Damage claims paid		-	(452)
Taxes paid		(710,522)	(351,468)
Net cash generated from operating activities		1,713,725	1,499,100
Cash flows from investing activities			
Purchase of property, plant and equipment		(154,596)	(57,104)
Proceeds from disposal of property, plant and equipment		-	1,690
Long-term investments - related parties		-	(1,336,115)
Short term investments made during the year		(1,497,440)	-
Interest / mark-up received		256,398	240,420
Dividends received		821	1,233
Net cash used in investing activities		(1,394,817)	(1,149,876)
Cash flows from financing activities			
Long-term financing (repaid) / obtained - net		(1,323,158)	224,397
Dividends paid		(130,226)	(64,676)
Net cash (used in) / generated from financing activities		(1,453,384)	159,721
Net (decrease) / increase in cash and cash equivalents		(1,134,476)	508,945
Cash and cash equivalents at beginning of year		3,774,447	3,265,502
Cash and cash equivalents at end of year	40	2,639,971	3,774,447

The annexed notes 1 to 50 form an integral part of these financial statements.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

1. GENERAL INFORMATION

1.1 Pakistan National Shipping Corporation (the Corporation) was established under the provisions of the Pakistan National Shipping Corporation Ordinance, 1979 and is principally engaged in the business of shipping, including charter of vessels, transportation of cargo and other related services and providing commercial, technical, administrative, financial and other services to third parties in relation to the business of shipping. The Corporation is also engaged in renting out its properties to tenants under lease arrangements. The Corporation is listed on the Karachi and Lahore Stock Exchanges. The Corporation's registered office is situated at PNSC Building, Moulvi Tamizuddin Khan Road, Karachi.

1.2 The Corporation had applied for delisting from the Lahore Stock Exchange (LSE) in the year 2002. However, at present the matter of delisting from LSE is pending subject to a final decision by the Honourable Supreme Court of Pakistan.

2. SIGNIFICANT ACCOUNTING INFORMATION AND POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements are the separate financial statements of the Corporation and 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 (the Ordinance), provisions of and directives issued under the Ordinance. In case requirements differ, the provisions or directives of the Ordinance shall prevail. These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

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 judgment in the process of applying the Corporation's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 of these financial statements.

2.2 New standards, amendments to published approved accounting standards and interpretations

2.2.1 New amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2014

There were certain new amendments to the approved accounting standards and new interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which became effective during the year but are considered not to be relevant or have any significant effect on the Corporation's operations and are, therefore, not disclosed in these financial statements.

2.2.2 New standard, amendments to approved accounting standards and new interpretations that are not yet effective and have not been early adopted by the Corporation:

There are certain amendments to the approved accounting standards and new interpretation issued by IFRIC which will be effective after July 1, 2014 but are considered not to be relevant or are expected to have any significant effect on the Corporation's operations and are, therefore, not disclosed in these financial statements.

2.3 Property, plant and equipment

These are initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses, if any, except for leasehold land, buildings on leasehold land, beach huts and workshop machinery and equipment which are carried at revalued amounts less accumulated depreciation and any subsequent impairment losses, if any. The revaluation of related assets is carried out with sufficient regularity to ensure that the carrying amounts do not differ materially from those which would have been determined using fair values at the balance sheet date.

The value assigned to leasehold land is not depreciated as the leases are expected to be renewed for further periods on payment of relevant rentals. Annual lease rentals are charged to profit and loss account and premium paid at the time of renewal, if any, is amortised over the remaining period of the lease.

Depreciation is charged to income applying the straight line method whereby the depreciable amount of an asset is depreciated over its estimated useful life.

No depreciation is charged if the asset's residual value exceeds its carrying amount.

Full month's depreciation is charged in the month of acquisition and no depreciation is charged in the month of disposal. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use.

Residual values, useful lives and methods of depreciation are reviewed at each balance sheet date and adjusted if expectations differ significantly from previous estimates.

A revaluation deficit is recognised in profit and loss account, except that a deficit directly offsetting a previous surplus on any asset, in which case the deficit is recognised in surplus on revaluation of property, plant and equipment account. Surplus on revaluation can not be distributed to shareholders until it is transferred to retained earnings. An annual transfer from the surplus on revaluation of property, plant and equipment account to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the assets and the depreciation based on the assets' original cost. Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the assets and the net amount is restated to the revalued amount of the assets. Upon disposal, any revaluation reserve relating to the particular assets being sold is transferred to retained earnings.

Major spare parts and stand-by equipment qualify for recognition as property, plant and equipment when the Corporation expects to use them during more than one year.

Maintenance and normal repairs are charged to profit and loss account as and when incurred. Major renewals, replacements and improvements are capitalised and assets so replaced, if any, are retired.

2.4 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.

2.5 Intangible assets

Intangible assets are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and impairment losses, if any.

Amortisation is charged to profit and loss account by applying straight-line method whereby the cost less residual value, if not insignificant, of an asset is written off over its estimated useful life to the Corporation. Full month's amortisation is charged in the month of acquisition and no amortisation is charged in the month of disposal.

2.6 Investment properties

Properties held for long-term rental yields which are significantly rented out by the Corporation are classified as investment properties.

Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of these properties is carried out with sufficient regularity.

Gains and losses arising from a change in the fair value of investment properties are included in profit and loss account.

2.7 Investments in subsidiaries and associate

Investments in subsidiaries and associate are stated at cost less provision for impairment, if any.

2.8 Impairment of non-financial assets

The Corporation assesses at each balance sheet date whether there is any indication that the assets may be impaired. If such indications exist, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment charge is recognised in income except for impairment loss on revalued assets, which is recognised directly against revaluation surplus of any other asset to the extent that the impairment loss does not exceed the amount held in the revaluation surplus.

2.9 Financial instruments

2.9.1 Financial assets

The Corporation classifies its financial assets in the following categories:

a) Financial assets at fair value through profit or loss

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

b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

All financial assets are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognised at trade-date i.e. the date on which the Corporation commits to purchase or sell the asset.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit and loss are initially recognised at fair value and transactions costs are expensed in the profit and loss account.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using effective interest rate method.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all the risks and rewards of ownership.

2.9.2 Impairment

The Corporation assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

2.9.3 Financial liabilities

All financial liabilities are recognised at the time when the Corporation becomes a party to the contractual provisions of the instrument.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired.

2.9.4 Derivative financial instruments

The Corporation uses derivative financial instruments such as interest rate and cross currency swaps to manage its risks associated with interest and exchange rate fluctuations. Such derivative financial instruments are initially recognised 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 (unrealised gains) are included in 'other receivable' and derivatives with negative market values (unrealised losses) are included in 'trade and other payables' in the balance sheet. Any gains or losses arising from changes in fair value of derivatives are recognised directly to the profit and loss account.

2.9.5 Off-setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount is reported in the financial statements if the Corporation has a legally enforceable right to set-off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.10 Stores and spares

Stores are valued at weighted average cost while spares are valued at cost determined on first-in first-out basis. Stores and spares in transit are valued at cost incurred upto the balance sheet date.

Certain spares having low value and high consumption levels are charged to profit and loss account at the time of purchase.

The Corporation reviews the carrying amount of stores and spares on a regular basis and provision is made for obsolescence if there is any change in the usage pattern and physical form.

2.11 Trade debts and other receivables

Trade and other debts are recognised at the fair value of consideration to be received against goods and services and are carried at amortised cost. Provision is made in respect of doubtful debts, if any. Debts, considered irrecoverable, are written off, as and when identified.

2.12 Taxation

2.12.1 Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account tax credits and tax rebates available, if any, and tax paid on final tax basis or minimum tax on turnover, whichever is higher.

2.12.2 Deferred

Deferred tax is accounted for, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax asset is recognised to the extent it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2.13 Insurance claims

Hull claims and other claimable expenses relating to hull are charged to income currently and claims filed there-against are taken to income when such claims are accepted by the underwriters.

Afloat medical expenses, cargo claims and other relevant amounts recoverable from underwriters are recognised to insurance claims receivable.

2.14 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 whether billed or not.

2.15 Provisions

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

2.16 Dividend and appropriations

Dividends declared and transfers between reserves made subsequent to the balance sheet date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

2.17 Staff retirement benefits

2.17.1 The Corporation operates an approved provident fund scheme for all its permanent employees. Equal monthly contributions are made, both by the Corporation and its employees, to the fund at the rate of 10 percent of the basic salaries of employees.

2.17.2 Defined benefit gratuity scheme

The Corporation operates a funded retirement gratuity scheme for its permanent employees other than those who joined the Corporation on or after October 16, 1984. Further, the Corporation operates an unfunded retirement gratuity scheme for contractual employees. Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually under the projected unit credit method. The remeasurement of defined benefit contribution is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

2.17.3 Post-retirement medical benefits

The Corporation provides lump sum medical allowance to its retired permanent employees in accordance with the service regulations.

During the year ended June 30, 2014, the Corporation has introduced the policy of post-retirement medical benefits for its shore based contractual employees with effect from October 29, 2013.

Provisions are made in the financial statements to cover obligations on the basis of actuarial valuation carried out annually using the projected unit credit method. The remeasurement of post-retirement benefit obligation is recognised directly to equity through other comprehensive income.

The benefit is payable on completion of prescribed qualifying period of service under these schemes.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

2.18 Employees' compensated absences

The Corporation accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Annual provisions to cover the obligations under the scheme are based on actuarial estimates and are charged to profit and loss account currently. The remeasurement of defined benefit obligation arising at each valuation date is recognised immediately.

Actuarial valuation is carried out annually and the latest valuation was carried out as at June 30, 2014 using the projected unit credit method.

2.19 Cash and cash equivalents

Cash and cash equivalents include cash in hand, cheques in hand, deposits held with banks and other short-term highly liquid investments with maturities of three months or less.

2.20 Foreign currency translation

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

Transactions in foreign currencies are recorded in Pakistani Rupee at the exchange rates approximating those prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are reported in Pakistani Rupee at the exchange rates approximating those prevalent at the balance sheet date. Gains and losses on translation are recognised to profit and loss account.

2.21 Revenue recognition

- Earnings in respect of voyages other than time charter voyages are accounted for on the basis of completed voyages. Voyages are taken as complete when a vessel arrives at the last port of discharge on or before the balance sheet date. Freight revenue, direct and indirect operating expenses associated with the incomplete voyages are deferred until completion of voyage and are classified in the balance sheet as 'Incomplete voyages'. With respect to time charter voyages, chartering revenue is accounted for on the basis of number of days to the balance sheet date.

- Fee for technical, commercial, administrative and financial services are recognised as revenue when the services are rendered.

- Rental income is recognised as revenue on a straight line basis over the term of the respective lease arrangements.

- Dividend income is recognised when the Corporation's right to receive the dividend is established.

- Profit from bank accounts and return on investments is recognised on a time proportion basis.

2.22 Benazir Employees' Stock Option Scheme

On August 14, 2009, the Government of Pakistan (GoP) launched Benazir Employees' Stock Option Scheme (the Scheme) for employees of certain State Owned Enterprises (SOEs) and non-State Owned Enterprises where GoP holds significant investments (non-SOEs). The scheme is applicable to permanent and contractual employees who were in employment of these entities on the date of launch of the Scheme, subject to completion of five years vesting period by all contractual employees and by permanent employees in certain instances.

The Scheme provides for a cash payment to employees on retirement or termination based on the price of shares of respective entities. To administer this scheme, GoP shall transfer 12% of its investment in such SOEs and non-SOEs to a trust fund to be created for the purpose of such entities. The eligible employees would be allotted units by each Trust Fund in proportion to their respective length of service and on retirement or termination of such employees would be entitled to receive such amounts from Trust Funds in exchange for the surrendered units as would be determined based on market price of listed entities or breakup value of non-listed entities. The shares related to the surrendered units would be transferred back to GoP.

The Scheme also provides that 50% of dividend related to shares transferred to the respective Trust Fund would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by the respective Trust Fund to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficits, if any, in Trust Funds to meet the re-purchase commitment would be met by GoP.

The Scheme, developed in compliance with the stated GoP policy of the empowerment of employees of State Owned Enterprises need to be accounted for by the covered entities, including the Corporation, under the provisions of amended International Financial Reporting Standard-2 'Share Based Payments' (IFRS 2). However, keeping in view the difficulties that may be faced by the entities covered under the Scheme, the Securities & Exchange Commission of Pakistan on receiving the representation from some of the entities covered under the Scheme and after having consulted the Institute of Chartered Accountants of Pakistan, has granted exemption vide SRO 587(I)/2011 dated June 7, 2011 to such entities from application of IFRS 2 to the Scheme.

Had the exemption not been granted, the impact based on the independent actuarial valuations conducted as on June 30, 2014, for the years ended June 30, 2014 and 2013 would have been as follows:

	Year ended June 30, 2014	Year ended June 30, 2013
	---------------(Rupees in '000)---------------	
Staff costs of the Corporation for the year would have been higher by	73,784	99,001
Profit for the year would have been lower by	73,784	99,001
	--------------------(Rupees)--------------------	
Earnings per share would have been lower by	0.56	0.75

	Year ended June 30, 2014	Year ended June 30, 2013
	---------------(Rupees in '000)---------------	
Retained earnings would have been lower by	631,142	557,358
Reserves would have been higher by	631,142	557,358

3. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS

The preparation of the Corporation's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

In the process of applying the accounting policies, management has made the following estimates and judgements which are significant to the financial statements.

(a) Valuation of certain property, plant and equipment and investment properties;

(b) Determination of the residual values and useful lives of property, plant and equipment;

(c) Recognition of taxation and deferred taxation;

(d) Accounting for provision for impairment against loans and advances, trade debts, agents and owners balances, deposits and other receivables;

(e) Accounting for provision against damage claims;

(f) Accounting for defined benefit plans;

(g) Measuring fair value of cross currency swap and interest rate swap;

(h) Recoverable amount of investment in related parties; and

(i) Determination of contingent assets and liabilities.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

	Note	2014	2013
		-----------(Rupees in '000)--------	
4. PROPERTY, PLANT AND EQUIPMENT			
- Operating fixed assets	4.1	1,188,414	1,220,151
- Capital work-in-progress	4.7	454,480	315,260
		1,642,894	1,535,411

4.1 The following is a statement of operating fixed assets:

	Leasehold land(notes 4.2 & 4.3)	Buildings on leasehold land (notes 4.2 & 4.3)	Vessel (note 4.4)	Vehicles	Office equipment	Furniture and fittings	Motor launch and jetty	Equipment on board	Container fittings	Beach huts (notes 4.2 & 4.3)	Workshop machinery and equipment (note 4.3)	Computer equipment	Total
	---(Rupees in '000)---												
As at June 30, 2012													
Cost or revalued amount	649,060	549,049	1,440	67,777	48,925	31,709	18	1,736	3,468	14,988	14,886	33,811	1,416,867
Less: Accumulated depreciation	-	48,509	1,440	61,470	16,642	13,338	18	787	3,468	-	9,957	21,695	177,324
Net book value	649,060	500,540	-	6,307	32,283	18,371	-	949	-	14,988	4,929	12,116	1,239,543
Year ended June 30, 2013													
Opening net book value	649,060	500,540	-	6,307	32,283	18,371	-	949	-	14,988	4,929	12,116	1,239,543
Additions	-	24,803	-	-	1,477	69	-	-	-	-	73	3,074	29,496
Disposals													
Cost	-	-	-	-	(1,065)	(479)	-	-	-	-	-	-	(1,544)
Accumulated depreciation	-	-	-	-	1,012	230	-	-	-	-	-	-	1,242
	-	-	-	-	(53)	(249)	-	-	-	-	-	-	(302)
Depreciation charge for the year	-	(25,577)	-	(3,378)	(6,851)	(3,700)	-	(171)	-	(1,298)	(458)	(7,153)	(48,586)
Closing net book value	649,060	499,766	-	2,929	26,856	14,491	-	778	-	13,690	4,544	8,037	1,220,151
As at June 30, 2013													
Cost or revalued amount	649,060	573,852	1,440	67,777	49,337	31,299	18	1,736	3,468	14,988	14,959	36,885	1,444,819
Less: Accumulated depreciation	-	74,086	1,440	64,848	22,481	16,808	18	958	3,468	1,298	10,415	28,848	224,668
Net book value	649,060	499,766	-	2,929	26,856	14,491	-	778	-	13,690	4,544	8,037	1,220,151
Year ended June 30, 2014													
Opening net book value	649,060	499,766	-	2,929	26,856	14,491	-	778	-	13,690	4,544	8,037	1,220,151
Additions	-	8,638	-	-	1,026	136	-	-	-	-	333	5,243	15,376
Write off													
Cost	-	-	-	-	-	-	(18)	-	(3,468)	-	-	-	(3,486)
Accumulated depreciation	-	-	-	-	-	-	18	-	3,468	-	-	-	3,486
	-	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation charge for the year	-	(27,116)	-	(1,107)	(6,609)	(3,671)	-	(171)	-	(1,399)	(472)	(6,568)	(47,113)
Closing net book value	649,060	481,288	-	1,822	21,273	10,956	-	607	-	12,291	4,405	6,712	1,188,414
As at June 30, 2014													
Cost or revalued amount	649,060	582,490	1,440	67,777	50,363	31,435	-	1,736	-	14,988	15,292	42,128	1,456,709
Less: Accumulated depreciation	-	101,202	1,440	65,955	29,090	20,479	-	1,129	-	2,697 -	10,887	35,416	268,295
Net book value	649,060	481,288	-	1,822	21,273	10,956	-	607	-	12,291	4,405	6,712	1,188,414
Annual rate of depreciation (%) 2014		3 to 20	4	20	15	10 to 15	10 to 15	10 to 15	15	10	5 to 10	33	
Annual rate of depreciation (%) 2013		3 to 20	4	20	15	10 to 15	10 to 15	10 to 15	15	10	5 to 10	33	

4.2 The revaluation of the 'leasehold land', 'buildings on leasehold land' and 'beach huts' was carried out as of June 30, 2012 by Pee Dee & Associates on the basis of their professional assessment of present market values. The revaluation resulted in a surplus of Rs 153.903 million on the written down values of Rs 1,010.686 million which were incorporated in the books of the Corporation as at June 30, 2012. Out of the total revaluation surplus arisen, Rs 804.140 million (2013: Rs 813.778 million) remains undepreciated at June 30, 2014.

4.3 Had there been no revaluation, the carrying amount of revalued assets would have been as follows:

	2014	2013
	---------(Rupees in '000)--------	
Leasehold land, buildings on leasehold land and beach huts	285,874	313,933
Workshop machinery and equipment	4,290	4,487
	290,164	318,420

4.4 Cost and accumulated depreciation of vessel amounting to Rs 1.440 million relates to M.V Ilyas Bux. This vessel was seized by the Indian authorities during the 1965 war and the Corporation does not have physical possession or control over the vessel.

4.5 No operating fixed assets with a net book value exceeding Rs 50,000 were disposed off during the year.

4.6 The depreciation charge for the year has been allocated as follows:

	Note	2014	2013
		----------(Rupees in '000)-------	
Fleet expenses - indirect	30	474	458
Vessel management expenses	31	22,341	25,315
Real estate expenses	32	21,816	20,282
Administrative and general expenses	33	2,482	2,531
		47,113	48,586

4.7 Capital work-in-progress - buildings on leasehold land

	2014	2013
Balance at beginning of the year	315,260	287,652
Additions during the year	144,777	52,411
Transferred to operating fixed assets during the year	(5,557)	(24,803)
Balance at end of the year	454,480	315,260

5. INTANGIBLE ASSET

5.1 This represents cost of Rs. 16.503 million of software "Ship Management Expert System" (SES). SES was being amortised over the useful life of five years and was fully amortised during the year ended June 30, 2009, however, it is still in active use.

6. INVESTMENT PROPERTIES

	Note	Leasehold land	Buildings on leasehold land	Total
		-----------------(Rupees in '000)-----------------		
Balance as at June 30, 2014		1,043,560	37,036	1,080,596
Balance as at June 30, 2013	6.1	1,043,560	37,036	1,080,596

6.1 The revaluation of the Corporation's investment properties was carried out by Pee Dee & Associates as of June 30, 2012 on the basis of their professional assessment of present market value. As a result, a revaluation gain of Rs 91.060 million was determined in respect of leasehold land whereas a revaluation loss was determined on buildings on leasehold land amounting to Rs 8.092 million.

7. LONG-TERM INVESTMENTS IN RELATED PARTIES (SUBSIDIARIES AND AN ASSOCIATE)

No. of shares - ordinary 2014	No. of shares - ordinary 2013	Name of the company	Country of incorpo-ration	Latest available audited financial statements for the year ended	Percentage holding 2014	Percentage holding 2013	Face value per share	2014	2013
							(Rupees)	-----(Rupees in '000)------	
(i) Subsidiary companies - unlisted									
10,000,000	10,000,000	Bolan Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	100,000	100,000
275,344,100	275,344,100	Chitral Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	2,753,441	2,753,441
226,825,500	226,825,500	Hyderabad Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	2,268,255	2,268,255
15,686,000	15,686,000	Islamabad Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	156,860	156,860
36,000	36,000	Johar Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	360	360
7,286,000	7,286,000	Kaghan Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	72,860	72,860
330,000,000	330,000,000	Karachi Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	3,451,994	3,451,994
16,736,000	16,736,000	Khairpur Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	167,360	167,360
340,000,000	340,000,000	Lahore Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	3,400,000	3,400,000
14,686,000	14,686,000	Lalazar Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	146,860	146,860
9,486,000	9,486,000	Makran Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	94,860	94,860
336,016,700	336,016,700	Malakand Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	3,360,167	3,360,167
14,054,750	14,054,750	Multan Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	1,405,475	1,405,475
		Pakistan Co-operative Ship Stores							
1,600	1,600	(Private) Limited	Pakistan	June 30, 2014	73	73	100	868	868
500,000,000	500,000,000	Quetta Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	5,000,000	5,000,000
6,936,000	6,936,000	Sargodha Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	69,360	69,360
6,786,000	6,786,000	Shalamar Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	67,860	67,860
254,012,300	254,012,300	Sibi Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	2,540,123	2,540,123
13,236,000	13,236,000	Swat Shipping (Private) Limited	Pakistan	June 30, 2014	100	100	10	132,360	132,360
								25,189,063	25,189,063
(ii) Associate - unlisted									
12,250	12,250	Muhammadi Engineering Works Limited	Pakistan	December 31, 1982	49	49	100	1,600	1,600
		Less: Accumulated impairment losses		(unaudited)				1,600	1,600
								-	-
								25,189,063	25,189,063

8. LONG-TERM INVESTMENTS IN LISTED COMPANIES AND ANOTHER ENTITY

	Note	2014	2013
		---------(Rupees in '000)--------	
Financial assets designated as 'at fair value through profit or loss'			
Listed companies			
Siemens (Pakistan) Engineering Limited. 6,930 (2013: 6,930) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2014 Rs 1,257 (2013: Rs 651.20).	8.1	8,711	4,513
Pakistan State Oil Company Limited. 115,358 (2013: 104,871) fully paid ordinary shares of Rs 10 each. Market value per share as at June 30, 2014 Rs 388.86 (2013: Rs 320.38).	8.2	44,858	33,598
		53,569	38,111
Available-for-sale financial asset			
Other entity - carried at cost			
Pakistan Tourism Development Corporation Limited. 10,000 (2013: 10,000) fully paid ordinary shares of Rs 10 each.		100	100
		53,669	38,211

8.1 The Corporation holds 0.00084% (2013: 0.00084%) of the investee's share capital.

	2014	2013
Opening balance	4,513	5,177
Change in fair value	4,198	(664)
	8,711	4,513

8.2 The Corporation holds 0.04246% (2013: 0.04246%) of the investee's share capital.

	2014	2013
Opening balance	33,598	17,176
Change in fair value	11,260	16,422
	44,858	33,598

9. DEFERRED TAXATION

	Note	2014	2013
Deductible temporary differences arising in respect of short-term provisions and deferred liabilities		136,660	129,710
Taxable temporary differences arising in respect of:			
- surplus on revaluation of property, plant and equipment	21	35,892	37,714
- accelerated depreciation		9,991	11,444
		45,883	49,158
		90,777	80,552

9.1 The management is confident that sufficient future taxable profits will be available against which deferred tax asset will be adjusted.

10. STORES AND SPARES

	Note	2014	2013
		---------(Rupees in '000)--------	
Stores			
- at depot		9,495	11,351
- at buildings		845	1,093
		10,340	12,444
Spares			
- at buildings		1,062	1,749
Bunker on board		-	86,188
		11,402	100,381

11. TRADE DEBTS - unsecured

	Note	2014	2013
Considered good	11.1	1,987,993	771,219
Considered doubtful		17,280	18,265
		2,005,273	789,484
Less: Provision for impairment	11.2	17,280	18,265
		1,987,993	771,219

11.1 The ageing analysis of these trade debts that are past due but not impaired is as follows:

	Note	2014	2013
		--------(Rupees in '000)---------	
Upto 1 month		787,061	581,226
1 to 6 months		744,299	128,412
More than 6 months		456,633	61,581
		1,987,993	771,219

11.2 Provision for impairment

	Note	2014	2013
Balance at the beginning of the year		18,265	17,625
Provision made during the year	33	-	3,165
Provision reversed during the year	35	(881)	(2,525)
Provision written off during the year		(104)	-
Balance at the end of the year		17,280	18,265

As at June 30, 2014, trade debts of Rs 17.280 million (2013: Rs 18.265 million) were impaired and provided for. These balances have been outstanding for more than three years.

12. AGENTS' AND OWNERS' BALANCES - unsecured

	Note	2014	2013
		--------(Rupees in '000)---------	
Considered good	12.1	124,824	8,991
Considered doubtful		4,453	4,453
		129,277	13,444
Less: Provision for impairment		4,453	4,453
		124,824	8,991

12.1 The ageing analysis of these agents' and owners' balances that are past due but not impaired is as follows:

	Note	2014	2013
		----------(Rupees in '000)---------	
Upto 1 month		60,128	3,631
1 to 6 months		64,033	4,569
More than 6 months		663	791
		124,824	8,991

13. LOANS AND ADVANCES - considered good

	Note	2014	2013
To employees		1	1
Advances			
- employees		46,738	20,934
- contractors and suppliers		3,197	11,842
- others		8,628	34,767
		58,564	67,544

14. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2014	2013
Deposits			
- considered good		9,868	8,250
- considered doubtful		369	369
		10,237	8,619
Less: Provision for impairment		369	369
		9,868	8,250
Prepayments		35,736	28,876
		45,604	37,126

15. OTHER RECEIVABLES

	Note	2014	2013
Rent receivable			
- considered good	15.1	10,282	13,792
- considered doubtful		3,801	4,211
		14,083	18,003
Less: Provision for impairment	15.2	3,801	4,211
		10,282	13,792
Derivative cross currency interest rate swap	15.4 & 15.5	147,209	-
Others			
- considered good	15.6	82,264	21,658
- considered doubtful		12,659	12,659
	15.7	94,923	34,317
Less: Provision for impairment		12,659	12,659
		82,264	21,658
		239,755	35,450

15.1 The ageing analysis of rent receivables that are past due but not impaired is as follows:

	Note	2014	2013
		--------(Rupees in '000)--------	
Upto 1 month		837	2,385
1 to 6 months		1,952	5,643
More than 6 months		7,493	5,764
		10,282	13,792

15.2 Provision for impairment

	Note	2014	2013
Balance at the beginning of the year		4,211	4,600
Provision written off during the year		(410)	(218)
Provision reversed during the year	35	-	(171)
Balance at the end of the year	15.3	3,801	4,211

15.3 As at June 30, 2014, rent receivables of Rs 3.801 million (2013: Rs 4.211 million) were impaired and provided for. These receivables have been outstanding for more than three years.

15.4 The Corporation has entered into a cross currency interest rate swap of Rs 9,995.300 million in respect of its borrowing (note 22). Under the terms of the cross currency swap arrangement, the Corporation is required to pay LIBOR plus 3.75% to the arranging bank on the borrowing denominated in USD (USD notional) for the purpose of cross currency swap, and receive KIBOR plus 2.20% from the arranging bank. Further, the Corporation shall pay / receive any exchange loss / gain on the USD notional outstanding at each quarter end. Furthermore, the Corporation had also entered into an interest rate swap. Under the terms of the interest rate swap, the Corporation receives a fixed interest of 13% per annum, whereas the Corporation has to pay 3 months KIBOR for each quarter. The net fair value of cross currency interest and interest rate swap as determined by the bank were Rs 86.851 million (favourable) (2013: Rs 140.098 million (unfavourable)) and Rs 14.015 million (favourable) (2013: Rs 30.667 million (favourable)) respectively to the Corporation as of the balance sheet date which has been increased by the net interest receivable and exchange loss aggregating Rs 46.343 million (2013: Rs 4.194 million) as at June 30, 2014.

15.5 On September 26, 2013, the Corporation has early terminated one of its cross currency swap contract having a notional amount aggregating Rs 1,244.880 million. The early termination resulted in a payment by the Corporation to the arranging bank aggregating Rs 87.624 million comprising of net effects of interest received aggregating Rs 7.982 million, exchange loss and swap spread paid amounting to Rs 60.565 million and Rs 35.041 million respectively.

15.6 As at June 30, 2014, this includes an amount of Rs 82.264 million (2013: Rs 21.658 million) are past due but not impaired. These receivables have been outstanding for less than one year.

15.7 This includes the following:

	2014	2013
	--------(Rupees in '000)--------	
Receivable from sundry debtors	67,054	13,457
Sales tax refund claims	26,017	14,396
Insurance claims receivable	29	-
Others	1,823	6,464
	94,923	34,317

	Note	2014	2013
		--------(Rupees in '000)--------	
16. INCOMPLETE VOYAGES			
Charter hire and related expenses		5,992	32,793
Stores and spares consumed		-	17,449
		5,992	50,242
17. SHORT-TERM INVESTMENTS			
Term deposits with banks having maturity of:			
- three to six months	17.1	1,497,440	-
- three months or less	17.2	797,440	1,995,450
		2,294,880	1,995,450

17.1 The mark-up on these term deposits denominated in local currency ranges from 10% to 10.50% (2013: Nil) per annum, whereas mark-up on term deposits denominated in foreign currency is 2% (2013: Nil) per annum.

17.2 The mark-up on these term deposits denominated in local currency ranges from 9.75% to 10.50% (2013: 8.9% to 12%) per annum, whereas mark-up on term deposits denominated in foreign currency ranges from 1.6% to 2% (2013: 1.5% to 2.95%) per annum.

	Note	2014	2013
		--------(Rupees in '000)--------	
18. CASH AND BANK BALANCES			
Cash at bank			
- in current accounts			
- local currency		403,585	383,642
- foreign currency		145,426	114,197
		549,011	497,839
- in savings accounts			
- local currency	18.1 & 18.2	1,290,962	1,278,218
- foreign currency	18.3	1,579	1,932
		1,292,541	1,280,150
Cash in hand		979	1,008
		1,842,531	1,778,997

18.1 The mark-up on savings accounts in local currency ranges from 4.8% to 9.4% (2013: 6% to 9.25%) per annum.

18.2 This includes Rs 2.126 million (2013: Rs 2.126 million) and Rs 3 million (2013: Rs 3 million) held as security by Habib Bank Limited, P.N.S.C. Branch and Soneri Bank Limited, AKU Branch respectively against guarantees issued on behalf of the Corporation.

18.3 The mark-up on savings accounts in foreign currency ranges from 0.15% to 0.50% (2013: 0.15% to 0.50%) per annum.

19. SHARE CAPITAL

19.1 Issued, subscribed and fully paid-up capital

2014	2013		2014	2013
---------(No. of Shares)---------			---------(Rupees in '000)---------	
24,130,789	24,130,789	Ordinary shares of Rs 10 each issued as fully paid to shareholders of former National Shipping Corporation (NSC) and Pakistan Shipping Corporation (PSC) in consideration of their shareholdings in those companies	241,308	241,308
25,900,000	25,900,000	Ordinary shares of Rs 10 each issued as fully paid to GoP for cash received in 1985	259,000	259,000
64,309,800	64,309,800	Ordinary shares of Rs 10 each issued as fully paid to the GoP on the financial restructuring of the Corporation in the year 1989-90	643,098	643,098
17,722,791	17,722,791	Ordinary shares of Rs 10 each issued as fully paid bonus shares	177,228	177,228
132,063,380	132,063,380		1,320,634	1,320,634

19.2 As at June 30, 2014, GoP held 109,919,234 (2013: 108,554,430) ordinary shares of the Corporation.

20. RESERVES

	Note	2014	2013
		--------(Rupees in '000)--------	
Capital reserves	20.1	126,843	126,843
Revenue reserves			
- remeasurement of post-retirement benefits obligation - net of tax		(226,522)	(228,743)
- unappropriated profit		6,413,830	5,735,168
		6,314,151	5,633,268

20.1 This includes an amount transferred from shareholders' equity at the time of merger between former NSC and PSC.

21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET OF TAX

	Note	2014	2013
		--------(Rupees in '000)--------	
Balance at the beginning of the year		813,778	822,951
Less: Transferred to unappropriated profit:			
- Surplus relating to incremental depreciation charged during the current year on related assets - net of tax		7,449	6,975
- Related deferred tax liability		2,189	2,198
		9,638	9,173
		804,140	813,778
Less: Related deferred tax liability on:			
- Revaluation at the beginning of the year		37,714	45,666
- Incremental depreciation charged during the current year on related assets transferred to profit and loss account		(2,189)	(2,198)
- Effect of change in statutory tax rate for next year		1,109	(1,305)
- Effect of allocation of revenue between presumptive tax regime and normal tax regime		(742)	(4,449)
	9	35,892	37,714
Balance at the end of the year		768,248	776,064

22. LONG-TERM FINANCING

	Note	2014	2013
Financing under syndicate term finance agreement	22.1	5,142,882	6,282,672
Less: Current portion		1,150,674	1,150,674
		3,992,208	5,131,998
Financing under term finance certificates agreement	22.1	742,861	907,496
Less: Current portion		166,208	166,208
		576,653	741,288
		4,568,861	5,873,286

22.1 During the year ended June 30, 2011, the Corporation obtained a financing facility of Rs 10,300 million. The financing was obtained in the form of a syndicated term finance loan of Rs 9,000 million, with the remaining amount of Rs 1,300 million in the form of Term Finance Certificates (TFCs), having a face value of Rs 5,000 each by way of private placement.

The financing carries mark-up of KIBOR+2.20%. The loan along with the mark-up is repayable on a quarterly basis with the last repayment date on November 23, 2018. The facility is secured by a first mortgage charge over certain vessels owned by its subsidiary companies, all present and future receivables of the Corporation from three major customers and its investment properties.

As at June 30, 2014, the Corporation has drawn Rs 8,733.757 million (2013: Rs 8,733.757 million) and Rs 1,261.543 million (2013: Rs 1,261.543 million) from syndicated term finance and TFCs respectively. The Corporation has also paid loan arrangement fee amounting to Rs 106.662 million, out of which Rs Nil (2013: Rs 103.507 million) was included in the amortised cost of the long term financing whereas the remaining amount of Rs 3.155 million has been expensed out upon completion of the drawdowns and expiry of the facility on September 7, 2012.

	Note	2014	2013
		--------(Rupees in '000)--------	
23. DEFERRED LIABILITIES			
Employees' gratuity			
- funded	23.1.3	86,899	72,652
- unfunded	23.1.3	100,995	67,166
		187,894	139,818
Post-retirement medical benefits	23.1.3	194,581	200,957
Employees' compensated absences	23.2.3	235,008	225,799
		617,483	566,574

23.1 Retirement benefit schemes

23.1.1 The disclosures made in notes 23.1.2 to 23.1.13 are based on the information included in the actuarial valuation report as of June 30, 2014.

23.1.2 As stated in notes 2.17.2 and 2.17.3 of these financial statements, the Corporation operates a funded retirement gratuity scheme for those permanent employees who joined the Corporation before October 16, 1984, an unfunded retirement gratuity scheme for contractual employees and an unfunded post-retirement medical benefit scheme for permanent and contractual employees. Liability is maintained against these schemes based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the defined benefit obligation schemes:

	2014		2013	
	Employees' gratuity (funded and unfunded)	Post retirement medical benefits	Employees' gratuity (funded and unfunded)	Post retirement medical benefits
Discount rate	13.25%	13.25%	11.00%	11.00%
Future salary increases - for permanent employees				
For the year 2013-14	N/A	N/A	2.00%	N/A
For the year 2014-15	40.00%	N/A	40.00%	N/A
For the year 2015-16	2.00%	N/A	2.00%	N/A
For the year 2016-17	40.00%	N/A	40.00%	N/A
For the year 2017-18	2.00%	N/A	2.00%	N/A
For the year 2018-19	40.00%	N/A	40.00%	N/A
For the year 2019-20	2.00%	N/A	9.00%	N/A
For the year 2020-21 and onwards	13.25%	N/A	9.00%	N/A
Future salary increases - for contractual employees				
For the year 2013-14	N/A	N/A	15.00%	N/A
For the year 2014-15 till 2017-18	15.00%	N/A	15.00%	N/A
For the year 2018-19	15.00%	N/A	9.00%	N/A
For the year 2019-20 and onwards	13.25%	N/A	9.00%	N/A
Medical escalation rate	N/A	13.25%	N/A	11.00%
Death rate	based on SLIC (2001-05) Ultimate mortality tables.			

	2014			2013		
	Employees' gratuity		Post-retirement medical benefits	Employees' gratuity		Post-retirement medical benefits
	Funded	Unfunded		Funded	Unfunded	
	----------(Rupees in '000)----------					
23.1.3 Balance sheet reconciliation						
Present value of defined benefit obligation	397,045	100,995	194,581	435,454	67,166	200,957
Fair value of plan assets	(310,146)	-	-	(362,802)	-	-
Net liability in the balance sheet	86,899	100,995	194,581	72,652	67,166	200,957
23.1.4 Movement in present value of defined benefit obligation						
Balance at the beginning of the year	435,454	67,166	200,957	438,334	51,122	131,833
Current service cost	11,991	11,416	7,232	11,156	8,791	5,195
Interest cost	44,414	6,890	21,032	53,094	7,097	22,730
Benefits paid	(83,717)	(7,474)	(25,938)	(82,770)	(4,160)	(25,342)
Recognised prior service cost	-	-	10,273	-	-	13,575
Remeasurement of obligation	(11,097)	22,997	(18,975)	15,640	4,316	52,966
Balance at the end of the year	397,045	100,995	194,581	435,454	67,166	200,957
23.1.5 Movement in fair value of plan assets						
Balance at the beginning of the year	362,802	-	-	235,451	-	-
Expected return on plan assets	36,829	-	-	24,842	-	-
Contribution	-	-	-	200,000	-	-
Benefits paid	(83,717)	-	-	(82,770)	-	-
Remeasurement: Difference between actual return and expected return on assets	(5,768)	-	-	(14,721)	-	-
Balance at the end of the year	310,146	-	-	362,802	-	-
23.1.6 Movement in net liability in the balance sheet						
Balance at the beginning of the year	72,652	67,166	200,957	202,883	51,122	131,833
Expense recognised for the year	19,576	18,306	38,537	39,408	15,888	41,500
Contributions made by the Corporation / payments	-	(7,474)	(25,938)	(200,000)	(4,160)	(25,342)
Net actuarial (gains) / losses for the year	(5,329)	22,997	(18,975)	30,361	4,316	52,966
	86,899	100,995	194,581	72,652	67,166	200,957
23.1.7 The amounts recognised in the income statement						
Current service cost	11,991	11,416	7,232	11,156	8,791	5,195
Net interest amount	7,585	6,890	21,032	28,252	7,097	22,730
Prior service cost	-	-	10,273	-	-	13,575
	19,576	18,306	38,537	39,408	15,888	41,500
Less: Charged to subsidiaries	310	768	255	1,947	1,358	1,334
Expense	19,266	17,538	38,282	37,461	14,530	40,166
23.1.8 Actual return on plan assets						
Expected return on plan assets	36,829	-	-	24,842	-	-
Actuarial loss on plan assets	(5,768)	-	-	(14,721)	-	-
Actual return on plan assets	31,061	-	-	10,121	-	-

	2014 Rupees in '000	2014 %	2013 Rupees in '000	2013 %
23.1.9 Major categories / composition of plan assets				
Cash and cash equivalents	33,530	10.81%	61,164	16.86%
Term deposit receipts of private commercial banks (unquoted)	276,616	89.19%	301,638	83.14%
	310,146	100%	362,802	100%

23.1.10 The expenses in respect of employees' gratuity and post-retirement medical benefits have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

23.1.11 Amounts for the current period and previous annual period of the present value of defined benefit obligation and fair value of plan assets are as follows:

	2014	2013
Employee gratuity	---------(Rupees in '000)---------------	
Present value of defined benefit obligation	498,040	502,620
Fair value of plan assets	(310,146)	(362,802)
Deficit	187,894	139,818
Experience loss / (gain) on defined benefit obligation	26,229	(29,117)
Experience loss on plan assets	(5,768)	(14,721)
Post-retirement medical benefits		
Present value of defined benefit obligation	194,581	200,957
Experience adjustment on defined benefit obligation	(17,594)	9,978

23.1.12 Assumed future salary increase rate and discount rate have a significant effect on the employee's gratuity. A one percentage point change in assumed future salary increase rate and discount rate would have the following effects:

	One percentage point increase	One percentage point decrease
	---------(Rupees in '000)---------------	
Future salary increase rate		
- funded	407,426	387,008
- unfunded	112,799	91,031
Discount rate		
- funded	387,332	407,271
- unfunded	91,267	112,722

23.1.13 Assumed medical cost escalation rate and discount rate have a significant effect on the post-retirement medical benefit. A one percentage point change in assumed medical cost escalation rate and discount rate would have the following effects:

	One percentage point increase	One percentage point decrease
	---------(Rupees in '000)---------------	
Medical cost escalation rate	200,759	188,963
Discount rate	188,376	201,513

23.2 Employees' compensated absences

23.2.1 The disclosures made in notes 23.2.2 to 23.3 are based on the information included in the actuarial valuation as of June 30, 2014.

23.2.2 As stated in note 2.18, the Corporation operates an employees' compensated absences scheme. Provision is maintained against this scheme based on the actuarial recommendations. The following significant assumptions were used for the actuarial valuation of the scheme:

	2014	2013
Discount rate	13.25%	11.00%
Future salary increases - for permanent employees		
For the year 2013-14	N/A	2.00%
For the year 2014-15 and 2016-17	40.00%	40.00%
For the year 2015-16 and 2017-18	2.00%	2.00%
For the year 2018-19	40.00%	40.00%
For the year 2019-20	2.00%	9.00%
For the year 2020-21 and onwards	13.25%	9.00%
Future salary increases - for contractual employees		
For the year 2013-14	N/A	15.00%
For the year 2014-15 till 2017-18	15.00%	15.00%
For the year 2018-19	15.00%	9.00%
For the year 2019-20 and onwards	13.25%	9.00%

	2014	2013
	---------(Rupees in '000)--------	
23.2.3 Balance sheet reconciliation		
Present value of defined benefit obligation (recognised)	235,008	225,799
23.2.4 Movement in present value of defined benefit obligation		
Balance at the beginning of the year	225,799	197,863
Current service cost	58,268	46,852
Interest cost	25,413	30,261
Remeasurement of obligation	(14,231)	22,675
Benefits paid	(60,241)	(71,852)
Balance at the end of the year	235,008	225,799
23.2.5 Expenses		
Current service cost	58,268	46,852
Interest cost	25,413	30,261
Remeasurement of obligation	(14,231)	22,675
	69,450	99,788
Less: Charged to subsidiaries	291	2,288
Expense	69,159	97,500

23.2.6 Amounts for the current period and prior period of the present value of defined benefit obligation are as follows:

	2014	2013
	-----------(Rupees in '000)------	
Present value of defined benefit obligation	235,008	225,799
Experience gain on defined benefit obligation	(18,957)	(1,232)

23.2.7 The expenses in respect of employees' compensated absences have been charged on the basis of actuarial recommendations and are in accordance with the Administrative and Financial Services Agreement with the subsidiary companies.

23.3 Expected retirement benefits costs for the year ended June 30, 2015 are as follows:

	(Rupees in '000)
Gratuity	55,131
Post-retirement medical benefits	31,388
Compensated absences	89,504

23.4 During the year, the Corporation contributed Rs 10.589 million (2013: Rs 11.876 million) to the provident fund.

24. TRADE AND OTHER PAYABLES

	Note	2014	2013
		---------(Rupees in '000)--------	
Creditors		37,149	141,510
Current account balances with subsidiary companies	24.1	18,628,307	16,189,570
Agents' and owners' balances		804,063	434,047
Accrued liabilities		630,121	240,633
Deposits	24.2	42,212	38,133
Derivative financial instruments	15.4 & 15.5	-	105,237
Unclaimed dividends		29,916	28,079
Advances from customers		128,305	136,678
Other liabilities			
- amounts retained from contractors		23,695	22,918
- others		99,626	104,780
		123,321	127,698
		20,423,394	17,441,585

24.1 The break-up of current account balances with subsidiary companies is as follows:

	2014	2013
	---------(Rupees in '000)--------	
Bolan Shipping (Private) Limited	861,559	861,987
Chitral Shipping (Private) Limited	1,156,474	966,881
Hyderabad Shipping (Private) Limited	1,130,222	1,016,263
Islamabad Shipping (Private) Limited	638,213	536,986
Kaghan Shipping (Private) Limited	885,888	933,460
Khairpur Shipping (Private) Limited	448,838	449,221
Makran Shipping (Private) Limited	316,951	317,374
Malakand Shipping (Private) Limited	910,365	532,312
Multan Shipping (Private) Limited	802,872	703,155
Sargodha Shipping (Private) Limited	197,906	187,951
Sibi Shipping (Private) Limited	524,684	477,286
Shalamar Shipping (Private) Limited	1,496,551	1,496,838
Swat Shipping (Private) Limited	1,168,308	1,168,384
Lalazar Shipping (Private) Limited	745,835	746,129
Johar Shipping (Private) Limited	1,230,208	1,214,226
Lahore Shipping (Private) Limited	1,743,813	1,317,134
Karachi Shipping (Private) Limited	1,574,336	1,135,999
Quetta Shipping (Private) Limited	2,795,284	2,127,984
	18,628,307	16,189,570

24.2 These deposits are interest free and are repayable on demand or on completion of specific contracts.

	Note	2014	2013
		----------(Rupees in '000)-------	
25. PROVISION AGAINST DAMAGE CLAIMS			
Balance at the beginning of the year		22,338	20,111
Charge during the year	34	15,847	7,663
Settled during the year		-	(452)
Reversed during the year	35	(6,212)	(4,984)
Balance at the end of the year		31,973	22,338

26. CONTINGENCIES AND COMMITMENTS

Contingencies

26.1 Amounts in respect of claims not admitted by the Corporation as at June 30, 2014 aggregate to Rs 368.244 million (2013: Rs 313.873 million). These claims mainly relate to deficiencies in shipping documentation, delay in delivery of cargo and damages to cargo. These include Rs 2.225 million (2013: Rs 5.429 million) approximately in respect of insurance claims which, if accepted, will be borne by the Corporation as the P&I Club, Oceanus Mutual Underwriting Association (Bermuda) Limited has gone into liquidation. Out of the remaining claims, a sum of Rs 273.186 million (2013: Rs 152.058 million) approximately would be recoverable from the P&I Club, Steamship Mutual Underwriting Association (Bermuda) Limited, in the event these claims are accepted by the Corporation. As a matter of prudence, the management has made a total provision of Rs 31.973 million (2013: Rs 22.338 million) against the aforementioned claims in these financial statements.

26.2 The Corporation has not accepted liability in respect of customs duty approximating Rs 2.500 million (2013: Rs 2.500 million) relating to the sale of the vessel M.V. Bhambore during the year ended June 30, 1978. The duty was claimed from the Corporation and the matter has been taken up with the appropriate Government agencies.

26.3 The former owners of East & West Steamship Company, Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited had initiated litigation that involved the Government of Pakistan and the Corporation.

Following the Supreme Court's adjudication of the East & West Steamship Company's matter in favour of the former owners, the Government provisionally assessed additional compensation due to the former owners at approximately Rs 97.012 million (2013: Rs 97.012 million). Although a major portion of this amount has been settled by the Government, the Government holds the Corporation liable for this amount by virtue of the net assets of the East & West Steamship Company having become vested in the Corporation.

In case of Chittagong Steamship Corporation Limited and Trans Oceanic Steamship Company Limited, the litigations relating to compensation to the former owners and the legal suits are pending in the High Court of Sindh. The amounts claimed are approximately Rs 1.300 million (2013: Rs 1.300 million) and Rs 66.800 million (2013: Rs 66.800 million) respectively.

The Corporation disclaims any liability in respect of the above mentioned amounts and any accretions to it upto final determination and settlement of the matters.

26.4 Certain other claims have been filed against the Corporation in respect of employees' matters for an aggregate amount of approximately Rs 108.817 million (2013: Rs 102.468 million). These cases are pending and the management is confident that the outcome of these cases will be in the Corporation's favour and accordingly no provision for above claims has been made in these financial statements.

26.5 While framing the tax assessment for the income year ended June 30, 1990, the assessing officer had made an addition to income of Rs 3,974.455 million, being the remission of liabilities due to the Federal government under the scheme of financial restructuring of the Corporation. The resultant tax liability including additional taxes for late payment of tax amounted to Rs 1,293.694 million, part of which was paid by the Corporation and the remaining amount of Rs 1,233.694 million was directly discharged at source by the Federal Government. The assessing officer while framing the order of income year ended June 30, 1996 had treated the aforementioned payment of tax liability by the Government as the income of Corporation. The Income Tax Appellate Tribunal (ITAT) has given the decision in favour of the Corporation on the appeals filed against the above orders. However, the department has filed an appeal with the Honourable High Court against the aforementioned orders of ITAT. The Honourable High Court has decided the appeal against the Corporation. The leave to appeal filed by the Corporation has been accepted by the Honourable Supreme Court and the decision of the High Court has been suspended. Hearing of the appeal is pending in the Honourable Supreme Court.

26.6 During the year ended June 30, 2011, the Officer Inland Revenue (OIR) issued assessment orders under section 122 (5A) of the Income Tax Ordinance, 2001 (ITO, 2001) in respect of tax years 2008, 2009 and 2010. According to the orders, the OIR had made certain additions and determined additional tax demand of Rs 363.421 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed a portion of contribution made to approved gratuity fund (only in respect of tax year 2008) on the contention that the same is attributable to the subsidiary companies. The Corporation has paid Rs 170 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals). During the year, Commissioner of Income Tax (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters resulting in refund of Rs 90.579 million. The management has provided for all the matters that have been decided against the Corporation, with the exception of disallowance of allocation of common expenses to profit on debt for tax years 2008 and 2009 which may result in increase of tax liability by Rs 17.848 million. The Corporation has filed an appeal with the ITAT in respect of aforementioned disallowances. The management of the Corporation is confident that the matters in appeals shall be eventually decided in its favour.

26.7 During the year ended June 30, 2012, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2011. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 251.092 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation had paid Rs 160.513 million (2013: Rs 160.513 million) and adjusted Rs 90.579 million against refunds relating to tax year 2008, 2009 and 2010 under protest. During the year, Commissioner of Income Tax (Appeals) in his order has upheld certain additions and has given decisions in favour of the Corporation on certain matters, and has worked out refund of Rs 15.068 million. The Corporation and the department have filed appeals with the ITAT in respect of aforementioned disallowances. The management of the Corporation is confident that the subject matter in respect of tax year 2011 will eventually be decided in favour of the Corporation.

26.8 During the year ended June 30, 2013, the OIR issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2012. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 107.499 million. OIR has disallowed a portion of administrative expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. The Corporation has paid Rs 65 million under protest and has filed an appeal with the Commissioner of Income Tax (Appeals) and at present the matter is pending for hearing. The management of the Corporation is confident that the subject matters in respect of tax year 2012 will eventually be decided in favour of the Corporation.

26.9 During the year ended June 30, 2014, the OIR has issued assessment orders under section 122 (5A) of the ITO, 2001 in respect of tax year 2013. According to the orders, the OIR has made certain additions and determined additional tax demand of Rs 303.333 million. OIR has disallowed a portion of retirement benefit expenses by attributing the same to the subsidiary companies and further disallowed financial expenses incurred by the Corporation on the contention that the same is equity specific and hence being capital in nature. Moreover, OIR also disallowed the basis of apportionment of expenses. The Corporation has paid Rs 288.265 million under protest and adjusted Rs 15.068 million against refunds available for the tax year 2011. Further the management has filed an appeal with the Commissioner of Income Tax (Appeals) and at present the matter is pending for hearing. The management of the Corporation is confident that the subject matters in respect of tax year 2013 will eventually be decided in favour of the Corporation.

26.10 During the year ended June 30, 2014, the Deputy Commissioner Inland Revenue (DCIR) has issued assessment orders under section 161 of the ITO, 2001 in respect of tax years 2008 to 2013. According to the orders, the DCIR has held that the Corporation was required to withhold tax under section 152 (2) of the Ordinance while making payments to non-resident shipping Companies, and the failure to deduct tax at source renders it personally liable to pay tax along with default surcharge on the unpaid amount of tax, under section 205 of the ITO, 2001. By virtue of above orders a total tax demand of Rs 2,695.502 million was raised by the tax authorities. The Corporation has filed an appeal with the Commissioner of Income Tax (Appeals) and at present the matter is pending for hearing. The management of the Corporation is confident that the subject matter in respect of tax years 2008 to 2013 will eventually be decided in favour of the Corporation, and hence no provision has been recorded in the financial statements in respect of the said matter.

26.11 During the year ended June 30, 2014, the Assistant Commissioner Sindh Revenue Board (AC) has passed an order under Sindh Sales Tax on Services Act, 2011 for the tax period July 2011 to June 2012. The AC has held the Corporation liable to pay sales tax on ‘Administrative and Financial Services’ provided to its subsidiaries and has also levied sales tax on the services that are provided by the Corporation outside Sindh. By virtue of above order an additional tax demand of Rs 12.654 million, alongwith default surcharge of Rs 1.012 million was raised by the taxation authorities. The Corporation paid the amount under protest and filed Appeal with Commissioner Appeals - SRB (CA) which was decided against the Corporation. The Corporation has filed another appeal against the decision of CA with the Appellate Tribunal, SRB which is pending for hearing.

26.12 Without prejudice to the Corporation’s contention on the matters stated in notes 26.5 to 26.11, the management has, as a matter of prudence, provided an aggregate amount of Rs 250 million (2013: Rs 250 million) in respect of aforementioned matters.

Commitments

26.13 Commitments in respect of capital expenditure amount to Rs 193.057 million (2013: Rs 285.589 million).

26.14 Outstanding letters of guarantee amount to Rs 5.126 million (2013: Rs 5.126 million).

	Note	2014	2013
		----------(Rupees in ‘000)-------	
27. CHARTERING REVENUE			
Foreign flag vessels			
- voyage charter revenue		6,793,294	3,455,610
- slot charter revenue		1,503,241	2,121,883
		8,296,535	5,577,493
28. SERVICE FEES - NET			
Technical and commercial services fee		225,280	201,955
Administrative and financial services fee		74,126	65,513
Sales tax		(8,781)	(5,417)
		290,625	262,051
29. FLEET EXPENSES - DIRECT			
Charter, hire and related expenses	29.1	6,620,384	3,689,356
Exchange (gain) / loss		(28,600)	14,144
		6,591,784	3,703,500

		Note	2014	2013
			----------(Rupees in '000)-------	
29.1	Charter, hire and related expenses			
	Foreign flag vessels			
	- voyage charter expenses		5,854,181	2,644,257
	- slot charter expenses		766,203	1,045,099
			6,620,384	3,689,356

30. FLEET EXPENSES - INDIRECT

	Note	2014	2013
Conference establishment expenses		-	300
Salaries and allowances	30.1	14,838	21,083
Agents' and other general expenses	30.2	7,293	6,310
Depreciation	4.6	474	458
General establishment expenses		754	626
		23,359	28,777

30.1 This includes Rs 1.756 million (2013: Rs 1.215 million) in respect of provident fund contribution.

		Note	2014	2013
			----------(Rupees in '000)-------	
30.2	Agents' and other general expenses			
	Printing and stationery		57	40
	Advertisement and publicity		1,185	1,191
	Telephone, telex and postage		3,172	2,860
	Bank charges and commission		317	273
	Legal and professional charges		1,234	804
	Air freight		1,328	1,127
	Sundry expenses		-	15
			7,293	6,310

31. VESSEL MANAGEMENT EXPENSES

	Note	2014	2013
Workshop management expenses		56,098	55,704
Salaries and allowances	31.1	220,690	267,484
General establishment expenses	31.2	60,433	70,954
Rent, rates and taxes		5,827	6,945
Insurance		3,112	3,588
Depreciation	4.6	22,341	25,315
		368,501	429,990

31.1 This includes Rs 4.571 million (2013: Rs 6.138 million) in respect of provident fund contribution.

31.2 General establishment expenses

	2014	2013
Repairs and maintenance	4,696	6,253
Medical expenses	25,409	25,904
Security charges	1,187	1,087
Travelling and conveyance	4,797	4,758
Entertainment and canteen subsidy	1,358	1,633
Uniform and liveries	1,084	727
Printing and stationery	1,801	1,841
Telephone, telex and postage	3,271	4,273
Light, power and water	4,830	10,298
Computer expenses	3,630	4,255
Vehicle running, repairs and maintenance expenses	8,370	9,925
	60,433	70,954

	Note	2014	2013
		----------(Rupees in '000)-------	

32. REAL ESTATE EXPENSES

	Note	2014	2013
Salaries and allowances	32.1	8,658	12,939
General establishment expenses	32.2	25,752	18,113
Rent, rates and taxes		7,286	7,144
Insurance		4,008	4,029
Depreciation	4.6	21,816	20,282
Legal and professional charges		21	3,428
		67,541	65,935

32.1 This includes Rs 0.246 million (2013: Rs 0.289 million) in respect of provident fund contribution.

32.2 General establishment expenses

	Note	2014	2013
		----------(Rupees in '000)-------	
Repairs and maintenance		5,718	3,171
Security charges		6,632	4,340
Light, power and water		13,064	10,249
Vehicle running, repairs and maintenance		338	353
		25,752	18,113

33. ADMINISTRATIVE AND GENERAL EXPENSES

	Note	2014	2013
Salaries and allowances	33.1	248,057	184,982
General establishment expenses	33.2	91,667	68,933
Rent, rates and taxes		647	694
Scholarship and training expenses		2,196	2,620
Insurance		346	359
Depreciation	4.6	2,482	2,531
Directors' fee	41.2	1,350	955
Legal and professional charges		26,555	14,191
Sales tax expenses		17,193	-
Provision for doubtful debts	11.2	-	3,165
		390,493	278,430

33.1 This includes Rs 4.016 million (2013: Rs 4.239 million) in respect of provident fund contribution.

33.2 General establishment expenses

	Note	2014	2013
		----------(Rupees in '000)-------	
Repairs and maintenance		5,277	4,325
Medical expenses		28,558	17,914
Contribution to employees welfare fund		9	11
Contribution to group term insurance		1,865	1,766
Hajj expenses		1,551	1,767
Security charges		1,337	752
Travelling and conveyance		5,393	3,290
Entertainment and canteen subsidy		1,526	1,130
Books, periodicals and subscription		4,787	5,550
Uniform and liveries		120	73
Printing and stationery		2,024	1,274
Telephone, telex and postage		3,675	2,955
Light, power and water		5,428	7,122
Computer expenses		4,080	2,942
Advertisement and publicity		4,708	3,536
Vehicle running, repairs and maintenance expenses		9,409	6,864
Ship inspection expenses		2,269	581
Sundry expenses		9,651	7,081
		91,667	68,933

34. OTHER EXPENSES

	Note	2014	2013
Donations	34.1	1,000	100
Auditors' remuneration	34.2	6,343	3,737
Demurrage expenses		128,791	-
Employees' gratuity			
- funded	23.1.7	19,266	37,461
- unfunded	23.1.7	17,538	14,530
		36,804	51,991
Post-retirement medical benefits	23.1.7	38,282	40,166
Employees' compensated absences	23.2.5	69,159	97,500
Provision in respect of damage claims	25	15,847	7,663
		296,226	201,157

34.1 Donations were not made to any donee in which the Corporation or a director or his spouse had any interest.

34.2 Auditors' remuneration

	2014			2013		
	A. F. Ferguson & Co.	Ernst & Young Ford Rhodes Sidat Hyder	Total	A. F. Ferguson & Co.	Ernst & Young Ford Rhodes Sidat Hyder	Total
	--------------------------------(Rupees in '000)--------------------------------					
Audit fee	1,061	1,061	2,122	1,036	1,036	2,072
Fee for review of half yearly financial statements	360	360	720	350	350	700
Fee for review of statement of compliance with best practices of the code of corporate governance	106	106	212	100	100	200
Fee for audit of consolidated financial statements	130	130	260	125	125	250
Tax advisory services fee	2,262	-	2,262	-	-	-
Central Depository Company certification fees	15	-	15	-	15	15
Out of pocket expenses	376	376	752	250	250	500
	4,310	2,033	6,343	1,861	1,876	3,737

35. OTHER INCOME

	Note	2014	2013
		--------(Rupees in '000)---------	
Income from financial assets / liabilities			
Income from saving accounts and term deposits		271,101	250,866
Agency fee		28,051	9,039
Dividend income		821	1,233
Exchange gain	35.1	9,543	33,086
Gain on revaluation of long-term investments		15,458	15,758
Gain on revaluation of swap derivative - net		210,297	167,324
Income from non-financial assets			
Gain on disposal of fixed assets		-	1,388
Sale of scrap		456	334
Provisions no longer required written back	11.2, 15.2 & 25	7,093	7,680
Sundry income		33,791	43,987
		576,611	530,695

35.1 This represents exchange gain on foreign currency bank deposits maintained outside Pakistan.

36. FINANCE COSTS

	Note	2014	2013
		--------(Rupees in '000)---------	
Interest on long-term financing		796,913	964,854
Gain on cross currency interest rate swap derivative	36.1	(251,104)	(254,344)
Bank charges		872	1,423
		546,681	711,933

36.1 This relates to the amount received during the year on account of quarterly exchanges and terminations under the swap arrangement as explained in note 15.4 amounting to Rs 251.104 million (2013: Rs 254.344 million).

		2014	2013
		-----------(Rupees in '000)----------	
37.	**TAXATION**		
	Tax charge for:		
	- current year	269,045	265,562
	- prior years	(42,932)	76,084
		226,113	341,646
	Deferred	(9,678)	72,662
		216,435	414,308
37.1	**Relationship between tax expense and accounting profit**		
	Accounting profit before tax	1,019,711	1,073,865
	Tax rate	34%	35%
	Tax on accounting profit	346,702	375,853
	Tax effect in respect of income / expenses not admissible for calculation of taxable profit	4,645	70,729
	Effect of charging deferred tax on different rate than current tax	2,593	2,368
	Tax effect of lower tax rates on certain incomes:		
	- Tax saving due to lower income tax rates	-	(15,201)
	- Tax liability under final tax regime	(101,082)	(100,465)
		(101,082)	(115,666)
	Others (including the impact arising as a consequence of change in allocation ratio of revenue chargeable under FTR and non-FTR tax regime)	(4,591)	4,940
		(98,435)	(37,629)
		248,267	338,224
	Tax effects of adjustments in respect of taxes paid abroad	11,100	-
	Tax effects of adjustments in respect of prior years	(42,932)	76,084
	Tax expense for the year	216,435	414,308
38.	**EARNINGS PER SHARE**		
	Profit for the year attributable to ordinary shareholders	803,276	659,557
		-----------(No. of Shares)-----------	
	Weighted average ordinary shares in issue during the year	132,063,380	132,063,380
		--------------(Rupees)---------------	
	Earnings per share - basic and dilutive	6.08	4.99

There are no dilutive potential ordinary shares outstanding as at June 30, 2014 and 2013.

	Note	2014	2013
		---------(Rupees in '000)-------	

39. CASH GENERATED FROM OPERATIONS

	Note	2014	2013
Profit before taxation		1,019,711	1,073,865
Adjustments for non-cash charges and other items:			
Depreciation	4.6	47,113	48,586
Gain on disposal of fixed assets		-	(1,388)
Provision in respect of damage claims	25	15,847	7,663
Provision for employees' gratuity	23.1.7	36,804	51,991
Provision for post-retirement medical benefits	23.1.7	38,282	40,166
Provision for employees' compensated absences	23.2.5	69,159	97,500
Dividend income		(821)	(1,233)
Provision for impairment on doubtful receivables	11.2	-	3,165
Provisions no longer required written back	35	(7,093)	(7,680)
Interest / mark-up income		(271,101)	(250,866)
Interest / mark-up expense		797,785	966,277
Gain on revaluation of long-term investments		(15,458)	(15,758)
Gain on cross currency interest rate swap derivative		(461,401)	(421,668)
Long term advance rent earned		-	(11,349)
Working capital changes	39.1	1,831,742	1,445,000
		3,100,569	3,024,271

39.1 Working capital changes

	2014	2013
Increase in current assets		
Stores and spares	66,321	(101,697)
Trade debts	(1,215,893)	(582,127)
Agents' and owners' balances	(115,833)	(8,462)
Loans and advances	8,980	(34,897)
Deposits and short-term prepayments	(8,478)	(10,477)
Other receivables	(57,096)	(23,045)
Incomplete voyages	44,250	13,294
Insurance claims	-	47
	(1,277,749)	(747,364)
Increase in current liabilities		
Trade and other payables	3,109,491	2,192,364
	1,831,742	1,445,000

40. CASH AND CASH EQUIVALENTS

	Note	2014	2013
Short-term investments having maturity of three months or less	17	797,440	1,995,450
Cash and bank balances	18	1,842,531	1,778,997
		2,639,971	3,774,447

41. REMUNERATION OF CHAIRMAN, EXECUTIVE DIRECTORS AND OTHER EXECUTIVES

The aggregate amount of remuneration including all benefits payable to the Chairman, Executive Directors / Directors and Executives of the Corporation were as follows:

	2014	2013	2014	2013	2014	2013
	Chairman & Chief Executive		Executive Directors		Other Executives	
	(Rupees in '000)					
Managerial remuneration and allowances	805	2,099	18,812	19,464	264,669	198,085
Retirement benefits	-	-	-	-	8,032	925
House rent		600	2,549	2,679	98,783	70,955
Conveyance	-	-	-	-	9,036	4,976
Entertainment	317	121	705	547	3,852	1,937
Medical	440	318	1,645	1,252	15,880	8,477
Utilities	459	136	1,872	1,844	36,926	26,971
Personal staff subsidy	-	22	-	-	121	127
Club membership fee and expenses	250	249	489	737	99	-
Bonus	-	-	2,766	1,550	44,891	17,168
Other allowances	664	203	1,176	-	240,358	162,135
	2,935	3,748	30,014	28,073	722,647	491,756
Number of persons	2	2	4	5	267	207

41.1 Retirement benefits represent amount contributed towards various retirement benefit plans. The executives of the Corporation are entitled to retirement benefits as outlined in note 2.17 and 2.18 to these financial statements. The Chairman, Chief Executive, Executive Directors and certain Executives are provided with the Corporation owned and maintained cars.

41.2 The aggregate amount charged in the financial statements for fee to 6 (2013: 5) non-executive directors was Rs 1.350 million (2013: Rs 0.955 million).

41.3 During the year ended June 30, 2014, a Chief Executive was replaced by another Chief Executive.

42. FINANCIAL INSTRUMENTS BY CATEGORY

	2014	2013
	--------(Rupees in '000)--------	
FINANCIAL ASSETS		
Fair value through profit or loss		
Long term investments - listed companies	53,569	38,111
Derivative financial instruments	147,209	-
Loans and receivables		
Loans - employees	59	59
Trade debts	1,987,993	771,219
Agents' and owners' balances	124,824	8,991
Deposits	9,868	8,250
Interest / mark-up accrued	34,539	19,836
Other receivables	92,546	35,450
Short-term investments	2,294,880	1,995,450
Cash and bank balances	1,842,531	1,778,997
	6,387,240	4,618,252
Available-for-sale financial assets		
Long-term investments - other entity	100	100
	6,588,118	4,656,463
FINANCIAL LIABILITIES		
Fair value through profit or loss		
Derivative financial instruments	-	105,237
Amortised cost		
Trade and other payables	20,295,089	17,199,670
Long-term financing	5,885,743	7,190,168
Accrued mark-up on long-term financing	78,515	91,087
	26,259,347	24,586,162

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

The Corporation's activities are exposed to a variety of financial risks namely credit risk, market risk (including currency risk, cash flow and fair value interest rate risk and price risk) and liquidity risk. The Corporation is not exposed to any significant price risk as it does not hold any major investments exposed to price risk. The Corporation has established adequate procedures to manage each of these risks as explained below.

43.1.1 Concentration of credit risk

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including trade receivables and committed transactions. Credit risk represents the accounting loss that would be recognised at the reporting date if counter parties fail completely to perform as contracted.

As at June 30, 2014, out of the total financial assets of Rs 6,588.118 million (2013: Rs 4,656.463 million) the financial assets which are subject to credit risk amounted to Rs 6,587.139 million (2013: Rs 4,655.455 million). The management continuously monitors the credit exposure towards the customers and makes provision against those balances considered doubtful of recovery.

Moreover, a significant component of the receivable balances of the Corporation relates to amounts due from the Public Sector organisations. Due to the Corporation's long standing business relationships with these counterparties and after giving due consideration to their related credit standing, management does not expect non–performance by those counter parties on their obligations to the Corporation.

For banks and financial institutions, only independently rated parties with a minimum credit rating of A are accepted.

The sector wise analysis of receivables, comprising trade debts, agents' and owners' balances and deposits is given below:

	2014	2013
	--------(Rupees in '000)--------	
Public Sector	2,005,273	789,381
Private Sector	175,250	51,042
	2,180,523	840,423

Out of Rs 2,180.523 million (2013: Rs 840.423 million), the Corporation has provided Rs 22.102 million (2013: Rs 23.087 million) as the amounts being doubtful to be recovered from them.

43.1.2 Market risk

Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The corporation faces foreign currency risk on receivable, payable transactions at foreign ports and the derivative cross currency interest rate swap.

As at June 30, 2014, if the currency had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before taxation for the year would have been higher / lower by Rs 21.036 million (2013: Rs 41.902 million), mainly as a result of foreign exchange gains / losses on translation of US dollar denominated assets and liabilities.

As at June 30, 2014, the affect of fluctuations in other foreign currency denominated assets or liabilities balances would not be material, therefore, not disclosed.

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market interest rates. The Corporation has a high exposure to interest rate risk due to the long term financing (note 22). In order to manage its exposure to such risks the management of the Corporation has entered into a derivative cross currency interest rate swap (note 15) under which the Corporation receives three months KIBOR on the PKR notional in exchange for payment of three months LIBOR on the USD notional. During the year ended June 30, 2012, to further manage the exposure to such risk, the management has obtained interest rate swap under which the Corporation receives a fixed interest rate of 13% in exchange for payment of KIBOR.

The Corporation has interest bearing liabilities and have floating interest rates. At June 30, 2014, if interest rates on borrowings had been 100 basis points higher / lower with all other variables held constant, profit after taxation for the year would have been higher / lower by Rs 10.480 million (2013: Rs 12.192 million).

Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign exchange 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 effects of changes in fair value of investments made by the Corporation, on the future profits are not considered to be material in the overall context of these financial statements.

43.1.3 Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Corporation believes that it is not exposed to any significant level of liquidity risk.

The management forecasts the liquidity of the Corporation on basis of expected cash flow considering the level of liquid assets necessary to meet such risk. This involves monitoring balance sheet liquidity ratios and maintaining debt financing plans.

Financial liabilities in accordance with their contractual maturities are presented below:

2014	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(Rupees in '000)				
Long term financing	7,712,144	1,932,063	1,864,640	3,915,441	-
Trade and other payables	20,295,089	20,295,089	-	-	-
Derivative financial instruments	-	-	-	-	-
Accrued mark-up on long-term financing	78,515	78,515	-	-	-
	28,085,748	22,305,667	1,864,640	3,915,441	-

2013	Contractual cash flows	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years	More than 5 years
	(Rupees in '000)				
Long term financing	9,694,388	2,109,536	1,956,723	4,940,387	687,742
Trade and other payables	17,199,670	17,199,670	-	-	-
Derivative financial instruments	105,237	105,237	-	-	-
Accrued mark-up on long-term financing	91,087	91,087	-	-	-
	27,090,382	19,505,530	1,956,723	4,940,387	687,742

43.1.4 Fair value of financial instruments

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences may arise between the carrying value and the fair value estimates.

The corporation classifies financial instruments measured in the balance sheet at fair value in accordance with the following fair value measurement:

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 data (unobservable inputs).

The Corporation's financial assets measured at fair value comprise only of level 1 financial assets amounting to Rs 53.569 million (2013: Rs 38.111 million) and level 3 financial assets amounting to Rs 147.209 million (2013: Nil) and financial liabilities amounting to Rs Nil (2013: Rs 105.237 million).

43.2 Capital risk management

The Corporation's objectives when managing capital are to safeguard the Corporation's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Corporation is subject to externally imposed capital requirements, which are applicable at consolidated financial statements level.

During the year, the Corporation's strategy was to maintain the debt equity ratio below 60:40. The debt equity ratios as at June 30, 2014 and 2013 were as follows:

	2014	2013
	-------(Rupees in '000)---------	
	5,885,743	7,190,168
Total equity	7,634,785	6,953,902
Total	13,520,528	14,144,070
Debt-to-equity ratio	44:56	51:49

44. ENTITY WIDE INFORMATION

44.1 The Corporation constitutes as a single reportable segment, the principal classes of services provided are transportation of dry cargo, liquid cargo, rental income and service fees through chartered vessels.

44.2 Information about services

The Corporation's principal classes of services accounted for the following amount of revenue:

	2014	2013
	-------(Rupees in '000)---------	
Transportation of dry cargo	1,503,241	2,121,883
Transportation of liquid cargo	6,793,294	3,455,610
Rental income	140,525	123,348
Services fee	290,625	262,051
	8,727,685	5,962,892

44.3 Information about geographical areas

The Corporation does not hold non-current assets in any foreign country.

44.4 Information about major customers

The corporation has the following exposure to concentration of credit risk with clients representing greater than 10 % of the total revenue balances:

	2014 Revenue	
	Amount (Rupees in '000)	% of Total
Client 1	3,716,420	43%
Client 2	1,638,296	19%
Client 3	868,937	10%
	6,223,653	72%

	2013 Revenue	
	Amount (Rupees in '000)	% of Total
Client 1	1,388,572	23%
Client 2	1,075,042	18%
Client 3	1,052,957	18%
Client 4	807,995	14%
	4,324,566	73%

45. RELATED PARTY DISCLOSURES

The Corporation has related party relationships with its subsidiaries, associate, employee benefit plans and its directors and executive officers (including their associates). Transactions with related parties essentially entail investments made in subsidiary companies, dividend income received from related investee companies, freight income and chartering revenue recovered, services fee charged on account of rendering of technical, commercial, administrative and financial services, expenses charged to subsidiary companies on actual cost basis etc. Service fee charges on account of rendering of technical, commercial, administrative and financial services is charged to subsidiary companies and related parties on the basis of mutually agreed terms. Balances with related parties have been disclosed in note 24 to these financial statements. Particulars of remuneration to key management personnel are disclosed in note 41 of these financial statements. Investments in related parties are disclosed in note 7 of these financial statements.

Related party	Relationship with the Corporation	2014	2013
		-------(Rupees in '000)--------	
Service fee charged			
Chitral Shipping (Private) Limited	Subsidiary	33,315	13,784
Hyderabad Shipping (Private) Limited	Subsidiary	14,449	13,706
Islamabad Shipping (Private) Limited	Subsidiary	-	6,278
Kaghan Shipping (Private) Limited	Subsidiary	8,977	8,967
Karachi Shipping (Private) Limited	Subsidiary	59,357	58,591
Lahore Shipping (Private) Limited	Subsidiary	59,743	61,859
Malakand Shipping (Private) Limited	Subsidiary	15,485	12,435
Multan Shipping (Private) Limited	Subsidiary	14,221	7,952
Quetta Shipping (Private) Limited	Subsidiary	70,941	64,435
Sibi Shipping (Private) Limited	Subsidiary	14,139	14,044
		290,627	262,051
Rental expense			
Pakistan Co-operative Ship Stores (Private) Limited	Subsidiary	624	559
Transfer of stores			
Chitral Shipping (Private) Limited	Subsidiary	148	140
Hyderabad Shipping (Private) Limited	Subsidiary	875	222
Islamabad Shipping (Private) Limited	Subsidiary	-	866
Kaghan Shipping (Private) Limited	Subsidiary	201	110
Karachi Shipping (Private) Limited	Subsidiary	3,848	4,464
Lahore Shipping (Private) Limited	Subsidiary	6,600	4,420
Malakand Shipping (Private) Limited	Subsidiary	1,232	101
Multan Shipping (Private) Limited	Subsidiary	3,594	1,953
Quetta Shipping (Private) Limited	Subsidiary	5,997	5,693
Sibi Shipping (Private) Limited	Subsidiary	163	154
		22,658	18,123

Related party	Relationship with the Corporation	Note	2014	2013
			-------(Rupees in '000)--------	
Retirement benefit costs charged				
Chitral Shipping (Private) Limited	Subsidiary		328	788
Hyderabad Shipping (Private) Limited	Subsidiary		349	1,455
Islamabad Shipping (Private) Limited	Subsidiary		240	1,261
Kaghan Shipping (Private) Limited	Subsidiary		128	287
Karachi Shipping (Private) Limited	Subsidiary		73	157
Lahore Shipping (Private) Limited	Subsidiary		80	66
Malakand Shipping (Private) Limited	Subsidiary		346	1,212
Quetta Shipping (Private) Limited	Subsidiary		48	88
Sibi Shipping (Private) Limited	Subsidiary		32	1,613
			1,624	6,927
Contribution to provident fund			10,589	11,881
Key management personnel compensation		41	32,949	31,821
Investment in subsidiary companies			-	1,336,115

45.1 Outstanding balances due from / due to related parties have been disclosed in the respective notes to these financial statements.

45.2 In addition, the Corporation is engaged in making certain payments / collections on behalf of the subsidiary companies in accordance with the 'Technical and Commercial Services' and 'Administrative and Financial Services Agreement' which are settled through a current account of the subsidiary.

46. PROVIDENT FUND RELATED DISCLOSURES

The following information is based on latest un-audited financial statements of the Provident Fund (the Fund):

	Note	2014	2013
		-------(Rupees in '000)--------	
Size of the Fund - Total assets		888,525	916,676
Cost of investments made		850,181	769,480
Percentage of investments made		94.67%	92.75%
Fair value of investments	46.1	841,133	850,181

46.1 The break-up of fair value of investments is:

	2014		2013	
	(Rupees in '000)	----%----	(Rupees in '000)	----%----
Government securities	460,593	55%	95,785	12%
Debt securities	-	0%	300,000	35%
Mutual funds	380,540	45%	454,396	53%
	841,133	100%	850,181	100%

46.2 The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Ordinance and the rules formulated for this purpose.

47. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2014 and 2013 respectively are as follows:

	2014	2013
	---------(No. of employees)--------	
Average number of employees during the year	963	981
Number of employees as at the end of the year	954	972

48. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors at their meeting held on September 16, 2014 have proposed for the year ended June 30, 2014 cash dividend of Rs 1.5 per share (2013: Re 1 per share), amounting to Rs 198.095 million (2013: Rs 132.063 million) subject to the approval of the members at the annual general meeting to be held on October 30, 2014. The financial statements for the year ended June 30, 2014 do not include the effect of this appropriation which will be accounted for subsequent to the year end.

49. GENERAL

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

50. DATE OF AUTHORISATION

These financial statements were authorised for issue on September 16, 2014 by the Board of Directors of the Corporation.

Muhammad Siddique Memon
Chairman & Chief Executive

Akbar Adil
Director

Pattern of Shareholding

No. of Shareholders	Shareholdings			Total Shares Held
11160	Shareholding From	1	To 100	363,044
3072	Shareholding From	101	To 500	710,089
792	Shareholding From	501	To 1000	571,031
607	Shareholding From	1001	To 5000	1,258,122
76	Shareholding From	5001	To 10000	571,204
21	Shareholding From	10001	To 15000	259,257
18	Shareholding From	15001	To 20000	321,654
11	Shareholding From	20001	To 25000	253,003
7	Shareholding From	25001	To 30000	199,141
2	Shareholding From	30001	To 35000	67,000
6	Shareholding From	35001	To 40000	233,224
2	Shareholding From	40001	To 45000	89,000
4	Shareholding From	45001	To 50000	191,000
3	Shareholding From	55001	To 60000	179,865
1	Shareholding From	70001	To 75000	71,371
1	Shareholding From	75001	To 80000	79,500
1	Shareholding From	85001	To 90000	87,500
4	Shareholding From	95001	To 100000	400,000
2	Shareholding From	105001	To 110000	214,103
1	Shareholding From	120001	To 125000	125,000
1	Shareholding From	135001	To 140000	136,970
1	Shareholding From	155001	To 160000	158,812
1	Shareholding From	175001	To 180000	179,620
2	Shareholding From	190001	To 195000	386,123
2	Shareholding From	195001	To 200000	398,808
1	Shareholding From	215001	To 220000	215,500
1	Shareholding From	245001	To 250000	246,000
1	Shareholding From	285001	To 290000	287,500
2	Shareholding From	300001	To 305000	606,270
1	Shareholding From	435001	To 440000	436,564
1	Shareholding From	510001	To 515000	513,000
1	Shareholding From	605001	To 610000	608,707
1	Shareholding From	1230001	To 1235000	1,230,173
1	Shareholding From	1305001	To 1310000	1,308,500
1	Shareholding From	1395001	To 1400000	1,400,000
1	Shareholding From	7785001	To 7790000	7,787,490
1	Shareholding From	109915001	To 109920000	109,919,234
15,811				132,063,379

Categories of Shareholders
For The Year Ended June 30, 2014

Categories of Shareholders	No.	Shares Held	Percentage %
BANKS DEVELOPMENT FINANCIAL INSTITUTIONS, NON BANKING FINANCIAL INSTITUTIONS.	72	720,980	0.55
INSURANCE COMPANIES	12	1,245,554	0.95
DIRECTORS, CHIEF EXECUTIVE OFFICER, AND THEIR SPOUSE AND MINOR CHILDREN			
KHOWAJA OBAID IMRAN ILYAS	1	2,299	
MR. ANWAR SHAH	1	100	
KHOWAJA OBAID IMRAN ILYAS	1	115	
Sub-Totals :		2,514	0.00
ASSOCIATED COMPANIES, UNDERTAKING AND RELATED PARTIES.			
M/S PNSC EMPLOYEES EMPOWERMENT TRUST	1	7,787,490	
MOHAMMADI ENGG. WORKS LTD	1	4,766	
Sub-Totals :		7,792,256	5.90
MODARABAS AND MUTUAL FUNDS.	16	3,186,904	2.41
NIT AND ICP	13	78,087	0.06
FOREIGN INVESTORS	9	93,709	0.07
DIRECTOR GENERAL PORT & SHIPPING	1	109,919,234	83.23
OTHERS	85	1,413,809	1.07
Individuals*	15599	7,610,332	5.76
G-Totals :	15,811	132,063,379	100.00

*Including 3656 shareholders whose current domicile is not known
N.B.:- The above two statements include 1439 shareholders holding 11,523,299 Shares through Central Depository Company of Pakistan Limited.

Notice of Annual General Meeting

Notice is hereby given that the 36th Annual General Meeting of the shareholders of Pakistan National Shipping Corporation will be held at the Navy Welfare Centre (Pakistan Navy Fleet Club), near Lucky Star Hotel, Saddar, Karachi, on 30th October, 2014 at 5:15 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the Minutes of 35th Annual General Meeting of the shareholders held on 25th October, 2013.

2. To consider and adopt the Audited Accounts of the Corporation and the Consolidated Accounts of the PNSC Group together with the Reports of Auditors and Directors for the year ended 30th June 2014.

3. To consider and approve Board's recommendation to pay 15% Cash Dividend (i.e. Rs. 1.50 per share) to the shareholders.

4. To consider Board's recommendation to re-appoint the retiring auditors A.F. Ferguson & Co., Chartered Accountants, and Ford Rhodes Sidat Hyder & Co., Chartered Accountants, as joint auditors of the Corporation for the year 2014–2015 and to fix their remuneration.

5. To transact any other business that may be placed before the meeting with the permission of the chair.

By Order of the Board

ZAINAB SULEMAN
COMPANY SECRETARY
Dated: September 16, 2014

Note:

1. The Share Transfer Books of the Corporation will remain closed from 23rd October, 2014 to 30th October, 2014 (both days inclusive).

2. A shareholder entitled to attend and vote at this meeting is also entitled to appoint his/her proxy to attend the meeting. Proxies must be received at the Head Office of the Corporation not less than 48 hours before the time of holding the meeting.

3. CDC Account Holders are advised to bring their original National Identity Cards to authenticate their identity along with CDC account numbers at the meeting. However, if any proxies are granted by such shareholders, the same shall also have to be accompanied with attested copies of the National Identity Cards of the grantors, and the signature on the proxy form has to be the same as appearing on the National Identity Card.

4. The shareholders are requested to immediately notify change, if any, in their mailing addresses.

Form of Proxy

The Company Secretary,
Pakistan National Shipping Corporation,
Moulvi Tamizuddin Road,
Karachi

Please quote your Folio No./ CDC Account No.

I/We ____

of ____

being shareholder of Pakistan National Shipping Corporation holding ____________________

share (s) hereby appoint Mr./Miss/Mrs. ______________________________

S/o. D/o. W/o. ______________________________________

of ____

or failing him/her Mr./Miss./Mrs. ______________________________

S/o. D/o. W/o. ______________________________________

of ____

as my/ our proxy to vote for me/ us and on my/ our behalf at the meeting of the shareholders of the Corporation to be held at Karachi on the 30th day of October 2014 at 05:15 p.m. and at any adjournment thereof.

Dated this ____________________ day of ____________________ 2014.

Revenue Stamp of Rs 5

Signature of the Shareholder ____________________

Address ______________________________

____

Folio No./CDC Account No. ____________________

Transfer Receipt No. ____________________

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