"Connecting Businesses"
Yesterday, Today & Tomorrow

Pakistan International Container Terminal Limited

Annual Report 2015

VISION

OPERATE A CONTAINER TERMINAL AT KARACHI PORT THAT PROVIDES THE HIGHEST LEVEL OF QUALITY SERVICES TO ITS CLIENTS.

MISSION

A COMPANY DEDICATED TO FULFILLING THE PORT SERVICE REQUIREMENTS OF CUSTOMERS AND USERS OF KARACHI PORT AT AN ECONOMIC COST THROUGH OPTIMUM USE OF HUMAN AND FINANCIAL RESOURCES AND GIVING A FAIR RETURN TO INVESTORS.

COMPANY INFORMATION

Board of Directors
Chairman
Capt. Haleem A. Siddiqui (Resigned on March 8, 2016)
Mr. Christian R. Gonzalez (Appointed on March 8, 2016)

Directors
Mr. Roman Felipe S. Reyes
Mr. Aasim Azim Siddiqui
Mr. Rafael Consing, Jr.
Mr. Jose Manuel M. De Jesus
Mr. Hans-Ole Madsen

Company Secretary
Mr. Muhammad Hunain

Audit Committee
Chairman
Mr. Roman Felipe S. Reyes

Members
Mr. Aasim Azim Siddiqui
Mr. Rafael Consing, Jr.

Chief Internal Auditor
Mr. Moammar Raza

Human Resource & Remuneration Committee
Chairman
Mr. Christian R. Gonzalez

Members
Mr. Aasim Azim Siddiqui
Mr. Hans-Ole Madsen

Key Management
Chief Executive Officer
Capt. Zafar Iqbal Awan

Chief Financial Officer
Mr. Owais M. Kazi

Chief Operating Officer
Mr. Khurram Aziz Khan

Registered & Terminal Office
Berths 6-9, East Wharf,
Karachi Port, Karachi

Bankers
Albaraka Bank (Pakistan) Limited
BankIslami Pakistan Limited
Faysal Bank Limited
Habib Bank Limited
JS Bank Limited
National Bank of Pakistan
Samba Bank Limited

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

Legal Advisor
Usmani & Iqbal
F-73/11, Swiss Cottages
Block-4, Clifton, Karachi

Share Registrar / Transfer Agent
Technology Trade (Pvt.) Limited
Dagia House, 241-C, Block-2, PECHS
Off. Shahra-e-Quaideen, Karachi
Tel: 00 92-21-34391316-7
Fax: 00 92-21-3285-4815

Contact
Tel: 00 92-21-111 11 7428 (PICT)
Fax: 00 92-21-3285-4815
Email: investor-relations@pict.com.pk
Website: www.pict.com.pk

PROFILE OF THE BOARD OF DIRECTORS

Captain Haleem Ahmed Siddiqui

Captain Haleem Ahmad Siddiqui is a prominent Pakistani mariner, successful entrepreneur and philanthropist. He is the Chairman of Marine Group of Companies and was the founder Chairman of Board of Directors of Pakistan International Container Terminal Limited.

He joined Pakistan Merchant Navy in February 1959 as Cadet Officer on Pakistani Flag Vessel and served in various capacities on Pakistani Flag Vessels as well as on British Ships. He obtained first command in June 1968 after obtaining the qualification of Master Marine from U.K. and commanded various vessels till 1971.

In 1971 he started his own business of Marine Consultant / Surveyor. He had acted as Superintendent and Owners' Representative for various Shipping Companies both operating in Pakistan and number of Foreign Ship-owning and Ship Operating Companies based in U.K., Saudi Arabia etc.

He energized a Stevedoring Company, Premier Mercantile Services (PMS), by subsequent acquisition of this company, which was established in 1964 and under his able leadership PMS became a well-established one stop shop for all shipping related services in the country.

He was trying to establish Container Terminal in the country by submitting various proposals to the competent authorities since 1981 and at last he succeeded to establish PICT in 2002 after successfully winning in the international bidding for the same.

He is a Fellow Member of Chartered Management Institute of U.K, Chartered Institute of Logistics & Transport of U.K, International Federation of Shipmasters' Associations, U.K, SAARC Chamber of Commerce & Industry, and Lifetime Special Member of the Confederation of Asia-Pacific Chambers of Commerce and Industry. Recently he has received "Lifetime Achievement Award" by the Lloyd's List Middle East and Indian Subcontinent, in recognition of his long services to the shipping industry.

Capt. Haleem A. Siddiqui resigned from the Board on March 8, 2016.

PROFILE OF THE BOARD OF DIRECTORS

Mr. Roman Felipe S. Reyes

Mr. Roman Felipe S. Reyes has over 40 years experience of providing audit and advisory services to leading companies in different industries such as utilities and power generation, port services, land transport, broadcasting, real estate, oil refinery, steel manufacturing, and banks.

He was a Senior Partner and Vice Chairman for Client Services at SyCip Gorres Velayo & Co. (SGV) and was also the head of SGV's Japan Business Services as well as the head of SGV's highest revenue generating business unit.

He was recognized as Huwarang Anak ng Bulakan awardee in the field of Banking and Finance in 2015, Most Distinguished Bedan Awardee in 2004, Outstanding Bulakeno Dangal ng Lipi awardee in 1994, and Outstanding Alumnus of San Beda College in 1993.

Mr. Reyes is a Certified Public Accountant. He obtained his Bachelor's degree in Commerce, major in Accounting from San Beda College and his Master's degree in Business Administration, concentration in Finance from the University of Detroit, Michigan, USA.

Mr. Christian R. Gonzalez

Mr. Christian R. Gonzalez is the Senior Vice President and Regional Head of Asia Pacific & Manila International Container Terminal (MICT) of International Container Terminal Services, Inc (ICTSI) since November 9, 2015. During 2014 to 2015, he served as the Vice President and Head of Asia Pacific Region & MICT. Earlier, he was the Director General and Chief Executive Officer of Madagascar International Container Terminal Services Ltd., a wholly owned subsidiary of ICTSI. He joined ICTSI group in 1997.

He is currently the President of ICTSI Subic, Inc., Subic Bay International Terminal Holdings, Inc. and IW Cargo Handlers, Inc.; President Commissioner of PT ICTSI Jasa Prima Tbk. and Commissioner of PT Makassar Terminal Services. He is also a director in several ICTSI group companies.

Mr. Gonzalez is a graduate of Instituto de Estudios Superiores de la Empresa (IESE) Business School, Barcelona, Spain, where he received his Bilingual Masters in Business Administration. He is also a graduate of Business Administration from Pepperdine University in California.

Mr. Gonzalez was appointed as Chairman of the Board on March 8, 2016.

PROFILE OF THE BOARD OF DIRECTORS

Mr. Aasim Azim Siddiqui

Aasim Azim Siddiqui is the Managing Director of the Marine Group of Companies. He has been engaged with the shipping and cargo handling industry for the last twenty three years and has been with PICT since its inception. He was instrumental in arranging all financing requirements of PICT including from IFC and OFID, and has played an instrumental role in increasing the shareholders wealth of PICT.

Mr. Aasim did his BSc (hons) from London School of Economics and has a Master of Business Administration degree from Clark University, USA. He is also engaged in the development sector and founded the Organization for Social Development Initiatives with an objective to improve the living conditions of the poorest communities in the rural areas of Pakistan through sustainable poverty reduction strategies.

Mr. Rafael D. Consing Jr.

Mr. Rafael D. Consing Jr. is the Senior Vice President and Chief Financial Officer of ICTSI. Earlier, he was the Vice President and Treasurer of ICTSI. Concurrently, he is the Treasurer of ICTSI Ltd., Director B of ICTSI Capital B.V. and a member of the Board of Directors of the multiple ICTSI group companies.

From 1999 to 2007, Mr. Consing assumed various roles at HSBC, a global commercial banking firm, starting as Director and Head of Debt Capital Markets for the Philippines, and subsequently for South East Asia based in Singapore. His last position was Managing Director and Head of the Financing Solutions Group, Asia Pacific. Mr. Consing similarly held positions in investment banking with Bankers Trust NY / Deutsche Bank and ING Barings. From 1993 to 1995, he was Vice President and Treasurer of Aboitiz & Company Inc. and Aboitiz Equity Ventures Inc. He started his career at Multinational Investment Bancorporation in June 1989.

Mr. Consing received an A.B degree from De La Salle University, Manila in 1989.

PROFILE OF THE BOARD OF DIRECTORS

Mr. Jose Manuel M. De Jesus

Mr. Jose Manuel M. De Jesus is the Vice President of ICTSI for Business Development – Asia, a position which he holds since September 2008. Concurrently, he is a director of several ICTSI subsidiaries.

Before this role, he was Director of Business Development for the Americas. He also headed the Asia Business Development Group and had also held numerous senior positions including Director for Strategic Planning of ICTSI's Regional Development Offices in Miami and Dubai, and General Manager of Thai Laemchabang Terminals, Inc. He joined ICTSI in 1995 as Executive Assistant to the Chairman.

Mr. De Jesus is an Industrial Management Engineering graduate of De La Salle University, Manila.

Mr. Hans-Ole Madsen

Mr. Hans-Ole Madsen is the Senior Vice President of ICTSI for Europe, Middle East and Africa. Alongside, he is a Director of several ICTSI group companies.

Prior to joining ICTSI, Mr. Madsen was Vice President for Business Development at APM Terminals Zeebrugge N.V. He was also Chairman of Gujarat Pipavav Port Limited (GPPL) and has also served as a Director of Pipavav Railway Corporation Limited and GPPL.

CHAIRMAN'S REVIEW

I am pleased with the efforts made by the management of PICT for achieving growth in the volume handled together with the increased revenues and profitability of the Company in the financial year 2015, despite the fierce competition at Karachi port.

The Company has handled 792,122 TEUs (Twenty-Foot Equivalent Units) during the year which is the highest throughput handled in PICT's history. Our growth achievement is commendable and all this has become possible by the Grace of Allah and with the full dedication of our team of professionals.

PICT endeavors to achieve more business volumes and ensure business enhancement keeping in view the same priority to add shareholder value by reinvesting our earnings in the Company to support our expansion plans in order to capture a significant share in growth in Pakistan's container throughput.

The Directors of the Company have recommended final cash dividend @ 90% (Rs. 9/- per ordinary share) for the year ended December 31, 2015.

On behalf of PICT, I would like to thank all the stakeholders who always showed their support and confidence in the Management of the Company and with the continued support of our stakeholders and business partners we look forward to the next year.

Capt. Haleem A. Siddiqui
Chairman
Karachi: January 27, 2016

DIRECTORS' REPORT

We, the undersigned, for and on behalf of the Board of Directors, are pleased to present the Annual Report and the Audited Financial Statements for the financial year ended December 31, 2015 together with the Auditors' report thereon.

Operational Performance

Despite fierce competition by the competitors, during the year the Company has achieved its all-time best growth both in terms of revenue and volume since its incorporation. The Company has continued to show a consistent increase in the operational performance and taking advantage of increasing container traffic at Karachi port, achieved a glorious milestone of handling 792,122 TEUs [twenty-foot equivalent unit].

Financial Performance

	2015	2014
	---------Rupees in '000---------	
Revenue	8,828,244	7,921,660
Gross Profit	4,285,155	3,507,192
Profit before tax	3,731,670	2,997,115
Profit after tax	2,456,581	2,086,307

Due to increase in volume handled, during the year ended December 31, 2015, the Company achieved a turnover of Rs. 8,828.244 million as compared to Rs.7,921.660 million in last year showing an increase of 11.4%. Due to increased efficiencies, strict cost containment and decreasing fuel prices, gross profit for the year ended December 31, 2015 amounted to Rs. 4,285.155 million as compared to Rs. 3,507.192 million in last year showing an increase of 22.2%. Profit after tax amounted to Rs. 2,456.581 million as compared to Rs. 2,086.307 million in last year showing an increase of 17.7%.

Future Outlook

Despite numerous challenges in the foreseeable future, consistent with the historical achievements, the Company remains committed to driving the business forward. Further, your Company endeavors to maximize efficiencies and improve its services to its customers through streamlined systems and to achieve higher standards of productivity.

Dividends and Appropriations

To pass on the benefits of the progressive achievement to shareholders, the Directors have recommended a final cash dividend of Rs 9 per share (i.e. 90% of per ordinary share of Rs. 10), subject to the approval of the members at the forthcoming annual general meeting along with the interim dividend of Rs. 18 (i.e. 180% of per ordinary share of Rs. 10) already paid during the year. Accordingly, following appropriations have been made:

	Rupees in '000
Un-appropriated profit as at December 31, 2014	1,312,364
Final cash dividend for the year ended December 31, 2014 @ Rs. 3.5	(382,036)
Profit after taxation for the year 2015	2,456,581
Interim cash dividend for the year ended December 31, 2015 @ Rs. 18	(1,964,757)
Un-appropriated profit carried forward	1,422,152
Subsequent effects:	
Proposed final dividend at Rs. 9 per share	982,378
Total dividend per share for the year Rs. 27	2,947,135

Earnings per share

The basic and diluted earnings per share after tax is Rs. 22.51.

Pattern of Shareholding

A statement showing pattern of shareholdings of the Company and additional information as at December 31, 2015 is included in the annual report.

Holding Company

As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.54 percent shareholding of the Company and is the ultimate Parent Company of the Company.

Statutory Auditors

The present auditors, M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire at the conclusion of upcoming Annual General Meeting and being eligible offer themselves for reappointment. The Audit Committee has recommended the reappointment of the retiring auditors for the year ending December 31, 2016 and the Board agrees to the recommendation of the Audit Committee.

Risks and Uncertainties and its Mitigations

The Company addresses these risks individually in the course of its business operations. The management determines risk response strategies for such risks which includes avoid, transfer, reduce or accept strategy. Financial risk has been described in detail in note 26 of the attached financial statements that covers credit risk, liquidity risk, foreign currency risk, interest rate risk, and equity price risk.

Compliance with the Code of Corporate Governance

Governance set out by the Pakistan Stock Exchange Limited [formerly Karachi Stock Exchange Limited] in the listing regulations, relevant for the year ended December 31, 2015 have been duly complied with. A statement to this effect is annexed with the report.

Board of Directors

Currently, the Board comprises of seven non-executive directors. All the Directors keenly take interest in the proper stewardship of the Company's affairs.

During the year, Mr. Edgardo Q. Abesamis resigned from the Board of the Company and Mr. Roman Felipe S. Reyes was nominated by the Board to fill casual vacancy.

During the year, five Board Meetings, four Audit Committee Meetings and one Human Resources and Remuneration [HR&R] Committee Meeting was held. These were attended as follows:

S. No	Name of Directors	Member of		Meetings Attended		
		Audit Committee	Human Resource and Remuneration Committee	Board	Audit Committee	Human Resource and Remuneration Committee
1	Capt. Haleem A. Siddiqui	-	-	5	-	-
2	Mr. Roman Felipe S. Reyes	√	-	4	3	-
3	Mr. Christian R. Gonzalez	-	√	5	-	1
4	Mr. Aasim A. Siddiqui	√	√	5	4	1
5	Mr. Rafael D. Consing, Jr	√	-	5	3	-
6	Mr. Jose Manuel M. De Jesus*	√	-	5	1	-
7	Mr. Hans-Ole Madsen	-	√	4	-	-

* Was member of Audit Committee till February 24, 2015

Leave of absence was granted to those Directors who could not attend some of the Board meetings.

During the year the Directors of your Company completed their tenure in office, stood retired and offered themselves for re-election. The Directors were re-elected in the annual general meeting held on February 24, 2015 for the next term of three years.

Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of the financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- A summary of key operating and financial data is annexed with the annual report.
- Details of any purchase/sale of shares of the Company by its Directors, CEO, CFO, Company Secretary and their spouses and minor children are given alongwith pattern of shareholding.
- Information about contribution to national exchequer in the form of taxes and levies is given in the respective notes to the financial statements.
- The Company operates a contributory Provident Fund Scheme for all employees. The value of its investments as at December 31, 2015 is Rs 81.816 million.

Code of Conduct

The underlying values of the Company's Code are to conduct business operations with honesty, integrity and openness, and with respect for human rights and interest of the employees. The Company's Code of Conduct promotes guidelines on various ethical standards including issues such as conflicts of interests, employee rights, fraud, etc. The Board ensures that Code is disseminated to and understood and observed by employees. The responsibility for day to day implementation and monitoring of Code is delegated to the senior management. The Code is also available on the Company's website.

Corporate Social Responsibility [CSR]

Your Company's strategy for corporate social responsibility focuses on giving back to its environment by protecting and nourishing it and by looking after the comfort and security of its immediate workforce. Since its inception, PICT has undertaken various initiatives in the areas of health, safety, education, environmental protection and preservation, and other social activities of individuals and groups, attached directly or indirectly to its business activities. CSR is an important part of who we are and how we operate. We measure our success not only in terms of financial criteria, but also in building customer satisfaction and employee engagement, and supporting the communities we serve.

During the year, the Company has donated Rs.3.5 million to Rabia Azim Trust [an associated undertaking] for financial assistance for the infrastructure maintenance and day to day expenses of the Company's adopted school for under privileged children in its neighboring community. As part of CSR activity, this year PICT donated Water Heaters (geysers) and school shoes for the children of SOS Village. The employees of the Company also visited the children's shelters at the SOS village for distribution of gifts amongst the children. This year the Company also recommitted its support to the needy talent of Pakistan by sponsoring a student for higher IT education.

Material Changes & Commitments

There have been no material changes or events since December 31, 2015 to the date of this report, which have any significant impact on the financial statements except the proposal of final dividend which is subject to approval by the Members at the forthcoming Annual General Meeting. The effect of such declaration shall be reflected in the next year's financial statements.

Communication

Communication with the shareholders is given a high priority. Annual reports are distributed to them within the time specified in the Companies Ordinance, 1984. The Company also has a website, www.pict.com.pk, which contains up to date information on Company's activities and financial reports.

Acknowledgement

Our people are the key drivers behind the sustained growth of your Company. The Directors acknowledge the contribution of each and every employee of the Company. The Board also places on record its gratitude to extremely valued shareholders, customers, suppliers, contractors and financial institutions for their support, confidence and co-operation which are enabling us to grow and progress continuously. This continued support gives us confidence and encouragement and we remain committed to achieve excellence in all areas of activity.

Thanking you all.

On behalf of the Board of Directors

Capt. Haleem A. Siddiqui
Chairman of the Board

Capt. Zafar Iqbal Awan
Chief Executive Officer

Karachi, January 27, 2016

FINANCIAL HIGHLIGHTS

KEY OPERATING AND FINANCIAL DATA

	December 31, 2015	December 31, 2014	December 31, 2013	Half Year December 31, 2012	June 30, 2012	June 30, 2011	June 30, 2010
				(Rupees in Millions)			
Total TEUs [Twenty-foot Equivalent Units] (Numbers)	792,122	699,582	675,457	266,123	631,411	669,806	602,106
PROFIT AND LOSS ACCOUNT							
Revenue	8,828.24	7,921.66	7,974.39	3,083.43	6,692.31	6,123.78	5,125.12
Gross Profit	4,285.16	3,507.88	4,012.57	1,384.10	2,966.43	2,599.12	2,183.05
Operating Profit	3,928.07	3,230.36	3,701.03	1,225.50	2,694.00	2,349.12	1,930.69
Profit Before Taxation	3,731.67	2,997.12	3,429.49	1,051.21	2,170.82	2,128.81	1,520.96
Profit After Taxation	2,456.58	2,086.31	2,250.78	667.65	1,410.04	1,253.86	907.81
BALANCE SHEET							
Share Holder's Equity	2,693.68	2,583.90	2,789.80	4,195.65	3,708.00	4,680.95	3,717.98
Long-term Loans	298.76	896.27	1,493.77	1,484.53	1,732.17	1,852.90	2,298.04
Current Liabilities	1,940.07	1,898.23	2,392.44	1,296.37	1,430.91	1,265.13	1,152.31
Total Liabilities	2,873.68	3,572.95	4,873.97	3,896.43	4,291.76	4,353.75	4,597.16
Current Assets	1,854.84	1,988.84	2,952.96	2,955.33	2,751.65	2,926.62	2,366.11
Total Assets	5,567.36	6,156.84	7,663.77	8,092.08	7,999.76	9,034.70	8,315.14
RATIOS							
Earnings Per Ordinary Share (Rs.)	22.51	19.11	20.62	6.12	12.75	11.32	8.15
Break up Value Per Ordinary Share (Rs.)	24.68	23.67	25.56	38.44	32.32	41.24	32.41
Market Value Per Ordinary Share (Rs.)	279.98	300.00	240.50	209.03	146.00	81.25	75.00
Return on Equity (%)	93.09	77.65	64.44	16.89	33.62	29.86	27.17
Price Earning Ratio	12.44	15.70	11.66	34.16	11.45	7.18	9.20
Debt Equity Ratio	10:90	26:74	35:65	32:68	40:60	35:65	46:54

CORPORATE GOVERNANCE

Building a better working world

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Chartered Accountants
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Review report to the members on statement of compliance with the code of corporate governance

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 International Container Terminal Limited** (the Company) for the year ended **31 December 2015** to comply with the requirements of, Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.23 (b) of the Code of Corporate Governance, where the company is listed.

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

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

The Code requires the Company 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 Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended **31 December 2015.**

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Date: 27 January 2016

Place: Karachi

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

For the Year Ended December 31, 2015

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No.5.19 of listing regulations of Pakistan Stock Exchange Limited [formerly Karachi Stock Exchange Limited] 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.

Pakistan International Container Terminal Limited [the Company] has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors (the Board). At present the Board includes:

Category	Name
Independent Director	Mr. Roman Felipe S. Reyes
Non-Executive Directors	Capt. Haleem Ahmed Siddiqui
	Mr. Aasim Azim Siddiqui
	Mr. Christian R. Gonzalez
	Mr. Jose Manuel M. De Jesus
	Mr. Rafael D. Consing Jr.
	Mr. Hans-Ole Madsen

The independent director meets the criteria of independence under clause 5.19.1(b) of the Code.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3. All the resident directors of the Company 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. A casual vacancy occurred on the Board on January 8, 2015 due to resignation of Edgardo Q. Abesamis which was filled up by the directors with the appointment of Roman Felipe S. Reyes within 14 days thereof. The elections of the directors were held during the year in which seven Directors were elected for a term of three years.

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

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

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board/shareholders.

8. 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 agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. During the year the Board has arranged a training program for all its directors.

10. There has been no change in the position of the Chief Financial Officer [CFO], Company Secretary and Head of Internal Audit during the year.

11. 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.

12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.

13. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

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

15. The Board has formed an Audit Committee (the Committee). It comprises three members of whom all are non-executive directors and the chairman of the committee is an independent director.

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

17. The Board has formed a Human Resource and Remuneration Committee. It comprises of three members of whom all are non-executive directors and the chairman of the committee is a non-executive director.

18. The Board has set up an effective internal audit function that is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

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

20. 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.

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

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.

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

For and on behalf of the Board of Directors

Capt. Zafar Iqbal Awan
Chief Executive Officer

Dated: January 27, 2016
Karachi.

FINANCIAL STATEMENTS

EY
Building a better working world

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
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Pakistan

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eyfrsh.khi@pk.ey.com
ey.com/pk

Auditors' report to the members

We have audited the annexed balance sheet of **Pakistan International Container Terminal Limited** (the Company) as at **31 December 2015** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.3 to the accompanying financial statements with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **31 December 2015** and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and

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

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants
Audit Engagement Partner: Shariq Ali Zaidi
Date: 27 January 2016
Karachi

BALANCE SHEET

As at December 31, 2015

	Note	December 31, 2015	December 31, 2014
		(Rs. in thousands)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,699,976	4,149,484
Intangibles	5	11,002	16,672
Long-term deposits		1,547	1,847
		3,712,525	4,168,003
CURRENT ASSETS			
Stores, spare parts and loose tools	6	359,944	357,950
Trade debts	7	409,538	346,590
Advances	8	34,727	24,302
Deposits, prepayments and other receivables	9	234,278	202,513
Short term investments	10	-	-
Taxation – net		-	333,442
Cash and bank balances	11	816,352	724,044
		1,854,839	1,988,841
TOTAL ASSETS		5,567,364	6,156,844
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Issued, subscribed and paid-up capital	12	1,091,532	1,091,532
Reserves		1,602,152	1,492,364
		2,693,684	2,583,896
NON-CURRENT LIABILITIES			
Long-term financing	13	298,755	896,266
Deferred tax	14	591,887	734,239
Long-term employee benefits	15	42,972	44,215
		933,614	1,674,720
CURRENT LIABILITIES			
Trade and other payables	16	1,283,652	1,287,689
Accrued markup on loan		5,555	13,028
Current maturity of long-term financing	13	597,511	597,511
Taxation – net		53,348	-
		1,940,066	1,898,228
TOTAL EQUITY AND LIABILITIES		5,567,364	6,156,844
CONTINGENCIES AND COMMITMENTS	17		

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

PROFIT AND LOSS ACCOUNT

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		(Rs. in thousands)	
Revenue	18	8,828,244	7,921,660
Cost of services	19	(4,543,089)	(4,414,468)
Gross profit		4,285,155	3,507,192
Administrative expenses	20	(430,472)	(388,831)
Other income	21	73,384	111,994
Finance cost	22	(115,349)	(171,891)
Other expenses	23	(81,048)	(61,349)
Profit before taxation		3,731,670	2,997,115
Taxation	24	(1,275,089)	(910,808)
Profit after taxation		2,456,581	2,086,307
Earnings per ordinary share – basic and diluted	25	Rs. 22.51	Rs.19.11

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2015

	December 31, 2015	December 31, 2014
	----------- (Rs. in thousands) ----------	
Profit for the year	2,456,581	2,086,307
Other comprehensive income	-	-
Total comprehensive income for the year	2,456,581	2,086,307

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

CASH FLOW STATEMENT

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		(Rs. in thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES	29	4,235,701	3,680,497
Taxes paid		(1,030,651)	(1,419,171)
Long-term employee benefits paid	15	(6,561)	(4,212)
Finance cost paid		(122,588)	(162,410)
Long-term deposits		300	(1,172)
Net cash generated from operating activities		3,076,201	2,093,532
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(134,254)	(93,815)
Proceeds from disposal of property, plant and equipment	4.1.1	11,699	18,424
Purchase of software		(1,418)	-
Redemption of investment		-	500
Markup received		84,384	102,956
Net cash (used in) / generated from investing activities		(39,589)	28,065
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long-term financing		(597,511)	-
Dividends paid		(2,346,793)	(3,413,270)
Net cash used in financing activities		(2,944,304)	(3,413,270)
Net increase / (decrease) in cash and cash equivalents		92,308	(1,291,673)
Cash and cash equivalents at the beginning of the year		724,044	2,015,717
Cash and cash equivalents at the end of the year	11	816,352	724,044

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2015

	Share capital	Reserves			Total
		Capital redemption reserve fund	Unappropriated profit	Sub Total	
	(Rs. in thousands)				
Balance as at December 31, 2013	1,091,532	180,000	1,518,273	1,698,273	2,789,805
Profit after taxation	-	-	2,086,307	2,086,307	2,086,307
Other comprehensive income - net of taxation	-	-	-	-	-
Total comprehensive income	-	-	2,086,307	2,086,307	2,086,307
Final cash dividend for the year ended December 31, 2013 @ Rs.11/- per ordinary share	-	-	(1,200,685)	(1,200,685)	(1,200,685)
Interim cash dividend for the year ended December 31, 2014 @ Rs. 10/- per ordinary share	-	-	(1,091,531)	(1,091,531)	(1,091,531)
Balance as at December 31, 2014	1,091,532	180,000	1,312,364	1,492,364	2,583,896
Profit after taxation	-	-	2,456,581	2,456,581	2,456,581
Other comprehensive income - net of taxation	-	-	-	-	-
Total comprehensive income	-	-	2,456,581	2,456,581	2,456,581
Final cash dividend for the year ended December 31, 2014 @ Rs.3.5/- per ordinary share	-	-	(382,036)	(382,036)	(382,036)
Interim cash dividend for the year ended December 31, 2015 @ Rs. 18/- per ordinary share	-	-	(1,964,757)	(1,964,757)	(1,964,757)
Balance as at December 31, 2015	1,091,532	180,000	1,422,152	1,602,152	2,693,684

The annexed notes from 1 to 35 form an integral part of these financial statements.

CHIEF EXECUTIVE

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

1. CORPORATE INFORMATION AND OPERATIONS

1.1. Pakistan International Container Terminal Limited (the Company) was incorporated in Pakistan as a private limited company in June 2002. Subsequently, it was converted to an unquoted public limited company and later on, listed on the Karachi Stock Exchange on October 15, 2003. The registered office of the Company is situated at berths no. 6 to 9, East Wharf, Karachi Port, Karachi.

1.2. The Company has a Build Operate Transfer (BOT) contract with Karachi Port Trust (KPT) for the exclusive construction, development, operations and management of a common user container terminal at Karachi Port for a period of twenty-one years commencing June 18, 2002. After the expiry date, the Company will transfer land and all the related concession assets to KPT as disclosed in note 34 to these financial statements.

1.3. As of the balance sheet date, International Container Terminal Services, Inc. (ICTSI), a company incorporated in Manila, Philippines, held (directly and indirectly) 64.54 percent (2014: 64.54 percent) shareholding of the Company and is the ultimate Parent Company of the Company.

2. BASIS OF PREPARATION

2.1. Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP) 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.

The Securities and Exchange Commission of Pakistan in pursuance of the S.R.O No. 24(I)/2012 dated January 16, 2012 has given relaxation for the implementation of IFRIC 12 – "Service Concession Arrangements" due to the practical difficulties facing the companies. The impact on the financials results of the Company due to application of IFRIC-12 is disclosed in note 34 to these financial statements.

2.2. Accounting convention

These financial statements have been prepared under the historical cost convention unless otherwise specifically stated.

2.3. New standards, amendments to approved accounting standards and new interpretations

2.3.1. New amendments to approved accounting standards and interpretation which became effective during the year ended December 31, 2015

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial period except as described below:

New and amended standards

The Company has adopted the following amended IFRSs and IFRIC interpretations which became effective during the year:

IFRS 10 – Consolidated Financial Statements
IFRS 11 – Joint Arrangements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

IFRS 12 – Disclosure of Interests in Other Entities
IFRS 13 – Fair Value Measurement
IAS 19 – Employee Benefits – (Amendment)

Improvements to Accounting Standards Issued by the IASB

IFRS 2 – Share-based Payment - Definitions of vesting conditions
IFRS 3 – Business Combinations – Accounting for contingent consideration in a business combination
IFRS 3 – Business Combinations - Scope exceptions for joint ventures
IFRS 8 – Operating Segments – Aggregation of operating segments
IFRS 8 – Operating Segments - Reconciliation of the total of the reportable segments' assets to the entity's assets
IFRS 13 – Fair Value Measurement - Scope of paragraph 52 (portfolio exception)
IAS16 – Property, Plant and Equipment and IAS 38 Intangible Assets – Revaluation method – proportionate restatement of accumulated depreciation / amortisation
IAS 24 – Related Party Disclosures - Key management personnel
IAS 40 – Investment Property - Interrelationship between IFRS 3 and IAS 40 (ancillary services)

The adoption of the above standards, amendments / improvements and interpretations does not have any effect on these financial statements.

2.3.2. New standards, amendments to approved accounting standards and new interpretation that are not yet effective and have not been early adopted by the Company

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 10 – Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 27 Separate Financial Statements – Investment Entities: Applying the Consolidation Exception (Amendment)	01 January 2016
IFRS 10 – Consolidated Financial Statements and IAS 28 Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendment)	Not yet finalized
IFRS 11 – Joint Arrangements - Accounting for Acquisition of Interest in Joint Operation (Amendment)	01 January 2016
IAS 1 – Presentation of Financial Statements - Disclosure Initiative (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment and IAS 38 intangible assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	01 January 2016
IAS 16 – Property, Plant and Equipment IAS 41 Agriculture - Agriculture: Bearer Plants (Amendment)	01 January 2016
IAS 27 – Separate Financial Statements – Equity Method in Separate Financial Statements (Amendment)	01 January 2016

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

The Company expects that the adoption of the above amendments and interpretation of the standards will not affect the Company's financial statements in the period of initial application.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in September 2014. Such improvements are generally effective for accounting periods beginning on or after 01 January 2016. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard	IASB Effective date (annual periods beginning on or after)
IFRS 9 – Financial Instruments: Classification and Measurement	01 January 2018
IFRS 14 – Regulatory Deferral Accounts	01 January 2016
IFRS 15 – Revenue from Contracts with Customers	01 January 2018
IFRS 16 – Leases	01 January 2019

2.4. Significant accounting judgments, estimates and assumptions

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 Company's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. In the process of applying the Company's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

a) assumptions and estimates used in determining the method of depreciation, residual values and useful lives of property, plant and equipment (note 4);

b) assumptions and estimates used in determining the method of amortization, residual values and useful lives of intangibles (note 5);

c) assumptions and estimates used in determining the provision for obsolescence of stores, spare parts and loose tools (note 6);

d) assumptions and estimates used in determining the provision against doubtful receivables (note 7);

e) assumptions and estimates used in calculating the provision for impairment in short-term investments (note 10);

f) assumptions and estimates used in the recognition of taxation and deferred taxation (note 14); and

g) assumptions and estimates used in expected outcome of litigations involving the Company (note 17).

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1. Property, plant and equipment

3.1.1. Operating fixed assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any, except for capital work in progress which are stated at cost.

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

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

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

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

3.1.2. Capital work-in-progress

All expenditure connected with specific assets incurred during installation and construction period including advances to suppliers and contractors are carried under this head. These are transferred to specific assets as and when these assets are available for use.

3.2. Intangibles

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

Costs incurred on the acquisition of intangibles are capitalised and are amortised on straight line basis over their estimated useful life. Amortisation is charged in the month in which the asset is available for use at the rates stated in note 5 to these financial statements.

Useful lives of intangible assets are reviewed, at each reporting date and adjusted if appropriate.

The carrying values of intangible assets are reviewed for impairment at each reporting date for events or changes in circumstances that indicate the carrying value may not be recoverable.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

3.3. Borrowing costs

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

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

3.4. Stores, spare parts and loose tools

Stores, spare parts and loose tools are valued at lower of net realisable value and cost. Cost is determined using first-in-first-out (FIFO) basis except for those in transit which are stated at invoice price plus other charges paid thereon up to the balance sheet date. Provision is made annually in the financial statements for slow moving and obsolete items if required.

3.5. Trade debts

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

3.6. Loans, advances and other receivables

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

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

3.7. Investments

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

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

At fair value through profit or loss

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

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

Held-to-maturity investments

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

Available-for-sale investments

Investments which are intended to be held for an indefinite period of time but may be sold in response to the need for liquidity or changes in interest rates are classified as available for sale. After initial measurement, these are stated at fair values with unrealised gains or losses recognised directly in other comprehensive income until the investment is disposed or determined to be impaired. At the time of disposal, the cumulative gain or loss previously recorded in other comprehensive income is recognised in the profit and loss account.

Fair value of investments

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

3.8. Cash and cash equivalents

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

3.9. Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation in accordance with Income Tax Ordinance, 2001 and includes adjustments to charge for prior years, if any.

Deferred

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

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

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

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

3.10. Interest-bearing loans and borrowings

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

Gains and losses are recognised in profit or loss account when the liabilities are derecognised as well as through the amortisation process.

3.11. 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 rendered whether or not billed to the Company.

3.12. Provisions

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

3.13. Revenue

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies, if any. The following recognition criteria must be met before revenue is recognised:

- Revenue from port operations is recognised when service is rendered;
- Profit on deposits / saving accounts is recognised on time proportion basis;
- Dividend income is recognised when the Company's right to receive the same is established; and
- Gain on redemption of investments is recognised at the time of redemption.

3.14. Staff retirement benefits

The Company operates a recognised provident fund scheme for all eligible employees. Equal monthly contributions are made by the Company and the employees to the fund at the rate of 8.33 percent of the basic salary.

Contributions from the Company are charged to profit and loss account for the year.

3.15. Long-term employee benefits

The Company provides a facility to its employees for accumulating their annual earned leave under an unfunded scheme.

Accruals are made to cover the obligation under the scheme on accrual basis and are charged to profit and loss account. Accrual for compensated absences for employees is calculated on the basis of one month's gross salary. The amount of liability recognised in the balance sheet is calculated by the Company using the above basis as the difference in liability is not expected to be material using the Projected Unit Credit Method.

3.16. Financial Instruments

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

3.17. Offsetting of financial assets and financial liabilities

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

3.18. Foreign currency translations

Foreign currency transactions are translated into Pakistani Rupee (functional currency) using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities in foreign currencies are re-translated into Pakistani Rupee using the exchange rate ruling at the balance sheet date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at the year end exchange rates of monetary assets and liabilities denominated in foreign currencies are taken to profit and loss account.

3.19. Dividend

Dividend is recognised as a liability in the period in which it is declared.

3.20. Impairment

3.20.1. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect of the estimated future cash flows of that asset.

3.20.2. Non-financial assets

The carrying value of non-financial assets other than inventories and deferred tax assets are assessed at each reporting date to determine whether there is any indication of impairment. If any such indications exist, then the recoverable amount is estimated. An impairment loss is recognised, as an expense in the profit and loss account, for the amount by which an asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is determined through discounting of estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which they are separately identifiable cash flows (cash generating units).

3.21. Functional and presentation currency

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

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands) ----------	
4. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	3,631,075	4,086,982
Capital work-in-progress	4.2	68,901	62,502
		3,699,976	4,149,484

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

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

	December 31, 2015									
	COST				ACCUMULATED DEPRECIATION					
	As at January 01,2015	Additions / transfers from capital work-in-progress*	Disposals	As at December 31, 2015	As at January 01, 2015	Charge for the year (note 4.1.2)	Disposals	As at December 31, 2015	Written down value as at December 31, 2015	Depreciation Rate per annum
	(Rs. in thousands)									
Leasehold Improvements	2,041,000	2,026	-	2,043,516	1,046,806	157,793	-	1,204,599	838,917	5-20
		490*								
Container / general cargo handling equipment	4,142,699	-	-	4,142,699	1,902,826	261,064	-	2,163,890	1,978,809	5-9.16
Port power generation	503,182	6,684	-	514,763	216,855	32,689	-	249,544	265,219	5-10
		4,897*								
Ancillary plant and workshop equipment **	975,614	5,855	(75,520)	959,081	494,723	73,603	(55,742)	512,584	446,497	7-20
		53,132*								
Vehicles	45,004	10,797	(29,415)	30,172	33,677	9,022	(24,314)	18,385	11,787	20
		3,786*								
Computers and other Equipment	197,196	20,796	-	236,469	152,206	19,233	-	171,439	65,030	10-33.33
		18,477*								
Furniture and fixtures	63,656	602	-	64,570	34,276	5,478	-	39,754	24,816	10
		312*								
	7,968,351	46,760	(104,935)	7,991,270	3,881,369	558,882	(80,056)	4,360,195	3,631,075	
		81,094*								
Total - 2015	7,968,351	127,854	(104,935)	7,991,270	3,881,369	558,882	(80,056)	4,360,195	3,631,075	

* Transfer from Capital work-in-progress

** Includes stand-by equipment having written down value of Rs. 59.448 million.

	December 31, 2014									
	COST				ACCUMULATED DEPRECIATION					
	As at January 01, 2014	Additions / transfers from capital work-in-progress*	Disposals	As at December 31, 2014	As at January 01, 2014	Charge for the year (note 4.1.2)	Disposals	As at December 31, 2014	Written down value as at December 31, 2014	Depreciation Rate per annum
	(Rs. in thousands)									
Leasehold Improvements	2,006,768	10,453	-	2,041,000	847,046	199,760	-	1,046,806	994,194	5-20
		23,779*								
Container / general cargo handling equipment	4,139,831	2,868	-	4,142,699	1,645,533	257,293	-	1,902,826	2,239,873	5-9.16
Port power generation	342,914	6,853	-	503,182	175,370	41,485	-	216,855	286,327	5-10
		153,415*								
Ancillary plant and workshop equipment **	858,959	10,569	-	975,614	426,345	68,378	-	494,723	480,891	7-20
		106,086*								
Vehicles	83,431	5,583	(44,010)	45,004	51,141	9,489	(26,953)	33,677	11,327	20
Computers and other Equipment	191,088	6,335	(227)	197,196	130,875	21,425	(94)	152,206	44,990	10-33.33
Furniture and fixtures	59,948	968	-	63,656	28,493	5,783	-	34,276	29,380	10
		2,740*								
	7,682,939	43,629	(44,237)	7,968,351	3,304,803	603,613	(27,047)	3,881,369	4,086,982	
		286,020*								
Total - 2014	7,682,939	329,649	(44,237)	7,968,351	3,304,803	603,613	(27,047)	3,881,369	4,086,982	

* Transfer from Capital work-in-progress

** Includes stand-by equipment having written down value of Rs. 69.199 million.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

4.1.1. Disposal of operating fixed assets:

Particulars	Cost	Accumulated depreciation	Net book Value	Sale proceeds	Particulars of Buyer	Mode of disposal
	---------------- (Rs. in thousands) ----------------					
Ancillary plant and workshop equipment						
Jockey Port Tractor	4,307	4,201	106	294	Zulfiqar Ali	Auction
Jockey Port Tractor	4,307	4,201	106	294	Zulfiqar Ali	Auction
Jockey Port Tractor	4,307	4,247	60	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,157	4,749	407	294	Zulfiqar Ali	Auction
Jockey Port Tractor	4,307	3,544	763	294	Zulfiqar Ali	Auction
Jockey Port Tractor	4,307	4,201	106	294	Zulfiqar Ali	Auction
Jockey Port Tractor	4,854	4,670	184	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,077	3,684	1,393	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,077	3,125	1,952	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,077	3,125	1,952	294	Zulfiqar Ali	Auction
Jockey Port Tractor	6,296	3,253	3,044	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,077	3,125	1,952	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,927	3,150	2,777	294	Zulfiqar Ali	Auction
Jockey Port Tractor	6,367	3,163	3,204	294	Zulfiqar Ali	Auction
Jockey Port Tractor	5,077	3,304	1,773	294	Zulfiqar Ali	Auction
Vehicles						
Zabardast Econo	495	495	-	294	Zulfiqar Ali	Auction
Suzuki Ravi	312	312	-	294	Zulfiqar Ali	Auction
Mercedes benz	8,819	8,084	735	1,325	Capt Haleem Siddiqui - Chairman	As Per Contract
Audi	11,935	8,355	3,580	4,376	Capt Haleem Siddiqui - Chairman	As Per Contract
Mercedes benz	7,853	7,068	785	1,000	Capt Zafar Iqbal Awan – CEO	As Per Contract
2015	104,935	80,056	24,879	11,699		
2014	44,237	27,047	17,190	18,424		

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands) ----------	
4.1.2. Depreciation charge for the year has been allocated as under:			
Cost of services	19	502,994	543,252
Administrative expenses	20	55,888	60,361
		558,882	603,613
4.2. Capital work-in-progress			
Civil works		-	4,896
Advances to suppliers and contractors		68,901	25,205
Capital spares		-	32,401
		68,901	62,502

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

4.2.1. Movement

	Civil works	Advances to suppliers and contractors	Capital Spares	Total
	----------	(Rs. in thousands)	----------	
Balance as at December 31, 2013	44,009	256,143	14,748	314,900
Capital expenditure incurred / advances made during the year	7,176	25,357	17,653	50,186
Transfer to operating fixed assets	(46,289)	(239,731)	-	(286,020)
Transfer to intangibles	-	(16,564)	-	(16,564)
Balance as at December 31, 2014	4,896	25,205	32,401	62,502
Capital expenditure incurred / advances made during the year	-	88,030	-	88,030
Transfer to operating fixed assets	(4,896)	(43,797)	(32,401)	(81,094)
Charged to profit and loss	-	(537)	-	(537)
Balance as at December 31, 2015	-	68,901	-	68,901

5. INTANGIBLES

	COST			ACCUMULATED AMORTISATION				
	As at January 01, 2015	Addition/ Transfer from capital work-in-progress*	As at December 31, 2015	As at January 01, 2015	Charge for the year (note 5.1)	As at December 31, 2015	Written down value as at December 31, 2015	Amortis-ation rate Percent
		----------		(Rs. in thousands)		----------		
Computer software	122,331	1,418	123,749	105,659	7,088	112,747	11,002	20 – 33.33
Project development cost	37,889	-	37,889	37,889	-	37,889	-	20
December 31, 2015	160,220	1,418	161,638	143,548	7,088	150,636	11,002	
December 31, 2014	143,656	16,564*	160,220	126,554	16,994	143,548	16,672	

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands)	---------
5.1. Amortisation charge for the year has been allocated to cost of services	19	7,088	16,994

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands) ----------	

6. STORES, SPARE PARTS AND LOOSE TOOLS

Stores and spare parts		377,187	373,965
Fuel and lubricants		12,003	14,883
		389,190	388,848
Less: Provision for obsolescence		29,246	30,898
		359,944	357,950

7. TRADE DEBTS

Unsecured			
Considered good	7.1, 7.2 & 7.3	409,538	346,590
Considered doubtful		1,475	1,475
		411,013	348,065
Less: Provision for doubtful debts		1,475	1,475
		409,538	346,590

7.1. The aging of unimpaired trade debts at December 31 is as follows:

	Total	Neither past due nor impaired	Past due but not impaired: Within 90 days	Past due but not impaired: 91 to 180 days	Past due but not impaired: Over 180 days
	---------- (Rs. in thousands) ----------				
Related parties	5,213	4,905	103	205	-
Other than related parties	404,325	387,320	4,360	7,602	5,043
2015	409,538	392,225	4,463	7,807	5,043
Related parties	7,835	6,007	223	747	858
Other than related parties	338,755	327,332	8,895	1,500	1,028
2014	346,590	333,339	9,118	2,247	1,886

7.2. Includes Rs. 1.458 million (2014: Rs. 7.174 million) due from Marine Services (Private) Limited, Rs. 0.75 million (2014: Rs. 0.009 million) due from Premier Mercantile Services (Private) Limited, Rs. 0.017 (2014: Rs. 0.068 million) due from AMI Pakistan (Private) Limited and Rs.2.986 million (2014: Rs. 0.584 million) due from Portlink International Services (related parties).

7.3. These are non-interest bearing and generally on an average term of 30 days.

	December 31, 2015	December 31, 2014
	----------- (Rs. in thousands) ----------	

8. ADVANCES

Unsecured, considered good		
Suppliers and contractors	33,563	22,592
Employees	1,164	1,710
	34,727	24,302

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands)	----------
9. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES			
Deposits		9,184	35,345
Prepayments	9.1	45,346	120,578
Other Receivables - considered good			
Sales tax receivable		19,709	30,296
Insurance claim receivable		11,489	11,489
Accrued interest		167	1,832
Receivable from KPT	17.1.2	48,194	-
Receivable from tax authorities	17.1.3	100,000	-
Others		189	2,973
		179,748	46,590
		234,278	202,513

9.1 Includes Rs. Nil (2014: Rs. 75.142 million) as prepayment to KPT against handling, marshalling and storage charges.

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands)	----------
10. SHORT TERM INVESTMENTS			
Held to Maturity Investments			
Saudi Pak Leasing Company – COI	10.1	43,000	43,000
Less: Provision for impairment		43,000	43,000
		-	-

10.1. Represents investments in Certificates of Investments (COIs) of Saudi Pak Leasing Company (the Leasing Company), having face value of Rs. 43 million (2014: Rs.43 million) carrying interest at the rate of 7 percent (2014: 7 percent) per annum.

The Leasing Company made default in repayment against COIs in August 2009 due to serious financial and liquidity crunch reportedly being faced by it. Due to uncertainties involved, the Company has carried impairment provision in these financial statements, as a matter of prudence.

	Note	December 31, 2015	December 31, 2014
		----------- (Rs. in thousands)	----------
11. CASH AND BANK BALANCES			
With banks in:			
- current accounts		33,576	53,209
- saving accounts	11.1	760,603	648,148
		794,179	701,357
Cash and pay orders in hand		22,173	22,687
		816,352	724,044

11.1. These carry profit at rates ranging from 4.05 to 8.65 percent (2014: 6 to 8.7 percent) per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

12. SHARE CAPITAL

12.1. Authorised capital

December 31, 2015	December 31, 2014		December 31, 2015	December 31, 2014
(Number of shares)			(Rs. in thousands)	
182,000,000	182,000,000	Ordinary shares of Rs.10/- each	1,820,000	1,820,000
18,000,000	18,000,000	Preference shares of Rs.10/- each	180,000	180,000
200,000,000	200,000,000		2,000,000	2,000,000

12.2. Issued, subscribed and paid-up capital

December 31, 2015	December 31, 2014		Note	December 31, 2015	December 31, 2014
(Number of shares)				(Rs. in thousands)	
		Ordinary shares of Rs.10/- each			
63,761,200	63,761,200	- issued for cash		637,612	637,612
33,352,352	33,352,352	- issued as bonus shares		333,524	333,524
12,039,600	12,039,600	- issued as consideration other than cash	12.2.1	120,396	120,396
109,153,152	109,153,152			1,091,532	1,091,532

12.2.1. Represent shares issued in consideration for mobile harbour cranes, port equipment and a vehicle.

	Note	December 31, 2015	December 31, 2014
		(Rs. in thousands)	
12.3. As of the balance sheet date, following are the Major shareholders of the Company:			
ICTSI – Parent Company (directly and indirectly) 64.54 percent (2014: 64.54 percent)		70,442,082	70,442,082
Premier Mercantile Services (Private) Limited 24.7 percent (2014: 25.16 percent)		26,961,267	27,461,267
13. LONG-TERM FINANCING			
Secured			
Loan from banking company	13.1	896,266	1,493,777
Less: current maturity of long-term financing		(597,511)	(597,511)
		298,755	896,266

13.1. Represents a long-term local currency loan obtained on Diminishing Musharakah basis. The Musharakah units are to be purchased during a period of 4 years in 5 equal semi-annual installments commencing from April 2015. This facility is structured to represent pricing at the annual rate of 6 months' KIBOR + 0.75 percent and is secured against all present and future fixed assets of the Company excluding land and building.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands) ---------	
14. DEFERRED TAX			
Credit / (debit) balances arising in respect of timing differences relating to:			
Accelerated tax depreciation and amortisation		691,738	813,081
Provision for doubtful debts		(471)	(486)
Provision for obsolescence in stores, spare parts and loose tools		(9,359)	(10,196)
Provision for impairment in short-term Investment		(13,760)	(14,190)
Others		(76,261)	(53,970)
		591,887	734,239
15. LONG-TERM EMPLOYEE BENEFITS			
As at January 01		44,215	44,987
Accrual made during the year		5,318	3,440
		49,533	48,427
Less: Payments made during the year		6,561	4,212
		42,972	44,215
16. TRADE AND OTHER PAYABLES			
Trade creditors	16.1	421,632	299,734
Technical services fee payable	16.1	198,676	475,933
Staff related liabilities		117,343	104,352
Payable to port authorities		44,661	53,196
Accrued liabilities		23,087	15,370
Other liabilities			
Advances from customers		165,206	116,491
Workers' Welfare Fund		238,314	163,545
Unclaimed dividend		31,981	35,808
Unclaimed Preference shares dividend		239	239
Others		42,513	23,021
		478,253	339,104
		1,283,652	1,287,689

16.1. Include Rs. 266.7 million (2014: Rs. 543.3 million) payable to related parties.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

17. CONTINGENCIES AND COMMITMENTS

17.1. Contingencies

17.1.1. In 2007, the Trustees of the Port of Karachi filed a civil suit against the Company in the Honorable High Court of Sindh (HCS) alleging mis-declaration of the category of goods upon import of Ship to Shore Cranes and Rubber Tyre Gantry cranes in the year 2004 and thereby claiming a sum of Rs.304.5 Million with interest since default in payment of wharfage charges alongwith penalty thereon.

As per the Company's legal advisor, the case is at the final stage as evidence and final arguments have been completed. Now judgment of the case is reserved with HCS. In a Supreme Court Judgment, wharfage charges were held as illegal and without lawful authority which was brought to the perusal of HCS during final arguments. However, the conclusion regarding outcome of the case can be drawn only when the case is fixed for announcement of Judgment by the HCS.

The Company's legal advisor is confident that there is no merit in this claim and hence there is remote possibility that the case would be decided against the Company. Accordingly, no provision in respect of above has been made in these financial statements.

17.1.2. In 2007, the Deputy District Officer (DDO), Excise and Taxation, Division-B Karachi, raised a demand under section 14 of the Urban Immovable Properties Tax Act, 1958, against the Company for payment of property tax amounting to Rs. 34.6 million for the period from 2003 to 2007 out of the Handling, Marshalling and Storage (HMS) Charges payable to Karachi Port Trust (KPT) in respect of Berths No 6 to 9, East Wharf, Keamari. The Company has filed an interpleader civil suit against the demand raised by DDO and KPT before the High Court of Sindh (HCS). HCS granted a stay order in 2007 directing that no coercive action be taken against the Company until the case has been finalised. HCS issued an order in 2013 directing the Company to deposit the abovementioned sum with the Nazir of HCS, out of amount withheld by the Company from HMS Charges billed by KPT for the period from July 1 to December 31, 2007. Accordingly, the Company complied with the order of HCS and deposited the same with the Nazir of HCS.

In 2014, the DDO raised further demand against the Company for payment of property tax amounting to Rs. 96.1 million for the period from 2008 to 2014 out of the HMS Charges payable to KPT. The Company filed an application before HCS for obtaining directions for withholding of the amount out of HMS Charges payable to KPT and deposit the same with Nazir of HCS. In 2015, HCS issued orders directing the Company to deposit the abovementioned sum out of amount payable by the Company for HMS Charges billed by KPT amounting to Rs. 151.9 million for the period from July 1, 2015 to June 30, 2016 with Nazir of HCS. HCS further directed the Company to deposit the remaining HMS Charges due and payable onwards with the Nazir of HCS in four equal quarterly installments till the disposal of the instant suit. Accordingly, the Company complied with the order of HCS and withheld the sum of Rs. 96.1 million out of the HMS Charges payable to KPT and deposited the same with the Nazir of HCS. The Company has also deposited two quarterly payments out of the remaining HMS Charges due and payable, aggregating Rs. 27.8 million. The amount deposited with Nazir of HCS is netted off with the HMS payable to KPT.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

The decision of the suit is pending and based on the views of the Company's legal advisor, the management believes that there may be no adverse implication for depositing the payments due to KPT in view of complying with the HCS's order. Accordingly, no provision has been made in this respect in these financial statements.

17.1.3. While completing the tax audit proceedings for the tax year 2013, the Commissioner Inland Revenue (CIR) had modified the deemed assessment of the Company by passing an order under section 122(1) of the Income Tax Ordinance, 2001.The CIR had made certain disallowances/additions towards the taxable income and raised an income tax demand of Rs.130.438 million. The Company filed an appeal before the Commissioner Inland Revenue - Appeals (CIR-A) against the aforesaid order who partly decided the appeal in favour of the Company. The Company made the payment of Rs 100 million and in respect of issues confirmed by the CIR(A), the Company filed a second appeal before the Appellate Tribunal Inland Revenue (ATIR), pending for adjudication. The legal counsel of the Company is of the view that the issues involved in the appeal will be decided in favour of the Company. Accordingly, no provision in respect of excess demand raised by the CIR has been made in these financial statements.

	December 31, 2015	December 31, 2014
	---------- (Rs. in thousands) ---------	
17.2. Commitments		
17.2.1. Commitments for capital expenditure	-	5,584
17.2.2. Outstanding letters of guarantees	104,454	96,300
17.2.3. Outstanding letters of credit	1,884	9,179
17.2.4. Handling, marshalling and storage charges payable to Karachi Port Trust (KPT)		
Not later than one year	153,489	149,395
Later than one year and not later than five years	707,492	668,983
Later five years	609,359	801,356
	1,470,340	1,619,734

18. REVENUE

Gross revenue	9,984,273	8,942,601
Less : Sales tax	1,156,029	1,020,941
	8,828,244	7,921,660

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands) ---------	
19. COST OF SERVICES			
Salaries, wages and other benefits		472,513	454,413
Provident fund contribution		13,988	12,058
Staff training		1,004	2,067
Terminal handling and services		647,795	599,278
Royalty		806,753	704,367
Handling, marshalling and storage charges	17.1.2	159,545	143,534
Fuel and power		555,049	609,828
Stores, spares and other maintenance charges		285,516	257,710
Provision for obsolescence in stores, spare parts and loose tools		-	17,122
Technical services fee	19.1	672,442	667,661
Rent, rates and taxes	19.2	215,729	202,363
Insurance		108,518	91,217
Software maintenance charges		20,895	20,175
Office maintenance		39,347	27,769
Travelling, conveyance and vehicle running expenses		937	3,750
Communication, printing and stationery		1,411	2,016
Utilities		4,662	5,115
Depreciation and amortisation	4.1.2 & 5.1	510,082	560,246
Others		26,903	33,779
		4,543,089	4,414,468

19.1. Represents charge for technical services provided by ICTSI, the Parent Company, to the Company which includes continuous improvement of the operations management, training of key personnel and risk management services.

19.2. Included herein is sales tax on technical services fee amounting to Rs. 85.918 million (2014: Rs. 114.983 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands) ---------	
20. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		208,137	173,220
Provident Fund Contribution		6,681	5,772
Travelling, conveyance and vehicle running expenses		24,372	33,245
Legal and professional charges		10,982	10,795
Auditors' remuneration	20.1	7,350	7,144
Security expenses		12,112	11,395
Insurance		11,275	3,955
Office maintenance		23,656	18,299
Advertising and public relations		4,847	2,391
Communication, printing and stationery		20,507	17,813
Utilities		4,190	4,638
Depreciation	4.1.2	55,888	60,361
Fees and subscription		7,122	6,035
Donations	20.2	4,375	5,969
Others		28,978	27,799
		430,472	388,831

20.1. Auditors' remuneration

	December 31, 2015	December 31, 2014
Statutory audit fee	1,700	1,700
Audit fee for foreign reporting	346	297
Fee for review of compliance with Code of Corporate Governance	150	150
Fee for review of half-yearly financial statements	523	475
Tax, corporate and other advisory, other certifications and out-of- pocket expenses	4,631	4,522
	7,350	7,144

20.2. Includes Rs. 3.5 million (2014: Rs. 1.385 million) paid to Rabia Azim Trust, Karachi in which Capt. Haleem A. Siddiqui (Chairman) and Mr. Aasim Azim Siddiqui (Director) are Trustees and Rs. Nil (2014: Rs. 2.1 million) paid to Organisation for Social Development Initiative, Karachi in which Mr. Aasim Azim Siddiqui (Director) is a Trustee. No other directors or their spouses have any interest in any donee's fund to which donation was made.

	December 31, 2015	December 31, 2014
21. OTHER INCOME	---------- (Rs. in thousands) ---------	
Income from financial assets		
Markup on saving accounts	82,719	104,788
Income from non-financial assets		
(Loss) / gain on disposal of property, plant and equipment	(13,180)	1,212
Scrap sales	3,845	5,760
Others	-	234
	(9,335)	7,206
	73,384	111,994

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands)	---------
22. FINANCE COST			
Markup on long-term financing		115,116	161,935
Bank charges		233	206
Provision for impairment in short-term investments		-	9,750
		115,349	171,891
23. OTHER EXPENSES			
Workers' Welfare Fund		74,770	61,165
Exchange loss – net		6,278	184
		81,048	61,349
24. TAXATION			
Current		1,315,222	1,105,466
Deferred		(142,352)	(208,520)
Prior		102,219	13,862
	24.3	1,275,089	910,808

24.1. The Finance Act, 2015 has introduced certain amendments relating to taxation of companies. As per these amendments, one-time super tax at the rate of 3 percent of the taxable income has been levied for the tax year 2015 i.e. financial year ended December 31, 2014.

The effect of above amendment has been incorporated in these financial statements and an amount of Rs. 100.740 million (December 31, 2014: Nil) has been recognized as prior year tax charge. However, the Company has filed a petition against the levy of super tax before the Honourable High Court of Sindh and the final decision of the Court is yet to be received.

24.2. The Finance Act, 2015 introduced a new tax under Section 5A of the Income Tax Ordinance, 2001 on every public company other than a scheduled bank or modaraba, that derives profits for a tax year and does not distribute cash dividend within six months of the end of the said tax year or distribute dividends to such an extent that its reserves, after such distribution, are in excess of 100% of its paid up capital. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either 40 percent of its after tax profits or 50% of its paid up capital, whichever is less, within six months of the end of the tax year.

As explained in note 33, the Board of Directors in their meeting held on January 27, 2016 have recommended sufficient cash dividend for the year ended December 31, 2015 for the approval of shareholders in forth coming Annual General Meeting. This is in addition to the interim dividend of Rs. 18 per ordinary share declared during the year which together meets the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been made in these financial statements for the year ended December 31, 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

		December 31, 2015	December 31, 2014
		---------- (Rs. in thousands)	---------
24.3.	**Relationship between tax expense and accounting profit**		
	Profit before taxation	3,731,670	2,997,115
	Tax at the applicable tax rate of 32 percent (2014: 33 percent)	1,194,134	989,049
	Net effect of income tax provision relating to prior years	102,219	13,862
	Effect of change in rate on beginning deferred tax balance	(22,250)	(27,728)
	Others	986	(64,375)
		1,275,089	910,808
	Average effective tax rate	34.16%	30.39%
25.	**EARNINGS PER ORDINARY SHARE**		
	Basic and diluted Profit after taxation	2,456,581	2,086,307
	Weighted average number of ordinary shares in issue during the year — Numbers	109,153,152	109,153,152
	Earnings per share — Rupees	22.51	19.11

26. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The main risks arising from the Company's financial instruments are credit risk, liquidity risk, foreign currency risk, interest rate risk and equity price risk. No changes made to the objectives and policies during the year ended December 31, 2015. The Board of Directors reviews and agrees policies for managing each of these risks which are summarised below.

26.1. Credit Risk

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Carrying Values December 31, 2015	Carrying Values December 31, 2014
	---------- (Rs. in thousands) ---------	
Long-term deposits	1,547	1,847
Trade debts – unsecured	409,538	346,590
Advances – unsecured	34,727	24,302
Deposits and other receivables	21,029	51,639
Bank balances	794,179	701,357
	1,261,020	1,125,735

Quality of financial assets

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

	Carrying Values December 31, 2015	Carrying Values December 31, 2014
	---------- (Rs. in thousands) ---------	
26.1.1. Trade debts		
Customers with no defaults in the past one year	409,538	346,590
Customers with some defaults in past one year which have been fully recovered	-	-
	409,538	346,590
26.1.2. Cash with Banks		
A1	274,737	259,555
A1+	519,442	441,802
	794,179	701,357

Liquidity Risk

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

	On demand	Less than 3 months	3 to 12 months	1 to 5 Years	> 5 years	Total
	-- (Rs. in thousands)					--
December 31, 2015						
Long-term financing – secured	-	-	597,511	298,755	-	896,266
Trade and other payables	740,492	231,289	-	-	-	971,781
Accrued mark-up on long-term financing	-	-	5,555	-	-	5,555
	740,492	231,289	603,066	298,755	-	1,873,602
December 31, 2014						
Long-term financing – secured	-	-	597,511	896,266	-	1,493,777
Trade and other payables	583,115	483,160	-	-	-	1,066,275
Accrued mark-up on long-term financing	-	-	13,028	-	-	13,028
	583,115	483,160	610,539	896,266	-	2,573,080

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

26.2. Foreign Currency Risk

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

	December 31, 2015	December 31, 2014
	---------------- (Rupees) ----------------	
The following significant exchange rates have been applied at the reporting dates:		
Pakistani Rupee to US Dollars	104.39	101.03

The foreign currency exposure is partly covered as the majority of the Company's billing is determined in dollars which is converted into rupees at the exchange rate prevailing at the transaction date.

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

	Change in Exchange rates	Effect on profit before tax (Rs. in thousands)
December 31, 2015	± 5%	9,656
December 31, 2014	± 5%	25,163

26.3. Interest rate risk

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

Sensitivity analysis:

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

	Change in basis points	Effect on profit before tax (Rs. in thousands)
December 31, 2015	± 100	8,963
December 31, 2014	± 100	8,456

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

26.4. Equity price risk

Equity price risk is the risk of loss arising from movements in prices of equity instruments. The Company is not exposed to any equity price risk, as the Company does not have any investment in equity shares.

26.5. Capital risk management

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

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

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

The gearing ratios as at December 31, 2015 and December 31, 2014 were as follows:

	December 31, 2015	December 31, 2014
	----------- (Rs. in thousands) ----------	
Long-term financing	896,266	1,493,777
Trade and other payables	1,283,652	1,287,689
Accrued mark-up on loan	5,555	13,028
Total debt	2,185,473	2,794,494
Less: Cash and bank balances	816,352	724,044
Short-term investments	-	-
Net debt	1,369,121	2,070,450
Share capital	1,091,532	1,091,532
Reserves	1,602,152	1,492,364
Equity	2,693,684	2,583,896
Capital	4,062,805	4,654,346
Gearing ratio	33.7%	44.48%

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

	December 31, 2015			December 31, 2014		
	Chief Executive	Directors / Chairman	Executives	Chief Executive	Directors / Chairman	Executives
	(Rs. in thousands)					
Managerial remuneration	17,911	4,088	116,663	17,400	24,528	93,273
Company's contribution to Provident fund	1,007	227	5,085	977	1,362	3,871
Bonus	3,000	-	27,322	2,900	4,088	24,984
	21,918	4,315	149,070	21,277	29,978	122,128
Number	1	1	65	1	1	59

27.2. The Chief Executive and Chairman of the Company were also provided with the use of the Company maintained car, club memberships and medical benefits in accordance with their terms of service.

28. RELATED PARTY TRANSACTIONS

The related parties include the Parent Company, ultimate Parent Company, associated companies, entities having directors in common with the Company, directors and other key management personnel. Balances outstanding with related parties have been disclosed in the respective notes to these financial statements.

	Note	December 31, 2015	December 31, 2014
		(Rs. in thousands)	
Holding Company			
Technical services fee	19.1	672,442	667,661
Dividend paid		1,129,095	1,102,837
Associated companies/undertakings			
Terminal handling services and rent		458,716	365,386
Revenue from container handling		58,576	81,670
Traveling expenses		6,978	11,696
Software maintenance charges		614	519
Donations		3,500	3,485
Dividends paid		975,818	953,125

28.1. Amounts due from and due to related parties, amount relating to sale of vehicles and remuneration of the Chief Executive, Chairman, Directors and executives are disclosed in the relevant notes to these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

	Note	December 31, 2015	December 31, 2014
		---------- (Rs. in thousands) ---------	
29. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,731,670	2,997,115
Adjustments for non-cash items:			
Depreciation and amortisation	4.1.2 & 5	565,970	620,607
Accrual for long-term employee benefits	15	5,318	3,440
Finance cost	22	115,117	162,141
Reversal / provision for obsolescence in stores, spare parts and loose tools		(1,652)	17,122
Unrealised exchange loss		-	58
Provision for impairment in short-term investments	22	-	9,750
Markup on saving accounts	21	(82,719)	(104,788)
Loss / (gain) on disposal of property, plant and equipment	21	13,180	(1,212)
		615,214	707,118
Operating profit before working capital changes		4,346,884	3,704,233
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(342)	58
Trade debts		(62,948)	(42,753)
Advances, deposits, prepayments and other receivables		(43,856)	(10,554)
		(107,146)	(53,249)
Increase in current liabilities			
Trade and other payables		(4,037)	29,513
Cash generated from operations		4,235,701	3,680,497

30. PROVIDENT FUND

		December 31, 2015	December 31, 2014
Size of the fund		303,827	276,419
Cost of investments made		80,000	37,350
Percentage of investments made		26.94%	28.29%
Fair value of investments made		81,816	78,215

NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2015

30.1. Break-up of investments of provident fund

Break-up of investments in terms of amount and percentage of the size of the provident fund is as follows:

	December 31, 2015 (Un-audited)		December 31, 2014 (Un-audited)	
	Investments (Rs. in thousands)	% of investment as size of the fund	Investments (Rs. in thousands)	% of investment as size of the fund
Mutual funds	81,816	26.94%	78,215	28.29%

The financial year end of the provident fund of the Company is June 30 each year. The above information is based on unaudited financial statements of the provident fund.

Investments out of provident fund have been made in accordance with the provisions of the section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

	December 31, 2015	December 31, 2014
	----------------(Number)	----------------
31. NUMBER OF PERSONS EMPLOYED		
Persons employed as of December 31	1,013	1,053
Average persons employed during the year	1,029	1,079

32. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on January 27, 2016 by the Board of Directors of the Company.

33. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in their board meeting, held on January 27, 2016, have recommended a final cash dividend of Rs. 9 per ordinary share amounting to Rs. 982.378 million for the year ended December 31, 2015. The adjustment for this dividend will be incorporated in the subsequent financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2015

34. EXEMPTION FROM APPLICABILITY OF IFRIC – 12 "SERVICE CONCESSION ARRANGEMENTS"

As explained in note 2.1, the required mandatory disclosure is as follows:

Under IFRIC-12, the consideration required to be made by operator (the Company) for the right to use the asset is to be accounted for as an intangible asset under IAS – 38 "Intangible Assets". If the Company had to follow IFRIC-12, the effect on the financial statements would be as follows:

	December 31, 2015	December 31, 2014
	----------- (Rs. in thousands) ----------	
Reclassification from property, plant and equipment (including CWIP) to intangible assets (Port Concession Rights) – written down value	1,973,973	2,264,522
Reclassification from spares to intangible assets	253,910	196,142
Recognition of intangible assets (Port Concession Rights) on account of handling and marshalling charges (HMS)	650,663	737,477
Recognition of present value of concession liability on account of intangibles (HMS)	1,104,761	1,190,661
Interest expense for the year on account of intangibles (HMS)	63,966	69,492
Amortisation expense for the year on account of intangibles (HMS)	86,739	86,664
Amortisation expense for the year on account of concession assets (PPE and spares)	297,666	249,882
Increase in profit before tax for the year on account of reversal of handling and marshalling charges	151,442	147,009

35. GENERAL

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

35.2. Terminal maximum handling capacity in a year is 750,000 TEUs. Actual TEUs for the year are 792,122 TEUs (December 31, 2014: 699,582 TEUs).

CHIEF EXECUTIVE DIRECTOR

PATTERN OF SHAREHOLDING

As at December 31, 2015

No. of Shareholders	Total Shares From	To	Shareholdings Held
1097	1	100	18,808
384	101	500	86,750
727	501	1000	555,499
169	1001	5000	378,701
16	5001	10000	118,394
5	10001	15000	66,124
6	15001	20000	97,256
2	25001	30000	59,520
1	30001	35000	30,700
1	40001	45000	43,200
3	45001	50000	146,140
1	60001	65000	63,363
1	90001	95000	94,000
1	275001	280000	276,665
1	395001	400000	400,000
1	2235001	2240000	2,235,083
1	7845001	7850000	7,850,000
1	17155001	17160000	17,155,639
1	26960001	26965000	26,961,267
1	52515001	52520000	52,516,043
2,420			109,153,152

Categories Of Shareholders	Number of Shareholders	Total Shares held	Percentage
INDIVIDUALS	2,382	1,949,482	1.79%
INSURANCE COMPANY	1	854	0.00%
FINANCIAL INSTITUTIONS	1	720	0.00%
MODARABA AND MUTUAL FUNDS	4	48,264	0.04%
FOREIGN INVESTORS	10	79,758,647	73.07%
OTHERS	22	27,395,185	25.10%
	2,420	109,153,152	100.00%

PATTERN OF SHAREHOLDING

As at December 31, 2015

Categories Of Shareholders	Number of Shareholders	Number of Shares held	Percentage
Associated Companies, undertakings and related parties			88.53%
ICTSI Mauritius Limited	1	52,516,043	
Premier Mercantile Services (Pvt.) Ltd.	1	26,961,267	
Aeolina Investments Ltd.	1	17,155,639	
NIT and ICP Investment Companies	-	-	-
Directors, CEO and their spouses and minor children			0.00%
Capt. Haleem A. Siddiqui	1	500	
Mr. Aasim A. Siddiqui	1	4,500	
Jose Manuel De Jesus	1	100	
Capt. Zafar Iqbal Awan	1	720	
Executives	2	2,941	0.00%
Public Sector Companies and Corporations	-	-	-
Banks, DFI's, NBFI's, Insurance Companies, Modarabas and Mutual Funds	6	49,838	0.05%
Joint Stock Companies, Investment Companies	-	-	-
Foreign Investors and Others	29	10,520,883	9.64%
Individuals	2,376	1,940,721	1.78%
TOTAL	2,420	109,153,152	100.00%

Shareholders holding 10% or more voting interest

ICTSI Mauritius Limited	1	52,516,043
Premier Mercantile Services (Pvt.) Ltd.	1	26,961,267
Aeolina Investments Ltd.	1	17,155,639

Details of Purchase/Sale of Shares By Directors, CEO, CFO, Company Secretary and their spouses or Minor Children during Year Ended December 31, 2015

Name	Date of Purchase/Sale	Number of Shares	Rate
-	-	-	-

14TH ANNUAL GENERAL MEETING - AT A GLANCE

NOTICE OF THE 15TH ANNUAL GENERAL MEETING

Notice is hereby given that the Fifteenth (15th) Annual General Meeting of the members of Pakistan International Container Terminal Limited (the "Company") will be held on April 26, 2016 at 10:30 a.m., at Auditorium Hall, the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Clifton , Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of the Annual General Meeting held on February 24, 2015.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended December 31, 2015 together with the Directors` and Auditors` Reports thereon.

3. To appoint Auditors of the Company for the year ending December 31, 2016 and fix their remuneration. The present auditors Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants, retire and being eligible have offered themselves for reappointment.

4. To consider, approve and declare the final cash dividend of Rs. 9/- per ordinary share of the Company, as recommended by the Board of Directors, together with the interim cash dividend of Rs. 18/- per ordinary share already paid during 2015, thereby making a total cash dividend of Rs. 27/- per ordinary share for the year 2015.

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

SPECIAL BUSINESS:

6. To consider, approve and adopt a new set of Articles of Association and, if thought fit, for this purpose to pass the following resolution as a Special Resolution as required under Section 28 of the Companies Ordinance, 1984 (the Ordinance):

   "RESOLVED THAT the new set of Articles of Association as proposed in the meeting of Board of Directors held on January 27, 2016 and as accompanied with the notice of this meeting is hereby adopted as Articles of Association of the Company with effect from the date of this meeting in place of, and to rescission of, the existing set of Articles of Association of the Company".

   "FURTHER RESOLVED THAT the Chief Executive Officer and / or the Company Secretary be and are hereby jointly or severally authorized to take such other steps, execute such other documents and make necessary corporate and other filings as may be necessary or expedient for the purpose of giving effect to the above resolutions and all other matters incidental or ancillary thereto".

A statement of material facts as required under Section 160 (1) (b) of the Ordinance in relation to this special business is annexed to this notice of the meeting being sent to the members.

By Order of the Board

Muhammad Hunain
Company Secretary
Karachi: April 5, 2016

NOTES:

1. The Share Transfer Books of the Company will remain closed from April 19, 2016 to April 26, 2016 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of Company's share registrar, Technology Trade (Pvt.) Ltd., Dagia House, 241-C, P.E.C.H.S., off Shahrah-e-Quaideen, Block 2, Karachi by the close of business on April 18, 2016 will be treated in time for the purpose of payment of final dividend to the transferees and to attend and vote at the Annual General Meeting.

2. A member of the Company entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote on his/her behalf and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the Member.

3. Duly completed and stamped instrument of proxy, and the other authority under which it is signed, or a notarially certified copy thereof, in order to be valid, must be received at the Registered Office of the Company atleast 48 hours before the time of the Meeting. The proxy need not be a Member of the Company. Form of Proxy is enclosed.

   CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular No. 1 dated January 26, 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Any change of address of Members should be immediately notified to the Company's share registrar Technology Trade (Pvt.) Ltd., Dagia House, 241-C, P.E.C.H.S., off Shahrah-e-Quaideen, Block 2, Karachi.

FOR ATTENDING THE SHAREHOLDERS' MEETING

i. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his / her identity by showing his / her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.

ii. The shareholders registered on CDC are also requested to bring their particulars, I.D. numbers and account numbers in CDS.

iii. In case of a corporate entity, the Board of Directors'/ Trustees' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

FOR APPOINTING PROXIES

i. In case of individual, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the duly completed and stamped proxy form accordingly.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of valid CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his / her original CNIC or original passport at the time of the meeting.

v. In case of corporate entity, the Board of Directors'/ Trustees' resolution / power of attorney with specimen signature of the nominee shall be submitted alongwith proxy form to the Company.

FOR CNIC AND ZAKAT

i. As per the Securities and Exchange Commission of Pakistan's SRO 831 (2) /2012 dated July 5, 2012 read with SRO 19(1) / 2014 dated January 10, 2014 for compulsory requirement and printing of CNIC on the dividend warrant, without which no dividend warrant shall be issued, the Individual Members who have not yet submitted photocopy of their valid CNIC, are once again reminded to send the same at the earliest directly to the Company's share registrar at the above address. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number with the copy of CNIC / NTN details.

ii. Members are requested to submit declaration as par Zakat & Ushr Ordinance 1980 for Zakat exemption and to advise change in address, if any.

MINUTES OF PREVIOUS AGM

Copies of the minutes of the Annual General Meeting held on February 24, 2015 will be available to the Members on request.

DIVIDEND MANDATE

In compliance with the SECP's Circular No. 8(4)SM/CDC 2008 dated 5 April 2013, the Company wishes to inform its shareholders that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Shareholders, wishing to exercise this option, may submit their application on a standard request form which is available at the Company's website - www.pict.com.pk to the Company's Share Registrar. CDC account holders should submit their request directly to their broker (participant)/CDC with a copy of the dividend mandate form to share registrar of the Company. Form of dividend mandate is enclosed.

CIRCULATION OF NOTICE OF MEETING & ANNUAL FINANCIAL STATEMENTS

Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, the Securities and Exchange Commission of Pakistan's (SECP) has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail).We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through email in future. In this respect members are hereby requested to convey their consent via email on a standard request form which is available at the Company website i.e. www.pict.com.pk. Please ensure that your email has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered email address. Request form is enclosed.

Annual audited financial statements of the Company for the year ended December 31, 2015 have been made available on the Company's website - www.pict.com.pk

FILER AND NON FILER STATUS

i. The Government of Pakistan has made certain amendments in Section 150 of the Income Tax Ordinance, 2001 whereby different rates are prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as per law.

   To enable the Company to make tax deduction on the amount of Cash Dividend, all the members whose names are not entered into Active Tax-Payers List (ATL), despite the fact that they are filers are advised to make sure that their names are entered into ATL available at e-portal of Federal Board of Revenue ("FBR"), before the date of commencement of book closure for cash dividend. The Company as per the law shall apply 17.5% rate of withholding tax if the shareholder's name with relevant details does not appear on the ATL available on the FBR website on first day of the book closure and deposit the same in the Government Treasury as this has to be done within the prescribed time.

ii. All shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Shares Registrar, in writing as follows:

Folio / CDS	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC No.	Shareholding Proportion (No. of shares)	Name and CNIC No.	Shareholding Proportion (No. of shares)

   The required information must reach our Shares Registrar by the close of business on April 18, 2016; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

iii. The corporate shareholders having CDC accounts are required to have their National Tax Number(NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or its Share Registrar. The shareholders while sending

NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

CONSENT FOR VIDEO CONFERENCE FACILITY

Members can also avail video conference facility in (name of cities where facility can be provided keeping in view geographical dispersal of members). In this regard, please fill the following and submit to registered address of the Company 10 days before holding of the annual general meeting.

"I/We,________________________ of ____________________, being a member of Pakistan International Container Terminal Limited, holder of _______________________ ordinary share(s) as per register Folio No. ________________ hereby opt for video conference facility at _____________.

For any query / problem / information, the investors may contact the Company and / or the Share Registrar at the following phone Numbers, email addressed:

PICT Investor Relations Department Pakistan International Container Terminal Limited Berth # 6-9, East Wharf, Karachi Port Karachi +92 21 3285 5701-9 Ext. 293 investor-relations@pict.com.pk	PICT Shares Registrar Technology Trade (Pvt.) Limited Dagia House, 241-C, PECHS Off Shahrah-e-Quaideen, Block 2, Karachi +92 21 3439 1316-7 mail@ttpl.com.pk

STATEMENT OF MATERIAL FACTS U/S 160 (1) (b) OF THE COMPANIES ORDINANCE, 1984 (THE ORDINANCE), IN RELATION TO AGENDA ITEM NO: 6 OF NOTICE OF ANNUAL GENERAL MEETING

Due to changes in corporate laws from time to time and in order to make the documents of the Company up to date, there was a compelling need for Board of Directors (the Board) to initiate an exercise to prepare a new set of Articles of Association of the Company with a view to put the same in place against the existing set of Articles of Association of the Company.

As an outcome of the above exercise, the draft of new set of Articles of Association was presented in the meeting of the Board held on January 27, 2016 and in the presence of required quorum, the same is approved unanimously. In order to comply with the requirement of Section 28 of the Ordinance, the Board in the said referred meeting has also proposed to seek the approval of members in the Annual General Meeting to be held on April 26, 2016 by way of special resolution within the meaning of Section 2 (1) (36) of the Ordinance.

In this special business of approval of new set of Articles of Association, none of the directors is having any special interest except and to the extent of occupying the position of director of the Company or holding the shares in the Company. Full set of Articles of Association can be inspected /reviewed by any member, without any charge during business hours of any working day before the meeting from 11:00 am to 1:00 pm, at the Registered Office of the Company. For the convenience of members, the draft of proposed set of Articles of Association is enclosed with this notice of the meeting.

FORM OF PROXY

The Company Secretary
Pakistan International Container Terminal Limited
Berth # 6-9, East Wharf
Karachi Port, Karachi.

I/We, ______________________________ of ______________________________ being a member of Pakistan International Container Terminal Limited and holding ________________Ordinary Shares as per Share Register Folio No. ________ and/or CDC Participant I.D. No. ________ A/c No. _________ hereby appoint Mr./ Mrs./Miss _________________________________ of (full address) as my/our proxy to attend, speak and vote for me / us and on my / our behalf at the 15th Annual General Meeting of the Company to be held on April 26, 2016 and at any adjournment thereof.

Signed this __________________ day of ________________ 2016

Witnesses:

1. Name ____
Address ____
CNIC No. _______________________________________
Signature _______________________________________

2. Name ____
Address ____
CNIC No. _______________________________________
Signature _______________________________________

Signature on Rs. 5/- Revenue Stamp

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

پراکسی فارم

کمپنی سیکریٹری
پاکستان انٹرنیشنل کنٹینرز ٹرمینل لمیٹڈ
برتھ نمبر ۶-۹ ایسٹ وہارف،
کراچی پورٹ، کراچی۔

میں/ہم ________________ کا/کے ________________________________

بحیثیت رکن پاکستان انٹرنیشنل کنٹینرز ٹرمینل لمیٹڈ اور حامل عام حصص، بمطابق شیئر رجسٹر فولیو نمبر ________________ کے مطابق اور/یا سی ڈی سی شرکا آئی ڈی نمبر ________________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ________________ جناب/محترمہ/مس ________________________

مکمل پتہ ____

کو اپنے/ہمارے ایماء پر مورخہ ۲۶ اپریل ۲۰۱۶ء کو دن منگل میں منعقد ہونے والے کمپنی کے پندرھویں سالانہ اجلاسِ عام میں حقِ رائے دہی استعمال کرنے یا کسی بھی التوا کی صورت اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز ________________ بتاریخ ________________ ۲۰۱۶ء کو دستخط کیئے گئے۔

دستخط پانچ روپے کے ریونیو اسٹمپ پر (دستخط کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں)

گواہان:

۱۔ نام: ________________

پتہ: ________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

دستخط: ________________

۲۔ نام: ________________

پتہ: ________________

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ☐☐☐☐☐-☐☐☐☐☐☐☐-☐

دستخط: ________________

نوٹ:

۱۔ ایک ممبر (رکن) جو اجلاس میں شرکت اور ووٹ دینے کا مجاز ہو، اپنی جگہ کسی اور شخص کو بطور نائب شرکت کرنے اور ووٹ دینے کا حق تفویض کرسکتا ہے۔

۲۔ ایک ممبر (رکن) جو اجلاس میں شرکت نہیں کرسکتا، وہ اس فارم کو مکمل طور سے پُر کرے اور پانچ روپے کی رسیدی ٹکٹ پر دستخط کرنے کے بعد اجلاس شروع ہونے سے کم از کم ۴۸ گھنٹے قبل کمپنی کے ساتھ جمع کردے۔

۳۔ اجلاس کے وقت نائب کو اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔

۴۔ دستخط کا نمونہ جو کمپنی کے ریکارڈ میں جمع/درج ہے، اس سے اتفاق ہونا چاہیے۔

۵۔ سی ڈی سی حصص یافتگان اور ان کا نائب کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی اس پروکسی فارم کے ساتھ منسلک کرنی ہوگی۔

۶۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر (رکن)، بورڈ آف ڈائریکٹرز/ٹرسٹیز کی قرارداد/پاور آف اٹارنی کے نمونہ دستخط کے ساتھ، نائب کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی اس پروکسی فارم کے ساتھ منسلک کرنی ہوگی۔

PAKISTAN INTERNATIONAL CONTAINER TERMINAL LIMITED

Admission Slip

For the 15th Annual General Meeting of Pakistan International Container Terminal Limited scheduled on Tuesday April 26, 2016 at 10:30 a.m. at Auditorium Hall, the Institute of Chartered Accountants of Pakistan, Karachi. Kindly bring this slip duly signed by you for attending the Meeting.

COMPANY SECRETARY

Folio No. ______________________________

Name ______________________________

Joint holder(s), if any,

i) ______________________________

ii) ______________________________

iii) ______________________________

____

Signature

NOTES:

i) The signature of the shareholder must tally with the specimen signature on the Company record.

ii) Shareholders are requested to hand over duly completed admission slips at the counter before entering the meeting premises.

THIS ADMISSION SLIP IS NOT TRANSFERABLE

REQUEST / CONSENT FORM FOR ELECTRONIC TRANSMISSION OF AUDITED FINANCIAL STATEMENTS AND NOTICE OF GENERAL MEETINGS (GMs) THROUGH E-MAIL

The Share Registrar (Pakistan International Container Terminal Limited) Date:___________________
M/s Technology Trade (Pvt.) Limited
Dagia House, 241-C, Block-2, PECHS
Off: Shahrah-e- Quaideen, Karachi

Sub: Request / Consent for electronic transmission of audited financial statements and notice of GM through e-mail

I/we hereby give my/our consent and opt to receive Annual Audited Financial Statements along with Notice of GMs of Pakistan International Container Terminal Limited (Company) through e-mail (Electronic Transmission), in pursuance of SRO No. 787 (I)/2014, dated September 08, 2014, issued by the Securities & Exchange Commission of Pakistan (SECP). I/we am/are pleased to provide the following required information:

Name of the Shareholder(s)	
Folio No. / CDC Participants ID A/C No.	
CNIC No.	_ _ _ _ _ - _ _ _ _ _ _ _ - _
Passport No. (incase of foreign shareholder)	
Land Line Phone Number	
Cell Number	
Valid E-mail address	

It is stated that the above-mentioned information is correct and that I/We will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

I/we hereby further authorize Company to update my/our particulars mentioned above in the member register of the Company alongwith email address mentioned.

I/we undertake that by sending the Audited Financial Statements and Notices through e-mail, by the Company, the Company shall be considered compliant with relevant requirements of sections 50, 158 and 233 of the Companies Ordinance, 1984. In case a hard copy of Audited Financial Statements and/or Notice of GMs of the Company is desired, specific request for the same will be made.

____
Signature of the Shareholder(s)

	Communication address of the Company	Communication address of the Share Registrar
Postal	Pakistan International Container Terminal Limited Berths No. 6-9, East Wharf, Karachi Port, Karachi	Technology Trade (Pvt.) Ltd. Dagia House, 241-C, Block-2, PECHS, Off: Shahrah-e-Quaideen,, Karachi.
e-mail address	investor-relations@pict.com.pk	mail@ttpl.com.pk

Notes:
- Please attach attested photocopy of the valid CNIC / valid Passport.
- This Request Form is optional and not compulsory.
- The shareholders who hold shares in physical form are requested to submit the above information to the Share Registrar at the address as mentioned above.
- The shareholders who are maintaining shareholding under Central Depository System (CDS) i.e. in CDC are advised to submit the above information to their Participant / CDC Investor Account Services.

REQUEST / CONSENT FORM FOR DIVIDEND MANADATE

The Share Registrar (Pakistan International Container Terminal Limited) Date:______________
M/s Technology Trade (Pvt.) Limited
Dagia House, 241-C, Block-2, PECHS
Off: Shahrah-e- Quaideen, Karachi

I/We, Mr./Ms./Mrs. ____________________________________ S/o /D/o /W/o, Mr.________________________________ being the registered shareholder(s) of Pakistan International Container Terminal Limited (Company) hereby authorize the Company to directly credit cash dividend declared by it, if any, from time to time in the below mentioned bank account:

Shareholder's detail														
Name of the Shareholder(s)														
Folio No. / CDC Participants ID A/C No.														
CNIC No.						-							-	
Passport No. (incase of foreign shareholder)														
Land Line Phone Number														
Cell Number														
Valid E-mail address														

(ii) Shareholder's Bank details	
Title of the Bank Account	
Type of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Branch Code No.	
Full mailing address and contact No. of Branch	

It is stated that the above-mentioned information is correct and that I/We will intimate the changes in the above-mentioned information to the Company and the concerned Share Registrar as soon as these occur.

I/We hereby further authorize Company to update my/our particulars mentioned above in the member register of the Company alongwith email address mentioned.

____
Signature of the Shareholder(s)

Notes:
- Please attach attested photocopy of the valid CNIC / valid Passport.
- This Request Form is optional and not compulsory.
- Incase of Joint shareholders, all joint shareholders are required to sign this form.
- The shareholders who hold shares in physical form are requested to submit the above information to the concerned Share Registrar.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant / CDC Investor Account Service.

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SECP

Pakistan International Container Terminal Limited being part of global terminal operator International Container Terminal Services, Inc.; since inception has been aiming to enhance the supply chain efficiency of its customers in Pakistan by effectively handling containers. Our customers' needs are constantly changing. This means we have to anticipate these changing needs and be agile with our response so that we deliver a satisfied and profitable customer experience. We are committed to working closely with our customers to deliver quality services today and to have innovative solutions for the needs of customers tomorrow. Whether it is planning for new developments or improving the reliability and efficiency standards to handle more containers. Hence, our customers can proudly say that we are <u>connecting their businesses</u>.........

Pakistan International
Container Terminal Limited
Registered & Terminal Office:
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