



PROGRESS
with CARE

Annual Report 2014






*Conserving
environment
with sustainable
development
and economic
growth*

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*Our objective
remains to build
the first Pakistani
owned fully mechanized
non-food dry bulk
cargo handling
terminal*

Company Information

Board of Directors

Chairman

Capt. Haleem A. Siddiqui

Chief Executive Officer

Mr. Sharique Azim Siddiqui

Directors

Mr. Aasim Azim Siddiqui

Capt. Zafar Iqbal Awan

Syed Nizam A. Shah

Mr. Ali Raza Siddiqui

Mr. M. Masood Ahmed Usmani, FCA

Chief Financial Officer & Company Secretary

Mr. Arsalan I. Khan, ACA

Audit Committee

Chairman

Syed Nizam A. Shah

Members

Mr. Aasim Azim Siddiqui

Mr. Ali Raza Siddiqui

Chief Internal Auditor & Secretary

Mr. Noman Yousuf

Human Resource & Remuneration Committee

Chairman

Syed Nizam A. Shah

Members

Mr. Ali Raza Siddiqui

Mr. Sharique Azim Siddiqui

Secretary

Mr. Arsalan I. Khan, ACA

Legal Advisors

Khalid Anwer & Co.

153-K, Sufi Street, Block-2, PECHS,
Karachi 75400

Kabraji & Talibuddin

64-A/1, Gulshan-e-Faisal,
Bath Island, Karachi.

The Continental Law Associates

Panorama Centre, Saddar, Karachi.

Registered & Head Office

2nd Floor, Business Plaza,
Mumtaz Hassan Road,
Karachi-74000 Pakistan.
Tel. +92-21-32400450-3
Fax. +92-21-32400281

Bankers

Al-Baraka Bank Limited

Bank Islami Pakistan Limited

The Bank of Punjab

Faysal Bank Limited

JS Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Samba Bank Limited

Registrar / Transfer Agent

Technology Trade (Pvt.) Ltd.

241-C, Block-2, P.E.C.H.S., Karachi.

Tel: +92-21-34391316-7

First Coal handling facility in Pakistan to comply with the International Standards of environment pollution control



Vision



To develop modern infrastructure in Pakistan to handle bulk Coal, Clinker & Cement at international standards of efficiency and at the best global environmental practices.

Mission



Not an actual image of PBT

To successfully set-up the country's first state-of-the-art dirty bulk terminal at Port Qasim and to provide mechanized bulk cargo handling services to the trade and industry on the best global standards.

The Project

- PIBTL is the terminal operating company which has entered into an implementation agreement with the Port Qasim Authority to establish a modern Coal, Clinker & Cement bulk handling facility at Port Qasim.
- PIBTL is carrying out the construction activities at it's project site at Port Qasim Authority.
- The project is on a 30 year Built, Operate and Transfer concession from the Port Qasim Authority.

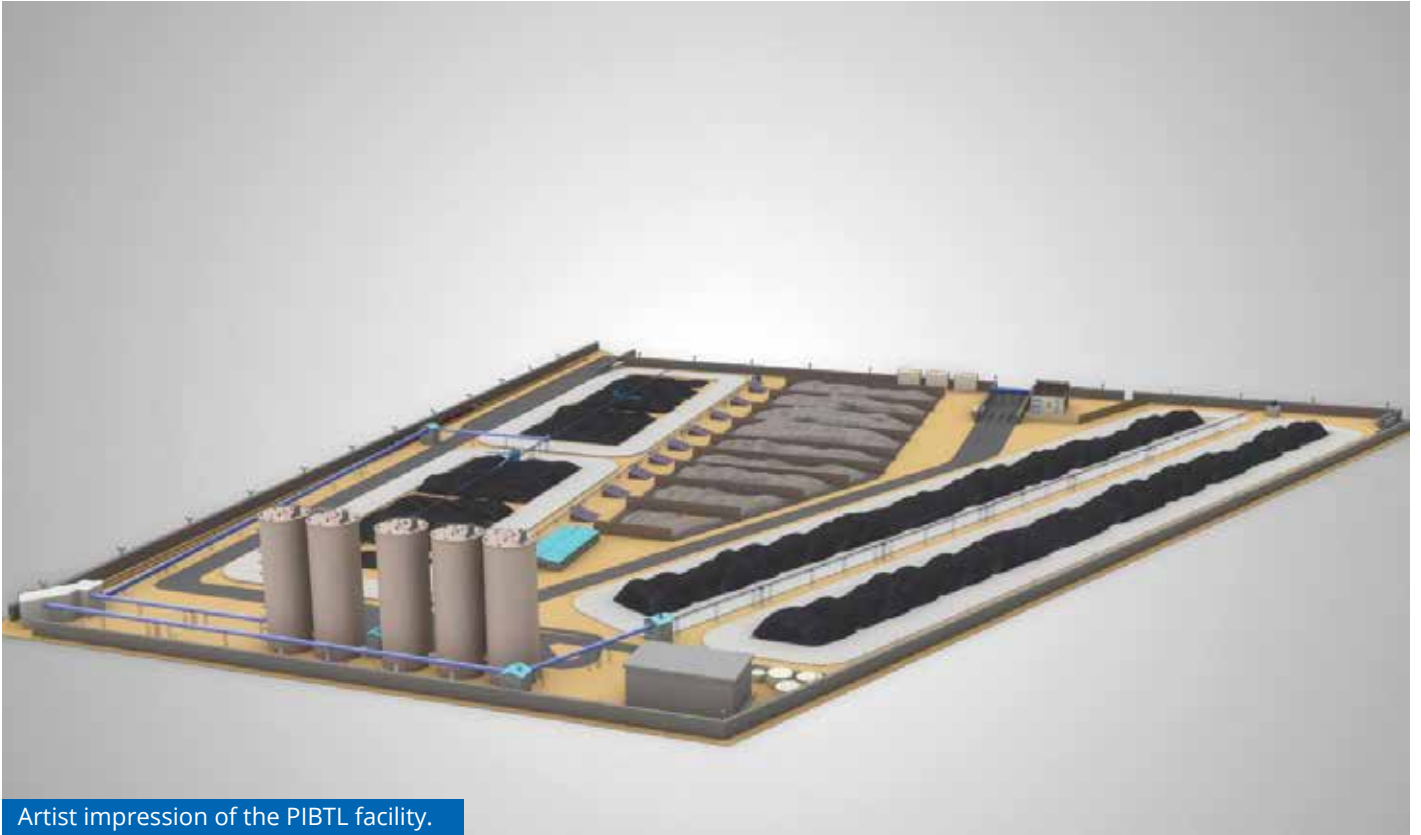


Corporate Objectives

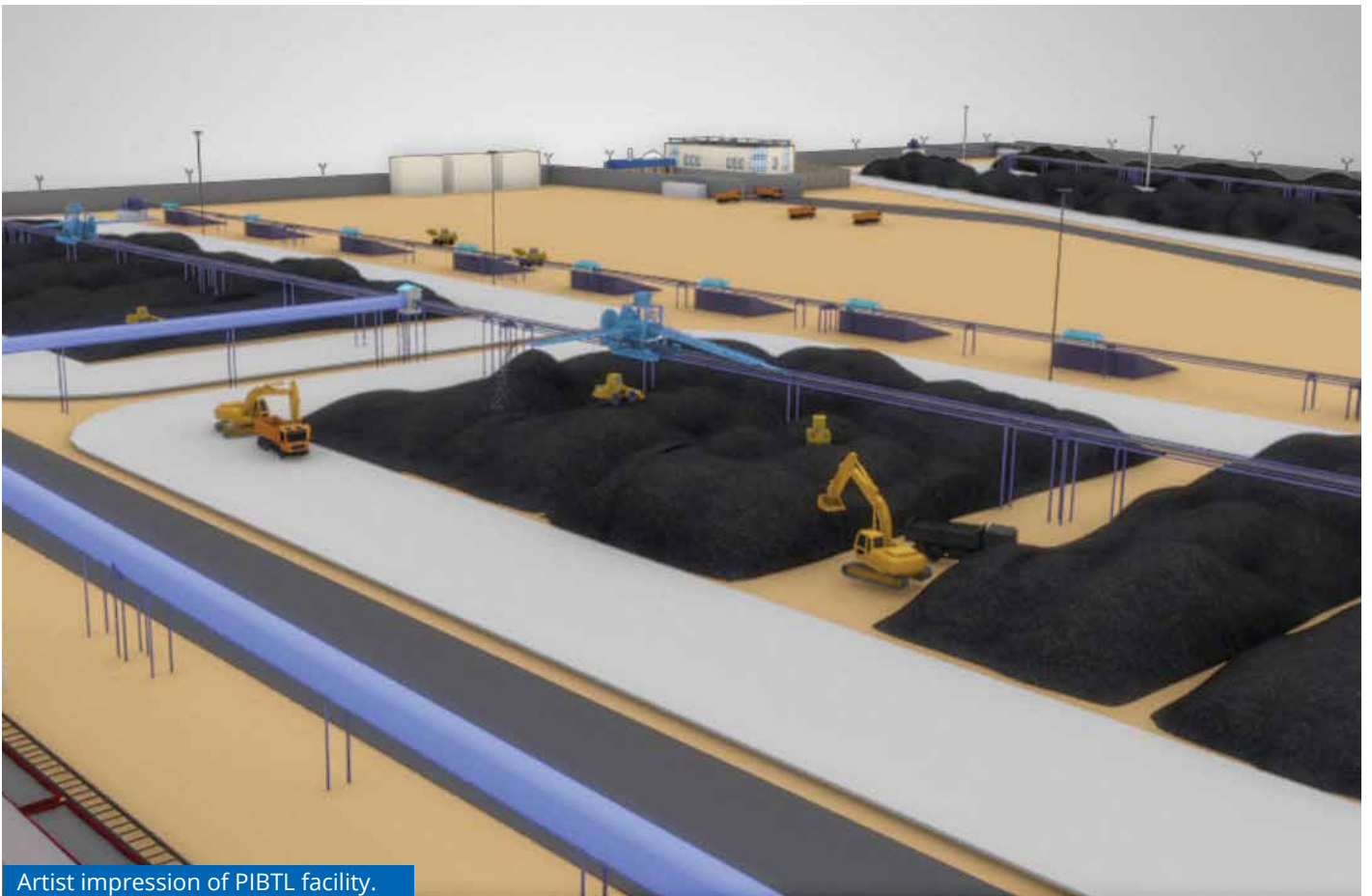
- To develop the bulk terminal as a modern state-of-the-art handling facility.
- To contribute towards enhancing the country's port infrastructure for handling bulk cargo of coal, cement and clinker.
- To operate the terminal at best international standards of efficiency.
- To commit contributing towards planting mangroves in Port Qasim area on approximately 500 hectares (over 1,200 acres) at and around the jurisdiction of Port Qasim Authority.
- To develop and introduce innovative new methods of dirty bulk cargo logistics in Pakistan for the benefit of the country's trade and industry.
- To adopt the best global standards of Health, Safety & Environment.



Artist impression of the PIBTL facility.



Artist impression of the PIBTL facility.



Artist impression of PIBTL facility.

Development Strategy

- To reclaim and undertake civil works on 25 hectares of storage area at Port Qasim.
- To construct a 2.5 km trestle carrying conveyor belt, which connects the Storage Area to the Jetty.
- To construct a two berths operational jetty connected via trestle bridge to the backup Storage Area.
- To import modern mechanized coal, clinker and cement handling equipment at the terminal.
- To set up 50,000 tons capacity of cement silos.
- To set up an indigenous Power Plant.
- To establish common-user terminal handling facilities for providing port infrastructure to the cement firms for exporting loose bulk cement and clinker.
- To establish port facilities for enhanced coal imports in the country for potential use by power plants and for the present use of the cement industry.

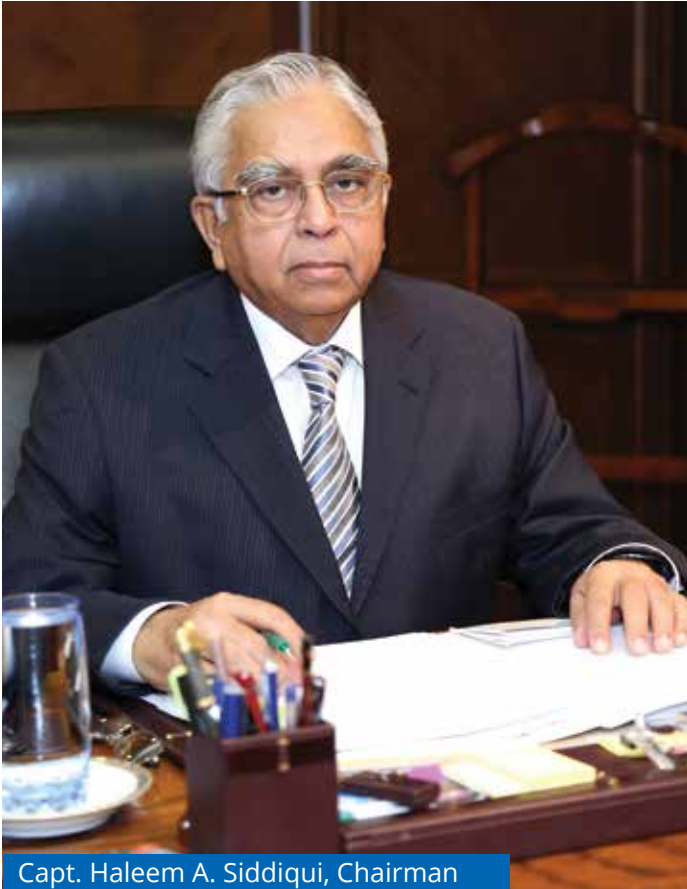




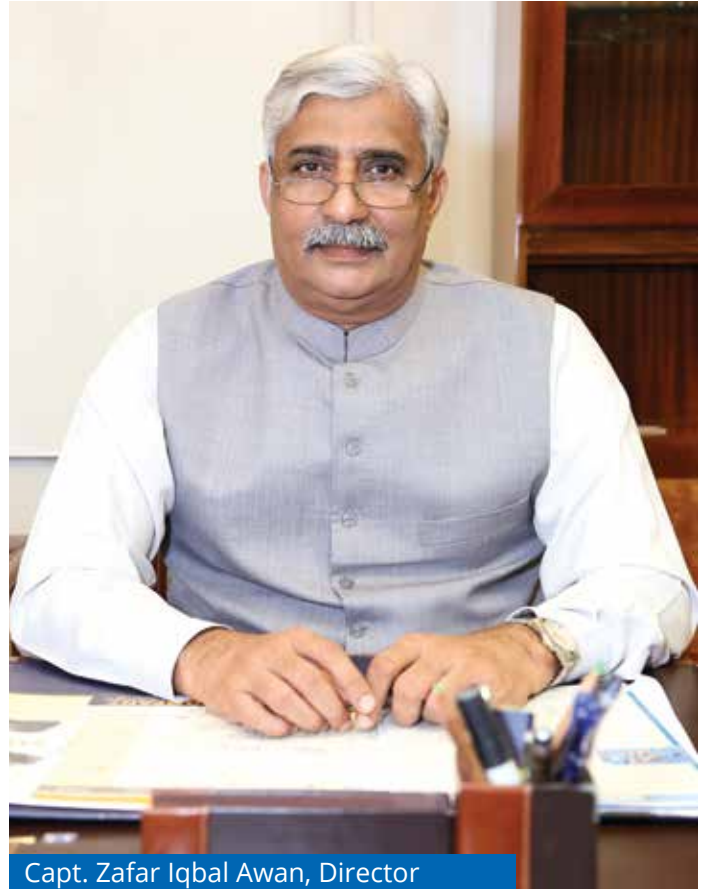


*Common
user facility for
exporting bulk
cement &
clinker*

Board of Directors



Capt. Haleem A. Siddiqui, Chairman



Capt. Zafar Iqbal Awan, Director



Nizam A. Shah, Director



Ali Raza Siddiqui, Director



Sharique A. Siddiqui, CEO



Aasim A. Siddiqui, Director



Masood Ahmed Usmani, Director



Arsalan I. Khan, CFO & Company Secretary

Notice of the 5th Annual General Meeting

Notice is hereby given that Annual General Meeting of the shareholders of Pakistan International Bulk Terminal Limited ("Company") will be held on Wednesday, October 15, 2014 at 12:00 PM at Beach Luxury Hotel, Karachi, to transact the following business:

Ordinary Business:

1. To receive, consider and adopt Audited Accounts of the Company for the year ended June 30, 2014 together with Auditors' and Directors' Reports thereon.
2. To appoint the Auditors of the company and fix their remuneration.

Special Business:

3. To consider and if thought fit, to pass with or without modification, addition or deletion, the following resolution as special resolution:

"RESOLVED THAT the approval of the members of Pakistan International Bulk Terminal Limited (the "Company") be and is hereby accorded under the provision of Section 86(1) of the Companies Ordinance, 1984 and subject to the sanction of the Securities and Exchange Commission of Pakistan and approval of any other regulatory authorities for issuance of 189,653,626 ordinary shares of the Company at Par value of Rs. 10 each, total amounting to Rs.1,896,536,260 for cash consideration, by way of otherwise than rights, to International Finance Corporation.

FURTHER RESOLVED THAT these shares shall from the date of their allotment, rank pari passu in all respect with the then existing fully paid ordinary shares of the Company and the International Finance Corporation shall enjoy similar rights and entitlements in respect of these shares as in respect of the then existing fully paid up ordinary shares of the Company.

FURTHER RESOLVED THAT the Company be and is hereby authorized and empowered to take all such actions including but not limited to the filing of application(s) (through the Authorized Person as defined below) for seeking permission from the Securities and Exchange Commission of Pakistan and any other regulatory authorities.

FURTHER RESOLVED THAT the Chief Executive and Company Secretary of the Company be and is hereby singly authorized ("Authorized Persons") to enter into and execute such documents as may be required in relation to the issue of shares to the International Finance Corporation.

FURTHER RESOLVED THAT the Authorized Persons, be and are hereby authorized, to take all steps necessary, ancillary and incidental for the issuance of the ordinary shares without right offering including but not limited to obtaining all requisite regulatory approvals, engaging legal counsel and consultants for the purposes of the above; filing of all the requisite statutory forms and all other documents as may be required to be filed with the SECP and any other regulatory authority, submitting all such documents as may be required, executing all such certificates, applications, notices, reports, letters and any other documents or instrument including any amendments or substitutions to any of the foregoing as may be required in respect of the issue of shares and all other matters incidental or ancillary thereto.

FURTHER RESOLVED THAT all acts, deeds, and actions taken by the Authorized Persons pursuant to the above resolution for and on behalf of and in the name of the Company shall be binding acts, deeds and things done by the Company.

FURTHER RESOLVED THAT the aforesaid resolution shall be subject to any amendment modification, addition or deletion as may be deemed appropriate by the Authorized Person or as may be suggested, directed and advised by the Securities and Exchange Commission of Pakistan and / or any other regulatory authority which suggestion, direction and advise shall be deemed to be have been approved as part of this Special Resolution without the need of the members to pass a fresh Special Resolution.

A statement of material facts under Section 160 (1) (b) of the Companies Ordinance, 1984 pertaining to the special business is being sent to the shareholders along with this notice.

By order of the Board

Arsalan I. Khan
Company Secretary

Karachi
September 24, 2014

Notes

1. The Share Transfer Books of the Company shall remain closed from October 08, 2014 to October 15, 2014 (both days inclusive) for determining the entitlement of the shareholders for attending the Annual General Meeting. Physical transfers and deposit requests under the Central Depository System received by the Company's Independent Share Registrar M/s Technology Trade (Private) Limited, Dagia House, 241-C, Block 2, P.E.C.H.S. Karachi by the close of business on October 07, 2014 will be treated in time to attend and vote at the 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 instead of him / her 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. Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a Member of the Company. The proxy shall produce his / her original Computerized National Identity Card (CNIC) or passport to prove his identity. Form of proxy is attached to the Notice.
 3. In case of corporate entity, the Board of Directors'/ Trustee' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.
 4. Members are requested to notify any change in their address immediately to our Registrar M/s Technology Trade (Pvt.) Ltd., 241-C, PECHS, Block 2, Karachi.
 5. Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to our Registrar at the above address the earliest.
 6. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
- A. FOR ATTENDING THE MEETING**
- I. In case of individuals, the account holder of 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 identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time if attending the meeting. CDC account holders are also requested to bring their CDC participate ID number and account number.
 - II. In case of corporate entity, the Board of Director's/ Trustee 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.
- B. FOR APPOINTING PROXIES**
- 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 submit the proxy form as per the above requirement (note 2 above).
 - II. The proxy form shall be witnessed by two persons whose names, address and CNIC numbers shall be mentioned on the form.
 - III. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - IV. The proxy shall produce his original CNIC or original passport at the time of the meeting.
 - V. In case of corporate entity, the Board of Directors'/ Trustee' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to the Company.

Statement Under Section 160 (1) (B) Of The Companies Ordinance, 1984

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 15, 2014.

In terms of subscription agreement dated June 06, 2012 with the International Finance Corporation ("IFC"), the Directors have propose to issue 189,653,626 ordinary shares at PAR value of Rs. 10 each valuing Rs. 1,896,536,260 to International Finance Corporation representing approximately 20% of the total issued and paid up share capital after the issue of these shares.

The paid up capital of the Company as at August 31, 2014 stood at PKR 7,586,145,040 divided into 758,614,504 ordinary shares of Rs. 10 each.

Paid-up capital of the Company after the proposed issue of shares to International Finance Corporation will be as under:

	Number of Shares	Amount (PKR)
Paid up Capital – Current	758,614,504	7,586,145,040
Issue of Shares to IFC	189,653,626	1,896,536,260
Paid up Capital after Issue of Shares to IFC	948,268,130	9,482,681,300

Issue of Shares subject to approval of SECP:

The shares to be issued to IFC shall be subject to the sanction of Securities and Exchange Commission of Pakistan.

Justification for Issue of Shares Otherwise than Right Shares:

The Company has entered into an agreement with International Finance Corporation for providing investment to the tune of USD 52.5 million, i.e. USD 26 million in the form of equity and USD 26.5 million in the form of debt. Accordingly, the Company is exercising its right to call IFC to subscribe for its proportionate share in equity in terms of the subscription agreement dated June 06, 2012.

Price at which Shares will be issued:

The shares will be issued at PAR value of PKR 10/- per share in terms of subscription agreement dated June 06, 2012. The break-up value per share of the Company as of August 31, 2014 is Rs. 9.92/-. The market price of the share of the Company as per closing rate on The Karachi Stock Exchange Limited as of August 31, 2014 was Rs. 20.36/-.

Shareholdings of International Finance Corporation:

International Finance Corporation does not currently hold any shares in the Company. The shareholding of IFC after the proposed issue of 189,653,626 shares would be 20% of the total paid up capital.

Consent of International Finance Corporation:

The Company will be sending a subscription notice to IFC in due course pursuant to the terms of agreement dated June 06, 2012.

Share shall rank pari passu:

The ordinary shares to be issued to IFC shall rank pari passu in all respect with the existing shares of the Company.

Purpose, Utilization and benefits:

- Purpose:** The issue is being undertaken to strengthen the capital base in line with shareholders commitment to the Company's Lenders.
- Utilization:** The proceeds of the issue will be utilized for the construction and establishment of the Terminal.
- Benefits:** As a result of the right issue, PIBT will have a strong financial standing which will facilitate Project Completion. The Company endeavors to develop a modern state-of-art handling facility, contributing towards enhancing the country's port infrastructure for handling bulk cargoes of coal, clinker and cement.

The Board of Directors of the Company has recommended that the special resolution as set out in the notice be passed at the Annual General Meeting.

Inspection of Documents:

The Memorandum and Articles of Association of the Company, annual and quarterly reports, Subscription Agreement with International Finance Corporation and all other related information is available for review by the members of the Company at the Registered Office of the Company and may be inspected from the date of publication of this notice till the date of Annual General meeting.

Directors Interests:

The Directors of the Company have no personal interest in the issue of shares to International Finance Corporation, whether directly or indirectly, except to the extent of their shareholdings held by them in the Company.





*Pioneering
International
Standards
of
efficiency*





FROM THE CHAIRMAN'S DESK

Bismillah hir rahman nir Raheem

As mentioned in detail in the Directors' Report, we have faced challenges in the civil works construction during the past year. However, appointment of China Harbour Engineering Company Limited ("CHEC") as the new Contractor for Project Construction will institute synergies and operational efficiencies and enable completion of the Project in the best and timely manner. We are looking at enhancing the coal side capacities to cater to the upcoming Independent Power Producers' conversion to coal and to ultimately provide additional share holder value.

I would like to congratulate the shareholders and other investors on the listing of the Company's shares on the Karachi Stock Exchange and commend the management, shareholders and the regulatory authorities for the successful subscription and allotment of the Right Issue.

Our target remains that PIBTL will Inshallah be the Country's first Coal, Clinker and Cement handling terminal facility. Our objective is to build the port infrastructure of Pakistan so that the ports can offer modern handling services to the trade of the Country. I am hopeful that PIBTL will achieve this mission and will become a pioneer state-of-the-art terminal to handle dirty bulk cargoes at international standards of productivity.

On behalf of PIBTL, I would like to thank the management of Port Qasim Authority, our lenders, International Finance Corporation; OPEC Funds for International Development, syndicate of local Pakistani commercial banks, our vendors and our valued shareholders.

Capt. Haleem A. Siddiqui

Chairman

Karachi: September 12, 2014

Directors' Report





The Directors are pleased to present the Annual Report of Pakistan International Bulk Terminal Limited (PIBTL) (The Company) together with the audited Financial Statements of the Company for the year ended June 30, 2014.

OPERATIONAL OVERVIEW & PROJECT BRIEF:

The Company has entered into a Build Operate Transfer (BOT) contract with Port Qasim Authority (PQA) on November 06, 2010 for the exclusive construction, development, operations and management of a coal and clinker / cement terminal at Port Muhammad Bin Qasim for a period of thirty years which is to commence from the date of completion of construction of terminal. The Company's terminal project is in start-up and construction phase and as a result the Company has not commenced its operations.

During the year 2013, disputes arose between the Company and the previous EPC Contractor (comprising of the joint venture of a local company and a Turkish company – together referred to as "JV-Contractor") and the previous Engineering, Procurement and Construction (EPC) Contract dated March 15, 2012 which the Company had entered into with the JV-Contractor, was terminated. Those disputes with the JV-Contractor were mainly due to the internal disputes between JV contractors, leading to defaults of the contractor and unacceptable pace of the progress at site. Both parties instituted separate proceedings in the Honorable High Court of Sindh asserting certain claims against each other. Following and notwithstanding the institution of proceedings by both the parties as referred above, the Company



entered into negotiation with the JV-Contractor to settle the matter out of court and agreed on terms and conditions under a Full and Final Settlement Agreement (the Agreement) which was entered into between the JV-Contractor and the Company on October 03, 2013 and was executed accordingly. The amount which the Company paid to the JV-Contractor as full and final settlement of its claims after due verification is Rs. 620 million. Consequently, the Honorable High Court of Sindh announced its judgment and has dismissed the above mentioned suits and proceedings along with all pending applications in view of the Agreement executed between the Company and the JV Contractor.

Subsequently, during the year, the Company has entered into a new Engineering, Procurement and Construction (EPC) Contract on May 23, 2014 with China Harbour Engineering Company Limited ("CHEC") for the purpose of engineering, procuring, supplying, constructing, installing, testing and commissioning civil works for the Company's coal, cement and clinker bulk handling facility amounting to Rs. 12.499 billion. CHEC has mobilised at the site and commenced civil works activity with target completion date of 2016.

The Company has appointed M/s Hamburg Port Consultancy, Germany as consultant in procurement process of the plant and equipment. The technical specifications of the Plant and Machinery have already been finalized and the tenders have also been floated internationally. The Company expects to finalize the equipment procurement contracts in the coming year so that the Import Shipment Schedule is aligned with the civil works time-line agreed with the new contractor.

FINANCIAL PERFORMANCE

During the year, the Company has earned other income of Rs. 6,068 thousand (June 2013: Rs. 8,142 thousand) which comprises the interest income on the deposits held with the Commercial Bank and unrealized gain on investment in money/income funds. The Company has posted a loss before taxation amounting to Rs. 27,769 thousand against a loss of Rs. 31,019 thousand during the previous year.

Net Loss after tax is Rs. 16,868 thousand in comparison with a loss of Rs. 20,747 thousand during the previous year.

FINANCIAL RESULTS

These are summarized below:

	Amount (Rs. in '000)
Loss before taxation	(27,769)
Taxation	10,901
Loss after tax	(16,868)
Un-appropriated loss brought forward	(29,445)
Un-appropriated loss carried forward	(46,313)
EPS- Basic	Rs. (0.11)



The Company has accumulated losses amounting to Rs. 46,313 thousand. The Management has made an assessment of the Company's ability to continue as a going concern and believes that losses are due to project being in construction phase and as a result the Company has not started the commercial operations. The company expects that after the completion of construction of project, the Company will start earning significant profits and is satisfied that the Company will continue as going concern in the foreseeable future.

SHAREHOLDERS' EQUITY

1. During the year, the Company obtained listing on the Karachi Stock Exchange w.e.f. December 23, 2013. The Directors convey their best wishes to the shareholders of the Company and other investors on the Listing of the Company's shares and express their gratitude to the Securities and Exchange Commission of Pakistan (SECP), the Central Depository Company of Pakistan Limited (CDCPL) and the Karachi Stock Exchange Limited (KSE) for their courtesy, assistance and co-operation throughout the listing process.
2. During the year, to strengthen the capital base of the Company in line with shareholders commitment to the Company's Lenders, and to create a strong financial standing which will facilitate Project Completion, the Board of Directors of the Company, in their meeting held on April 11, 2014, approved the issue of 704,037,921 ordinary shares by way of right issue at the rate of 12.9 shares for every one existing ordinary share at par value of Rs. 10 per share.

The Company had received advances against the proposed issue of right shares over the past years from its majority shareholders namely Premier Mercantile Services (Private) Limited (holding 35.31 percent of the ordinary paid up capital of the company) and Jahangir Siddiqui & Co. Ltd. (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 2,989 million (2013: 1,955 million) and Rs. 600 million (2013: Rs. 150 million) respectively. Consequently, the general public and majority shareholders deposited Rs. 2.477 billion in the Right Shares Subscription Accounts. The Company obtained approval of the Karachi Stock Exchange for the issuance of right shares and all the related matters and legal formalities were completed. Subsequent to the year end, the call for the remaining unsubscribed shares of the right issue was made to the Company's underwriters and the subscription was received in full. The entire process of allotment of right shares was completed on July 08, 2014 and correspondingly, all the advance against future issue of shares received by the Company over the past years has been adjusted as subscription for exercise of right.

The Right Issue was fully subscribed by the entitled shareholders and the Directors express their gratitude to the General Public, Institutional Investors and other shareholders for instigating confidence among the Board of Directors, the Lenders and all the stakeholders of the Company. The proceeds of the issue will be utilized for the construction and establishment of the Terminal.



3. As per the financing commitments with International Finance Corporation (IFC), a portion of the financing to be provided by IFC is to be made in the form of equity. In line of the above commitments, the Board of Directors has proposed an issue of shares other right for 189,653,626 shares approximating to 20% of the issued, subscribed & paid capital of the Company according special resolution of the members at the 5th Annual General Meeting of the Company. A Statement under section 160(1)(b), Companies Ordinance, 1984 is attached with the notice of the AGM for the shareholder's reference.

AUDITORS

The auditors M/s Ernst & Young Ford Rhodes Sidat Hyder, Chartered Accountants retire and being eligible they have offered themselves for reappointment. The Audit Committee has recommended the reappointment of the retiring auditors for the year ending June 30, 2015 and the Board agrees to the recommendation of the Audit Committee.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

The compliance with the Code of Corporate Governance set out by the Karachi Stock Exchange in the listing regulations, relevant for the year ended June 30, 2014 have been duly complied with. A statement to this effect is annexed with the report.

CORPORATE GOVERNANCE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account have been maintained by the Company.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Company's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listing Regulations.
- There has been no departure from the best practices of transfer pricing, as detailed in the Listing Regulations.
- The value of investments of provident fund based on their un-audited accounts as on June 30, 2014 was Rs. 13.377 million.
- Details of purchase/sale of shares of the company by its directors, CEO, CFO, Company Secretary and their spouses and minor children & Executives and Pattern of shareholding are annexed in this annual report.

MEETINGS OF THE DIRECTORS

Board of Directors

During the year five meetings of the Board of Directors were held. Attendance by the Directors is the follows:

Directors	Meeting Attended
Captain Haleem A. Siddiqui	5
Mr. Sharique A. Siddiqui	5
Mr. Aasim A. Siddiqui	5
Captain Zafar Iqbal Awan	5
Syed Nizam A. Shah	5
Mr. Ali Raza Siddiqui	5
Mr. Masood Ahmed Usmani	5

Audit Committee

During the year three meetings of the Audit Committee were held. Attendance by the members is the follows:

Members	Meetings Attended
Mr. Aasim A. Siddiqui	3
Syed Nizam A. Shah	3
Mr. Ali Raza Siddiqui	3

CODE OF ETHICS & BUSINESS PRINCIPLES

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

GREEN OPERATIONS

PIBTL will also be the first handling facility to comply with World Bank standards of environment pollution control. In this respect, PIBTL has developed an Environmental Management Plan (EMP) in compliance with applicable laws & regulations of Pakistan, IFC's performance standards and World Bank Group Environment Health & Safety Guidelines.

Key aspects of the EMP are:

- Dust emission control
- Noise pollution control
- Waste water management
- Solid waste management
- Dredge material disposal Management
- Biodiversity conservation & sustainable natural resources management

These aspects of the EMP and the related regulations etc have been forwarded to and agreed upon with the Contractor, and will be implemented over the course of construction of the terminal.

CORPORATE SOCIAL RESPONSIBILITY

Pakistan International Bulk Terminal Limited embraces responsibility for the impact of its activities on the environment, employers, communities and all other stakeholders of the public sphere. The development of an enterprise is inextricably linked to the welfare and well-being of the people associated with it. In order for a business to be sustainable in the long run, it must monitor and ensure its adherence to ethical standards and international norms.

As part of its Corporate Social Responsibility Program, the Company had signed an agreement with the International Union for the Conservation of Nature (IUCN) to undertake the restoration of the degraded mangroves forests in the Indus Delta. The overall objective of the program was the protection and long term viability of the coastal ecosystems, especially mangroves of the northern creeks of the Indus delta (the area controlled by Port Qasim Authority) to ensure that they can continue to provide the functions, products and attributes of those ecosystems at sustainable levels for the benefits of the local communities, the people of Sindh, and the people of Pakistan as a whole. The Project covers mangrove plantation at an area of 500 hectares at PQ jurisdiction areas including Kangwari plot, Devi plot, Bundhal island, Jholwari island, Ratto Kot island, Shaan Khannadhi plot, Phitti site and Khipranwala site.

The project was planned with the following main objectives:

- To achieve a sustainable increase in mangrove forest cover by planting, conserving, rehabilitation and regeneration of degraded mangrove forest;
- To raise community awareness about the role of mangroves in the coastal ecosystem;
- To enable communities to be actively engaged in the plantation and conservation of mangroves.

The progress of all physical activities is given below:

Particulars	Site / Location	Project Progress & Comments
Extension of container plants nursery	Near PIBTL Base Camp	Under the project a 50,000-container-plant nursery has been established with healthy stocks of Rhizophora Mucronata species saplings.
Increasing the Mangrove Cover by raising of new mangroves plantations	Korangi-Phitti creek System Kadero creek	Two main species of mangroves, Avicennia marina and Rhizophora mucronata have been planted at a density of approximately 1100 plants per hectare over an area of 520 hectares in PQA jurisdiction, against the Project target of 500 hectares. The observed percentage of survival has been estimated at 76% which may be considered as reasonably good success keeping in view the adverse biotic and climatic factors.
Raising community awareness about the role of mangroves in the coastal eco-system.		Hands-on informal trainings were organized before the start of the planting season where in the participating communities, field staff and laborers were trained in different aspects of mangrove planting process including site selection, choice of species and nursery raising.
Engagement of local communities in the project activities with an emphasis on ecosystem livelihood linkage.		An immediate benefit was provided to the community in the form of wages to laborers engaged from Rehri village, Chashma Goth and Lat Basti, villages located near PIBTL Site, during the plantation and conservation of mangroves.

MAJOR EVENTS AFTER BALANCE SHEET DATE

The Board of Directors of the Company have approved the issue of 704,037,921 ordinary shares by way of right issue at the rate of 12.9 shares for every one existing ordinary share at par value of Rs. 10 per share. Subsequent to the year end, the entire process of allotment of these shares has been completed and the shares have been issued on July 08, 2014. Correspondingly, all the advance against future issue of shares received by the Company over the past years has been adjusted as subscription for exercise of right.

In the end Board of Directors of the company would like to reiterate their commitment to build the Coal, Cement and Clinker Terminal of PIBTL as Pakistan's first state of the art modern and fully mechanized bulk cargo handling terminal compliant with international standards of excellence which will Insha-Allah curtail environment pollution and modernize the port infrastructure of the country.

For and on behalf of Board of Directors

Sharique Azim Siddiqui
Chief Executive Officer
Karachi: September 12, 2014





Key Financial Data

	2014	2013	2012	2011	2010
	----- (Rupees in '000) -----				
PROFIT AND LOSS SUMMARY*					
Other Income	6,068	8,142	10,237	7,667	-
(Loss) / Profit before taxation	(27,769)	(31,018)	(10,364)	7,341	(10,183)
(Loss) / Profit after taxation	(16,868)	(20,747)	(6,681)	8,166	(10,183)
BALANCE SHEET SUMMARY					
Non-Current Assets	4,064,542	3,163,273	1,202,500	407,074	-
Current Assets	2,526,345	87,728	44,550	17,497	0.07
Capital expenditure incurred during the year	746,983	1,842,901	788,781	403,448	-
Share Capital	545,766	545,766	545,766	425,000	0.07
Share Holders' Equity	499,453	516,321	537,068	422,983	(10,183)
Advance / Subscription against proposed issue of right shares	6,066,330	2,105,000	700,000	-	-
Non-Current Liabilities	8,278	-	-	-	-
Current Liabilities	16,826	629,680	9,982	1,588	10,183
STATISTICS					
Break up Value Per Ordinary Share (Rs.)	9.15	9.46	9.84	9.95	-
Market Value Per Ordinary Share (Rs.) **	29.79	-	-	-	-
Earnings Per Ordinary Share (Rs.)	(0.11)	(0.14)	(0.12)	(0.02)	-

* As the company has yet to start its commercial operations, therefore, the "Key Operational Data" has not been provided.

** The company was listed at the Karachi Stock Exchange on December 23, 2013. The market value represents closing rate of the company's share as at June 30, 2014.





CORPORATE GOVERNANCE

Statement of Compliance with Code of Corporate Governance for the year ended June 30, 2014

This statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in the Listing Regulation No. 35 of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

1. The Board of Directors of Pakistan International Bulk Terminal Limited (PIBTL) has always supported and re-confirms its commitment to continued support and implementation of the highest standards of Corporate Governance at all times.
2. The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board includes:

Category	Name
Independent Director	Syed Nizam A. Shah Mr. Ali Raza Siddiqui
Executive Director	Mr. Sharique Azim Siddiqui Mr. Aasim Azim Siddiqui
Non - Executive Director	Capt. Haleem A. Siddiqui Capt. Zafar Iqbal Awan Mr. Masood Ahmed Usmani

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

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
4. All the 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 NBFII or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
5. There were no casual vacancies on the Board during the year.
6. 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.

7. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
8. All 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.
9. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose and the Board met atleast once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated atleast seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
10. The Board arranged briefings for its Directors to apprise them of their duties and responsibilities. Two of the Executive Directors and one of the Independent Directors of the Company have obtained the Certification under Director Education Program conducted by various institutes. In addition, the other Independent Director of the company meets the criteria of exemption under clause (xi) of the code, and accordingly is exempted from director's training program. In future, arrangements will also be made for other Directors for acquiring certification under the directors training program.
11. The Board has approved appointment of Chief Financial Officer (CFO) & Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment as determined by the CEO.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

13. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
14. The Directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the Code.
16. The Board has formed an Audit Committee. It comprises three members, of whom two are independent directors and one is executive director. The chairman of the committee is an independent director.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
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 Board has formed a Human Resources and Remuneration Committee. It comprises three members, of whom two are independent directors and one is executive director. The chairman of the committee is an independent director.
20. 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.
21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
23. Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
24. We confirm that all other material principles enshrined in the Code have been complied with.

Sharique A. Siddiqui
Chief Executive Officer
September 12, 2014



Review Report to the Members on Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance (the Statement) with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Pakistan International Bulk Terminal Limited (the Company) for the year ended 30 June 2014 to comply with the requirements of Listing Regulation No. 35 Chapter XI of Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement 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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for its 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 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 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 30 June 2014.

Ernst & Young Ford Rhodes Sidat Hyder

Chartered Accountants

Date: September 12, 2014

Place: Karachi

PIBTL Core Committee Meeting



Human Resource & Remuneration Committee Meeting



Audit Committee Meeting



*Controlling
dust emissions
by employing
global best
standards*







PIBTL EVENTS

KARACHI STOCK EXCHANGE LIMITED

STOCK EXCHANGE BUILDING, STOCK EXCHANGE ROAD, KARACHI-74000, PAKISTAN
UAN : 111-001-122 FAX : 32410825
WEBSITE: www.kse.com.pk E-mail: gm@kse.com.pk

December 17, 2013

Courier Service

Ref. No. KSE/
GEN-6814

The Chief Executive
Pakistan International Bulk Terminal Limited
2nd Floor, Business Plaza,
Mumtaz Hassan Road
Karachi

Subject: Formal Listing of Pakistan International Bulk Terminal Limited

Dear Sir,

We are pleased
the Exchange



KARACHI STOCK EXCHANGE LIMITED

Stock Exchange Building, Stock Exchange Road, Karachi.
Phones: 111-001122, Fax: 2462640

KSE/N-6924

NOTICE

December 16, 2013

LISTING OF PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED

It is hereby notified for information of all concerned that the Karachi Stock Exchange Limited has approved the application for formal listing and quotation of ordinary shares of Pakistan International Bulk Terminal Limited under the Listing Regulations of the Exchange w.e.f. **Monday, December 23, 2013.**

Pakistan International Bulk Terminal Limited is being listed on the Exchange pursuant to the distribution of specie dividend by Pakistan International Container Terminals Limited to its shareholders.

A/s. Members, notified that:

- 1) Trading in the shares of the Company will start on the Ready Board of the Exchange from Monday, December 23, 2013 and all transactions taking place in respect of the above Company shall be settled on T+2 settlement basis from the above date. The first settlement date will be December 26, 2013.
- 2) The Market Lot of the Company will be 200 shares of Rs. 10/- each.
- 3) The shares of the Company have already been declared eligible security by the Central Depository Company of Pakistan Limited (CDC) and all the transactions shall be settled through the National Clearing Company of Pakistan Limited (NCCPL) which has assigned Company Code/Security Symbol as 'PIBL' with alpha No. NCCPLCD001111 dated November 23, 2013.
- 4) The opening price of shares of the company will be the face value i.e. Rs. 10/- per share and initial brokers of Rs. 5/- or 50% of the opening price whichever is higher will be applicable on the first day of trading and the normal usual brokers will be applicable thereafter.
- 5) The Share Register of the Company is Technology Trade (Pvt.) Limited, Daga House, 201-C, Block-2, P.E.C.S.B. Off. Shahr-e-Qadwan, Karachi. Phone: 34872167 & 34872648, Fax: 34872792.
- 6) The Company will be quoted under 'INDUSTRIAL TRANSPORTATION' Sector of the Daily Quotations of the Exchange.
- 7) The latest Audited Accounts of the Company for the year ended June 30, 2013, Unaudited Quarterly Accounts for the period ended September 30, 2013 and Information Memorandum containing the relevant details about Project are available on the website of the Company: www.pibtl.com.pk in the Financial Reports / Investors Relations Section, as has been notified by the Exchange vide Notice No. KSE/N-6924 dated December 16, 2013.

Secretary General Manager - Corporate Affairs

TRIBUNE

THE EXPRESS

PARTNER OF
International New York Times

Wednesday

DECEMBER 18, 2013

SAFAR 14, 1435 A.H.

Rs20

tribune.com.pk

New beginnings

PIBT makes it to the stock exchange

Share trading to commence from December 23 as KSE approves listing

OUR CORRESPONDENT
KARACHI

Trading for the shares of Pakistan International Bulk Terminal (PIBT) on the Karachi Stock Exchange (KSE) will commence from December 23 after the KSE approved the company's application for formal listing and quotation on the bourse's ready board.

PIBT has a build, operate, transfer (BOT) contract with Port Qasim Authority (PQA) for the exclusive construction, development, operations and management of a coal, clinker and cement terminal at Port Qasim for 30 years.

According to a notice sent to the KSE on Tuesday, the

market lot of the company will be 500 shares of Rs10 each. The existing issued and paid-up capital of PIBT is Rs545.7 million. Sponsors, directors and their relatives currently control 21% shares of the total issued and paid-up capital of the company while the stake held by an associated company and related party - Premier Mercantile Services - is 35.3%, which makes it the largest shareholder in PIBT.

Shares held by the general public, including corporate bodies, institutions and individuals, constitute 43.6% shares of the total issued and paid-up capital of PIBT.

The shares of the company have already been declared eligible securities by the Central Depository Company and all the transactions will be settled through the National Clearing Company, which has assigned the

NET WORTH

Rs545.7m

is the existing issued and paid up capital of PIBT

company the security symbol of "PIBTL".

The opening price of the shares of the company will be Rs10 each and the circuit breakers of Rs5 will be applicable on the first day of trading. Normal circuit breakers will apply thereafter, the notice said.

The terminal will have an initial annual handling capacity of up to 12 million tons cargo, which will include coal, clinker and cement. Its storage area will be built on 62 acre within the remits of Port Qasim and the estimated cost of the project is \$185 million.

Listing at Karachi Stock Exchange

Gong Ceremony at Karachi Stock Exchange on December 23, 2013 to commence the trading of PIBTL shares.







Civil Works EPC Contract Signing with China Harbor Engineering Company (CHEC)



Signing of Letter of Award with CHEC



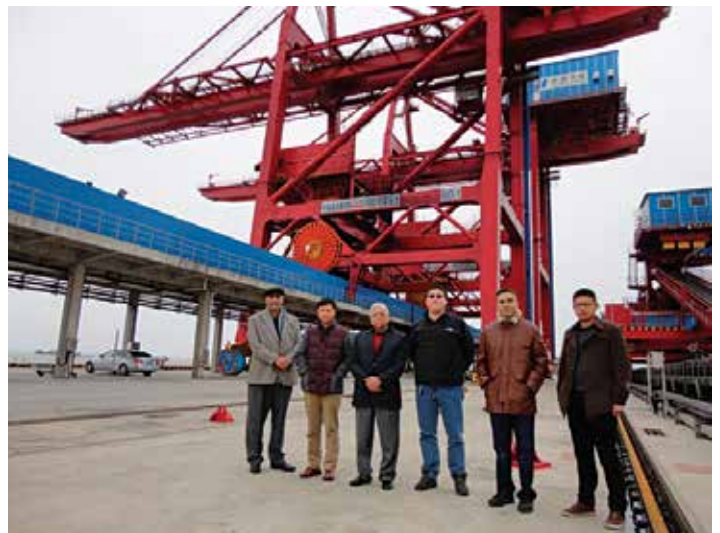
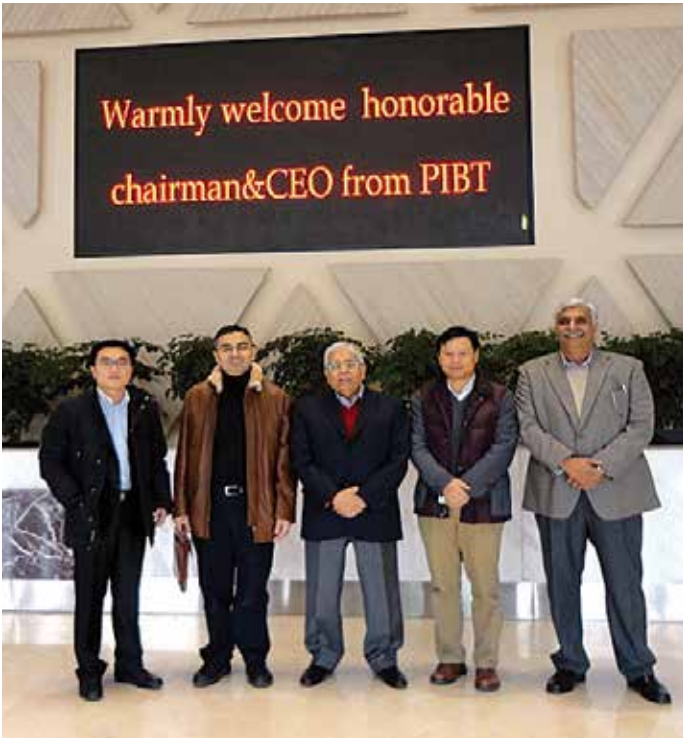
Signing of EPC Contract with CHEC







Meeting with Equipment Manufacturers - China



Conference on Evolving Coal Power & Mining



Mangrove Plantation Activity



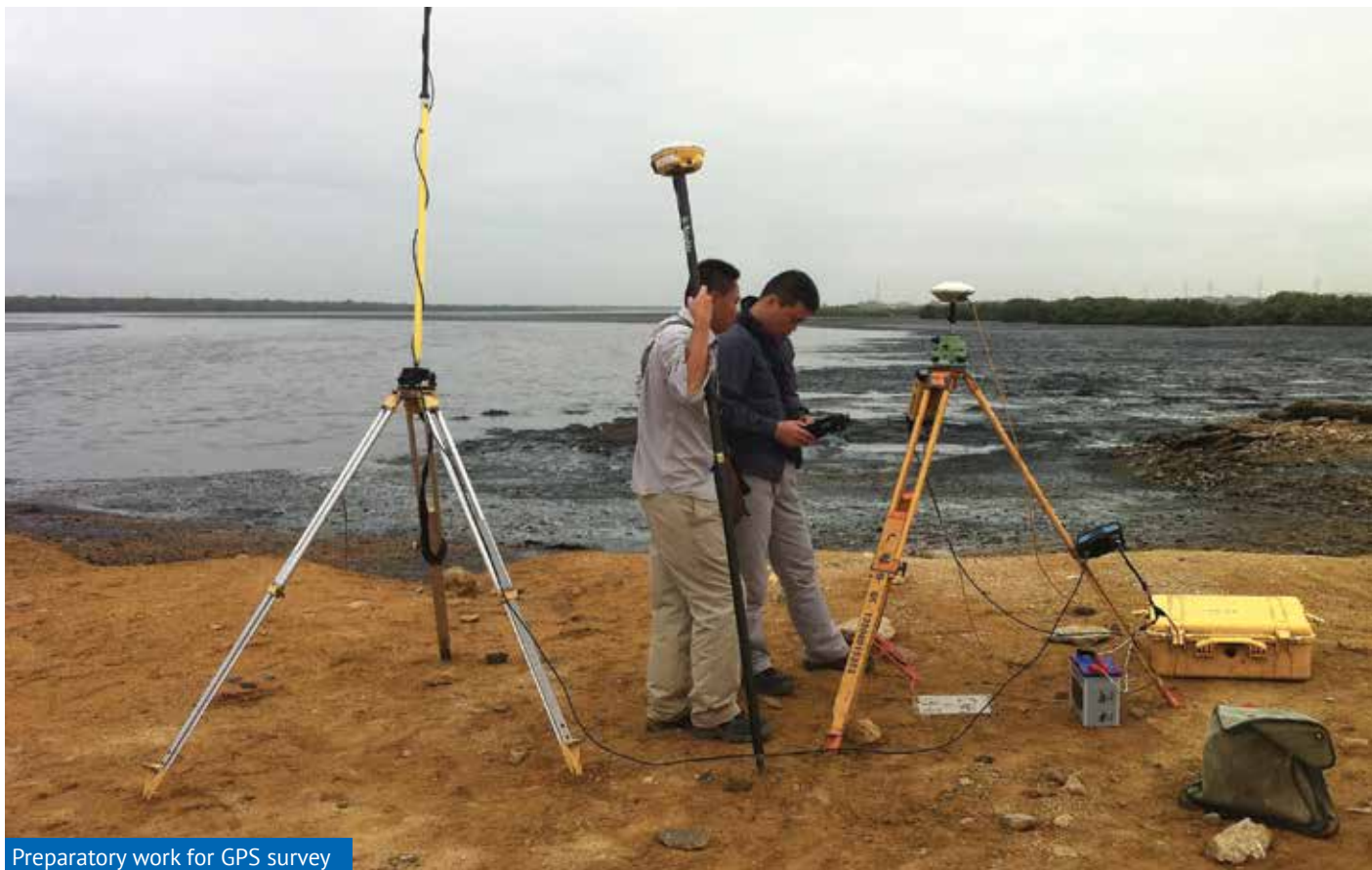


PIBTL IUCN plantation site Kangwari Island

Construction Activities at PIBTL Site



CHEC Dredger Arrival at POA Area



Preparatory work for GPS survey



Offshore Geo-Technical extension of bore hole pipes



GPS Survey in progress



Offshore Geo-Technical investigation work in progress



Fence at PIBTL Site



Fence at PIBTL Site



Construction of boundary wall



Progress of Construction Yard wall



Batching plant at Site



Cement Storage Shed



Construction of water tank



Construction of water tank



Construction of laboratory



Fabrication works - Bridge for Trestle



Fabrication works - Bridge for Trestle



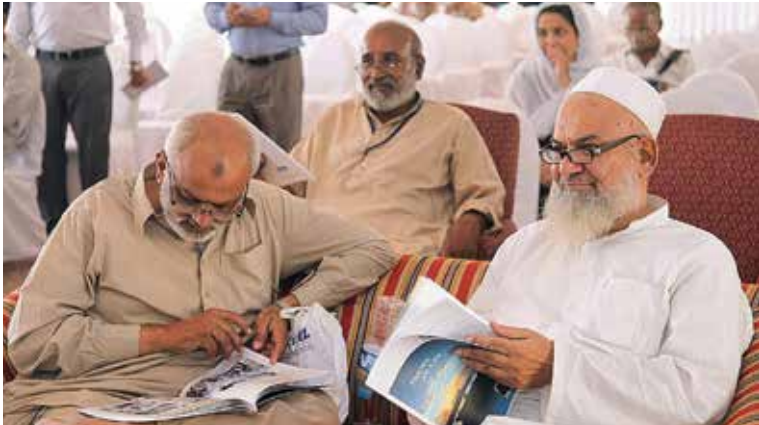
Fabrication works - Bridge for Trestle

Progress Meeting with Contractor - CHEC



Annual General Meeting 2013







*PIBTL will have
fully Mechanized
Operations*







FINANCIAL STATEMENTS



Auditors' Report to the Members

We have audited the annexed balance sheet of PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED (the Company) as at 30 June 2014 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 2.4 to the accompanying financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants

Audit Engagement Partner: Riaz A. Rehman Chamdia
Date: 12 September 2014
Place: Karachi

Balance Sheet

As at June 30, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 -----
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	3,521,594	2,664,567
Intangible assets	5	356,015	369,052
Deferred transaction costs on long term financing	6	150,713	105,935
Deferred tax	7	36,220	23,719
		<u>4,064,542</u>	<u>3,163,273</u>
CURRENT ASSETS			
Deposits and prepayments		250	15,133
Short term investments	8	376	45,303
Accrued mark-up		-	110
Taxation – net		-	12
Cash and bank balances	9	2,525,719	27,170
		<u>2,526,345</u>	<u>87,728</u>
TOTAL ASSETS		<u>6,590,887</u>	<u>3,251,001</u>
SHARE CAPITAL AND RESERVES			
Authorised capital 1,500,000,000 (2013: 1,500,000,000) Ordinary shares of Rs. 10/- each		<u>15,000,000</u>	<u>15,000,000</u>
Issued, subscribed and paid-up capital 54,576,583 Ordinary shares of Rs. 10/- each fully paid in cash		545,766	545,766
Accumulated loss		(46,313)	(29,445)
		<u>499,453</u>	<u>516,321</u>
Subscription against proposed issue of right shares	10	6,066,330	-
		<u>6,565,783</u>	<u>516,321</u>
NON-CURRENT LIABILITIES			
Advance against future issue of share capital	10	-	2,105,000
Staff compensated absences		8,278	-
CURRENT LIABILITIES			
Trade and other payables	11	16,791	629,680
Taxation – net		35	-
		<u>16,826</u>	<u>629,680</u>
CONTINGENCIES AND COMMITMENTS			
	12		
TOTAL EQUITY AND LIABILITIES		<u>6,590,887</u>	<u>3,251,001</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 -----
Administrative expenses	13	(33,724)	(39,005)
Other operating expenses – workers' welfare fund		(113)	(156)
Other income	14	6,068	8,142
Loss before taxation		<u>(27,769)</u>	<u>(31,019)</u>
Taxation	15	10,901	10,272
Loss after taxation		<u>(16,868)</u>	<u>(20,747)</u>
Earnings per ordinary share – basic and diluted	16	<u>Rs. (0.11)</u>	<u>(Restated) Rs. (0.14)</u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

Statement of Comprehensive Income

For the year ended June 30, 2014

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Loss for the year	(16,868)	(20,747)
Other comprehensive loss - net of taxation	-	-
Total comprehensive loss for the year	<u><u>(16,868)</u></u>	<u><u>(20,747)</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Cash Flow Statement

For the year ended June 30, 2014

Note	2014 ----- (Rupees in '000) -----	2013 -----
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(27,769)	(31,019)
Adjustments for non-cash items		
Depreciation	1,126	998
Gain on sale of short term investment	(82)	-
Unrealised gain on investment - net	(341)	(322)
Amortization	17	18
Staff compensated absences	827	-
Operating loss before working capital changes	<u>(26,222)</u>	<u>(30,325)</u>
Decrease / (increase) in current assets		
Deposits and prepayments	14,883	(15,132)
Accrued mark-up	110	(110)
	14,993	(15,242)
(Decrease) / increase in current liabilities		
Trade and other payables	(621,833)	619,698
Cash (used in) / generated from operations	<u>(633,062)</u>	<u>574,131</u>
Taxes paid	(1,552)	(2,584)
Net cash (used in) / generated from operating activities	<u>(634,614)</u>	<u>571,547</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property, plant and equipment	(2,101)	(31,856)
Addition to intangible asset	-	(63,141)
Addition to capital work in progress	(835,582)	(1,747,903)
Purchase of units of mutual fund	-	(44,981)
Sale proceeds from disposal of units of mutual fund	45,350	-
Net cash used in investing activities	<u>(792,333)</u>	<u>(1,887,881)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Transaction costs paid on long term financing	(35,834)	(105,935)
Advance against future issue of share capital	-	1,405,000
Subscription received against proposed issue of right shares	3,961,330	-
Net cash generated from financing activities	<u>3,925,496</u>	<u>1,299,065</u>
Net increase / (decrease) in cash and cash equivalents	<u>2,498,549</u>	<u>(17,269)</u>
Cash and cash equivalents at the beginning of the year	27,170	44,439
Cash and cash equivalents at the end of year	9 <u><u>2,525,719</u></u>	<u><u>27,170</u></u>

The annexed notes from 1 to 23 form an integral part of these financial statements.

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Statement of Changes in Equity

For the year ended June 30, 2014

	Issued, subscribed and paid-up capital	Revenue reserve - accumulated loss	Total
	(Rupees in '000)		
Balance as at July 01, 2012	545,766	(8,698)	537,068
Loss for the year	-	(20,747)	(20,747)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	(20,747)	(20,747)
Balance as at June 30, 2013	545,766	(29,445)	516,321
Balance as at July 01, 2013	545,766	(29,445)	516,321
Loss for the year	-	(16,868)	(16,868)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	(16,868)	(16,868)
Balance as at June 30, 2014	545,766	(46,313)	499,453

The annexed notes from 1 to 23 form an integral part of these financial statements.

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Notes to the Financial Statements

For the year ended June 30, 2014

1. THE COMPANY AND ITS OPERATIONS

- 1.1 Pakistan International Bulk Terminal Limited (the Company) was incorporated under the Companies Ordinance, 1984 (the Ordinance) on March 22, 2010 as a private limited company. Subsequently, it was converted to an unquoted public limited and later on, listed on the Karachi Stock Exchange on December 23, 2013. The registered office of the Company is situated at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The Company's terminal project is in start-up and construction phase and as a result has not commenced its operations.
- 1.2 The Company has entered into a Build Operate Transfer (BOT) contract with Port Qasim Authority (PQA) on November 06, 2010 for the exclusive construction, development, operations and management of a coal and clinker / cement terminal at Port Muhammad Bin Qasim for a period of thirty years which is to commence from the date of completion of construction of terminal. During the year, the Company has entered into a new Engineering, Procurement and Construction (EPC) Contract as fully disclosed in note 11.1 to the financial statements.
- 1.3 As at the balance sheet date, the Company has accumulated losses amounting to Rs. 46.313 million (2013: Rs. 29.445 million). The management of the Company has made an assessment of the Company's ability to continue as a going concern and believes that losses are due to terminal being in construction phase and is satisfied that the Company has committed resources from the sponsors and local and international lenders to continue in business for the foreseeable future. The management has reasonable grounds to believe that after the completion of construction of terminal, the Company will start earning significant profits and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

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 as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

The Securities and Exchange Commission of Pakistan (SECP) in pursuance of the Circular No. 24 dated January 16, 2012 has granted waiver, with immediate effect, from the implementation of IFRIC 12 – "Service Concession Arrangements". However, the SECP made it mandatory to disclose the impact on the results of application of IFRIC-12 (Refer note 21).

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

Notes to the Financial Statements

For the year ended June 30, 2014

2.3 Significant accounting judgments, estimates and assumptions

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

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

	Notes
• determining the residual values, useful lives and impairment of property, plant and equipment	3.1 & 4
• classification and valuation of investments	3.3 & 8
• deferred tax	3.7 & 7

2.4 The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year except that the Company has adopted the following revised standards, improvements to accounting standards, interpretations and amendments to IFRS which became effective for the current year:

New / Revised Standards, Interpretation and Amendments

IAS 19 – Employee Benefits – (Revised)

IFRS 7 – Financial Instruments : Disclosures – (Amendments)

- Amendments enhancing disclosures about offsetting of financial assets and financial liabilities

IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine

Improvements to Accounting Standards Issued by the IASB

IAS 1 – Presentation of Financial Statements - Clarification of the requirements for comparative Information

IAS 16 – Property, Plant and Equipment – Clarification of Servicing Equipment

IAS 32 – Financial Instruments: Presentation – Tax Effects of Distribution to Holders of Equity Instruments

IAS 34 – Interim Financial Reporting – Interim Financial Reporting and Segment Information for Total Assets and Liabilities

The adoption of the above amendments, revisions, improvements to accounting standards and interpretations did not have any effect on the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2014

2.5 Standards and amendments to approved accounting standards that are not yet found effective

The following revised standards and amendments 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:

Amendment to Standard / Interpretation	Effective date (annual periods Beginning on or after)
IFRS 10 – Consolidated Financial Statements	01 January 2015
IFRS 11 – Joint Arrangements	01 January 2015
IFRS 12 – Disclosure of Interests in Other Entities	01 January 2015
IFRS 13 – Fair Value Measurement	01 January 2015
IAS 16 & 38 – Clarification of Acceptable Method of Depreciation and Amortization	01 January 2016
IAS 16 & 41 – Agriculture: Bearer Plants	01 January 2016
IAS 19 – Employee Contributions	01 July 2014
IAS 32 – Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014
IAS 36 – Recoverable Amount for Non-Financial Assets – (Amendment)	01 January 2014
IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting – (Amendment)	01 January 2014
IFRIC 21 – Levies	01 January 2014

The Company expects that the adoption of the above revision, 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 interpretations, amendments to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 July 2014. The Company expects that such improvements to the standards will not have any 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 2017

Notes to the Financial Statements

For the year ended June 30, 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Fixed assets

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

Depreciation is charged to profit and loss using straight line method so as to write off the historical cost of the assets over their estimated useful lives at the rates specified in note 4.1 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 are reviewed, and adjusted, if appropriate, at each financial year end.

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

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

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

3.1.2 Capital work-in-progress

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

3.2 Intangible assets

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

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

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

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

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

Notes to the Financial Statements

For the year ended June 30, 2014

3.3 Investments

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

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

Investments at fair value through profit or loss

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

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

Held-to-maturity investments

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

Available for sale investments

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

3.4 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.

3.5 Financial instruments

Financial assets and financial liabilities are recognised at the time when the Company becomes a party to the contractual provision of the instrument. Financial assets are de-recognised when the contractual right to future cash flows from the asset expires or is transferred along with the risk and reward of ownership of the asset. Financial liabilities are de-recognised when obligation is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial asset and liability is recognized in the profit and loss account of the current period.

3.6 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements only when the Company has a legally enforceable right to set off and the Company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements.

Notes to the Financial Statements

For the year ended June 30, 2014

3.7 Taxation

Current

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

Deferred

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

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

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

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

3.8 Staff benefits

Provident fund

The Company operates a recognized provident fund scheme for all its employees. Equal monthly contributions are made, both by the Company and the employees, to the fund at the rate of 8.33% of basic salary.

Staff compensated absences

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

Provisions are made to cover the obligation under the scheme on accrual basis and are charged as an expense. Accrual for compensated absences for employees is calculated on the basis of one month's gross salary. The amount of liability recognized 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.

3.9 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.

3.10 Interest / mark-up bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

Notes to the Financial Statements

For the year ended June 30, 2014

Loans and borrowings are subsequently stated at amortised cost with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the profit and loss account over the period of the borrowing using the effective interest method.

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

3.11 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.

3.12 Provisions

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

3.13 Functional and presentation currency

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

3.14 Revenue recognition

Profit on savings accounts is recognised on accrual basis

4. PROPERTY, PLANT AND EQUIPMENT	Note	2014	2013
		----- (Rupees in '000) -----	
Fixed assets	4.1	24,216	33,359
Capital work-in-progress	4.2	3,497,378	2,631,208
		<u>3,521,594</u>	<u>2,664,567</u>

4.1 The following is a statement of fixed assets:

	Cost as at July 01, 2013	Additions	Cost as at June 30, 2014	Accumulated depreciation as at July 01, 2013	Depreciation for the year	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014	Dep rate % per annum
----- (Rupees in '000) -----								
<u>Owned</u>								
Vehicles	34,199	774	34,973	6,202	7,568	13,770	21,203	20-33.33
Computers	3,941	879	4,820	1,251	1,464	2,715	2,105	33.33
Furniture and fixtures	5,151	395	5,546	3,266	1,641	4,907	639	33.33
Office equipment	1,686	53	1,739	899	571	1,470	269	33.33
2014	<u>44,977</u>	<u>2,101</u>	<u>47,078</u>	<u>11,618</u>	<u>11,244</u>	<u>22,862</u>	<u>24,216</u>	

Notes to the Financial Statements

For the year ended June 30, 2014

	Cost as at July 01, 2012	Additions	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation for the year	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Dep rate % per annum
----- (Rupees in '000) -----								
<u>Owned</u>								
Vehicles	5,857	28,342	34,199	554	5,648	6,202	27,997	20-33.33
Computers	1,217	2,724	3,941	406	845	1,251	2,690	33.33
Furniture and fixtures	4,816	335	5,151	1,605	1,661	3,266	1,885	33.33
Office equipment	1,231	455	1,686	410	489	899	787	33.33
2013	<u>13,121</u>	<u>31,856</u>	<u>44,977</u>	<u>2,975</u>	<u>8,643</u>	<u>11,618</u>	<u>33,359</u>	

4.1.1 Depreciation charge for the year has been allocated as under:

	Note	2014 ----- (Rupees in '000) -----	2013 -----
Administrative expenses	13	1,126	998
Capital work-in-progress	4.2	<u>10,118</u>	<u>7,645</u>
		<u>11,244</u>	<u>8,643</u>

4.2 Capital work-in-progress

		2014	2013
Civil works	4.2.1	2,149,994	2,149,994
Consultancy and survey fees		432,247	359,774
Advance to EPC contractor		624,950	-
Depreciation and amortization	4.1.2 & 5.2	50,850	27,712
Other ancillary costs	4.2.2	<u>239,337</u>	<u>93,728</u>
		<u>3,497,378</u>	<u>2,631,208</u>

4.2.1 This represents amount charged by the EPC Contractor for civil work carried out on the Project site.

4.2.2 These include salaries, wages and benefits, legal and professional charges, insurance and other directly attributable costs.

5. INTANGIBLE ASSETS

	Cost as at July 01, 2013	Additions	Cost as at June 30, 2014	Accumulated amortization as at July 01, 2013	Amortization charge for the year	Accumulated amortization as at June 30, 2014	Book value as at June 30, 2014	Amortization rate %
----- (Rupees in '000) -----								
Computer software	552	-	552	368	166	534	18	20-33.33
Right to use infrastructure facilities (Note 5.1)	386,104	-	386,104	17,236	12,871	30,107	355,997	3.33
2014	<u>386,656</u>	<u>-</u>	<u>386,656</u>	<u>17,604</u>	<u>13,037</u>	<u>30,641</u>	<u>356,015</u>	

Notes to the Financial Statements

For the year ended June 30, 2014

	Cost as at July 01, 2012	Additions	Cost as at June 30, 2013	Accumulated amortization as at July 01, 2012 (Rupees in '000)	Amortization charge for the year	Accumulated amortization as at June 30, 2013	Book value as at June 30, 2013	Amortization rate %
Computer software	552	-	552	184	184	368	18	20-33.33
Right to use infrastructure facilities (Note 5.1)	322,963	63,141	386,104	4,893	12,343	17,236	368,868	3.33
2013	323,515	63,141	386,656	5,077	12,527	17,604	369,052	

5.1 This represents Peripheral Development Charges (PDC) of leasehold land paid to PQA as per the BOT contract for the grant of the right to use the site and related facilities for the construction, management and operation of the coal and clinker / cement terminal.

5.2 Amortization charge for the year has been allocated as under:

	Note	2014 (Rupees in '000)	2013 (Rupees in '000)
Administrative expenses	13	17	18
Capital work-in-progress	4.2	13,020	12,509
		<u>13,037</u>	<u>12,527</u>

6. DEFERRED TRANSACTION COSTS ON LONG-TERM FINANCING

This represents front end fee, commitment fee and mobilization fee on loan from IFC and OFID, as per their respective loan agreements (refer note 12.3 to 12.6). The said costs will be adjusted from the loan proceeds upon initial recognition and thereafter will be amortized over the loan term as allowed under the relevant accounting standards.

	2014 (Rupees in '000)	2013 (Rupees in '000)
7. DEFERRED TAX		
Arising on deductible temporary difference		
- pre-incorporation expenses	3,626	3,626
- pre-commencement expenses	32,594	20,093
	<u>36,220</u>	<u>23,719</u>

8. SHORT TERM INVESTMENTS

Designated at fair value through profit or loss

Number of units			Cost	Fair value	Cost	Fair value
2014	2013		2014 (Rupees in '000)		2013 (Rupees in '000)	
		Listed - Mutual Funds (Open Ended)				
1,368	149,587	HBL Money Market Fund	-	137	14,981	15,147
1,191	145,900	JS Cash Fund	-	122	15,000	15,083
1,166	150,610	UBL Liquidity Plus Fund	35	117	15,000	15,073
			35	376	44,981	45,303
		Unrealized gain on revaluation of investments	341	-	322	-
			<u>376</u>	<u>376</u>	<u>45,303</u>	<u>45,303</u>

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
9. CASH AND BANK BALANCES			
With banks:			
- in current account		5	5
- in savings account	9.1	47,303	26,104
- in right issue account	10	<u>2,477,231</u>	-
		<u>2,524,539</u>	<u>26,109</u>
Cash in hand		<u>1,180</u>	<u>1,061</u>
		<u><u>2,525,719</u></u>	<u><u>27,170</u></u>

9.1 It carries profit at the rate of 8.25 percent (2013: 8.25 percent) per annum.

10. SUBSCRIPTION AGAINST PROPOSED ISSUE OF RIGHT SHARES

The Board of Directors of the Company, in their meeting held on April 11, 2014 approved the issue of 704,037,921 ordinary shares by way of right issue at the rate of 12.9 shares for every one existing ordinary share at par value of Rs. 10 per share. The Company had received advances against the proposed issue of right shares over the past years from its majority shareholders namely Premier Mercantile Services (Private) Limited (holding 35.31 percent of the ordinary paid up capital of the company) and Jahangir Siddiqui & Co. Ltd. (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 2,989 million (2013: 1,955 million) and Rs. 600 million (2013: Rs. 150 million) respectively. Consequently, the general public and majority shareholders deposited Rs. 2.477 billion in the Right Shares Subscription Accounts. The Company obtained approval of the Karachi Stock Exchange for the issuance of right shares and all the related matters and legal formalities were completed. Subsequent to the year end, the call for the remaining unsubscribed shares of the right issue was made to the Company's underwriters and the subscription was received in full. The entire process of allotment of right shares was completed on July 08, 2014 and all the advances received against the issue of shares were adjusted.

11. TRADE AND OTHER PAYABLES

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Accrued liabilities	11.1	16,669	629,513
Workers' welfare fund		113	156
Withholding tax		9	11
		<u>16,791</u>	<u>629,680</u>

11.1 During the year 2013, disputes arose between the Company and the previous EPC Contractor (comprising of the joint venture of a local company and a Turkish company – together referred to as "JV-Contractor") and the previous Engineering, Procurement and Construction (EPC) Contract dated March 15, 2012, which the Company had entered into with the JV-Contractor, was terminated. Those disputes with the JV-Contractor were mainly due to the internal disputes between JV contractors, leading to defaults of the contractor and unacceptable pace of the progress at site. Both parties instituted separate proceedings in the Honorable High Court of Sindh asserting certain claims against each other. Following and notwithstanding the institution of proceedings by both the parties as referred above, the Company entered into negotiation with the JV-Contractor to settle the matter out of court and agreed on terms and conditions under a Full and Final Settlement Agreement (the Agreement) which was entered into between the JV-Contractor and the Company on October 03, 2013 and was executed accordingly. The amount which the Company paid to the JV-Contractor as full and final settlement of its claims after due verification is Rs. 620 million. Consequently, the Honorable High Court of Sindh announced its judgment and has dismissed the above mentioned suits and proceedings along with all pending applications in view of the Agreement executed between the Company and the EPC Contractor.

Notes to the Financial Statements

For the year ended June 30, 2014

Subsequently, during the year, the Company has entered into a new Engineering, Procurement and Construction (EPC) Contract on May 23, 2014 for the purpose of engineering, procuring, supplying, constructing, installing, testing and commissioning civil works for the Company's coal, cement and clinker bulk handling facility amounting to Rs. 12.499 billion. According to the new contract, the construction of the terminal is expected to be completed within 27 months from the date of signing of the contract.

12 CONTINGENCIES AND COMMITMENTS

- 12.1 Performance bond issued by bank on behalf of the Company to PQA in pursuance of the Implementation Agreement in equivalence of USD 2.5 million amounted to Rs. 264.250 million (2013: Rs. 214.250 million).
- 12.2 Capital expenditure contracted but remaining to be executed amounted to Rs. 11.874 billion pertaining to the new contract for civil works at the Company's site (refer note 11.1).
- 12.3 The Company has entered into a loan agreement with International Finance Corporation (IFC) on June 28, 2012 for an amount of USD 26,500,000 for a period of 12 years repayable in 18 semi annually installments commencing from September 15, 2015. This loan carries markup at the rate of 6 months' LIBOR + 5% and will be secured against the project assets of the Company. The Company has not made any draw down from this loan facility.
- 12.4 The Company has entered into a loan agreement with OPEC Fund for International Development (OFID) on July 12, 2012 for an amount of USD 20,000,000 for a period of 12 years repayable in 18 semi annually installments commencing from September 15, 2015. This loan carries markup at the rate of 6 months' LIBOR + 5% and will be secured against the project assets of the Company. The Company has not made any draw down from this loan facility.
- 12.5 The Company has entered into a Term Facility with four commercial banks namely Faysal Bank Limited, NIB Bank Limited, Bank of Punjab and JS Bank on November 12, 2012 for an aggregate amount of Rs 3,250,000,000 for a period of 12 years repayable in 18 semi-annual installments commencing from September 15, 2015. This loan carries mark-up at the rate of 6 months KIBOR + 3% and will be secured against the project assets of the Company. The Company has not made any draw down from this loan facility.
- 12.6 The Company has entered into a Musharaka agreement with three financial institutions namely Meezan Bank Limited, Al Baraka Bank and Bank Islami Pakistan Limited on November 12, 2012 for an aggregate amount of Rs 1,120,000,000 for a period of 12 years repayable in 18 semi-annual installments commencing from September 15, 2015. Faysal Bank Limited is acting as a Musharaka agent for the agreement. The loan carries mark-up at the rate of 6 months KIBOR + 3% and will be secured against the project assets of the Company. The Company has not made any draw down from this facility.

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
13. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	13.1	7,230	3,842
Travelling and conveyance		880	54
Auditors' remuneration	13.2	1,463	643
Legal and professional charges		3,492	2,639
Fee for increase in authorized share capital		-	21,502
Office maintenance		380	332
Vehicles running and maintenance		1,194	715
Insurance		202	90
Communication		284	210
Printing and stationery		446	175
Utilities		480	295
Depreciation	4.1.2	1,126	998
Amortization	5.2	17	18
Fees and subscription	13.3	9,243	662
Entertainment		88	254
Rent, rates and taxes		6,550	6,320
Others		649	256
		<u>33,724</u>	<u>39,005</u>

13.1 Includes Rs. 291,448 (2013: Rs. 178,827) in respect of defined contributory provident fund.

13.2 Auditors' remuneration

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Statutory audit fee	450	400
Fee for review of half yearly accounts and special assignment	932	189
Out of pocket expenses	81	54
	<u>1,463</u>	<u>643</u>

13.3 Includes Rs. 7.04 million in respect of fee paid to Karachi Stock Exchange for the increase in paid-up capital of the Company.

14. OTHER INCOME

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Income from financial assets			
Profit on saving account		5,645	7,820
Unrealised gain on revaluation of short term investment		341	322
Gain on sale of short term investment		82	-
		<u>6,068</u>	<u>8,142</u>

15. TAXATION

	Note	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Current		1,599	2,682
Deferred		(12,500)	(12,954)
	15.1	<u>(10,901)</u>	<u>(10,272)</u>

Notes to the Financial Statements

For the year ended June 30, 2014

	Note	2014 ----- (Rupees in '000) -----	2013 -----
15.1 Relationship between tax expense and accounting profit			
Accounting loss before tax		<u>(27,769)</u>	<u>(31,019)</u>
Corporate tax rate		34%	35%
Tax on accounting loss at applicable rate		(9,441)	(10,857)
Tax effects of:			
- Tax credit on enlistment		(281)	-
- Different tax rate for deferred tax		(1,035)	698
- Expenses that are not allowable in calculating taxable income		(144)	(113)
		<u>(10,901)</u>	<u>(10,272)</u>

16. EARNINGS PER ORDINARY SHARE – basic and diluted

Loss after taxation		<u>(16,868)</u>	<u>(20,747)</u>
		Number of shares	
Weighted average number of ordinary shares outstanding	16.1	<u>149,038,878</u>	<u>149,038,878</u>
Basic earnings per share	16.2	<u>Rs. (0.11)</u>	<u>(Re-stated) Rs. (0.14)</u>

16.1 As fully disclosed in note 10, the Company issued right shares subsequent to year end but before the financial statements are authorised for issue. The impact of bonus element due to right issue is accounted for in the weighted average number of ordinary shares outstanding in the current and prior year.

16.2 There is no dilutive effect on basic earnings per share of the Company.

17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

17.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk and foreign currency risk.

(i) 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. As of June 30, 2014 the Company is not exposed to interest rate risk.

(ii) 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 foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2014, the Company is not exposed to currency risks in respect of financial assets or financial liabilities.

Notes to the Financial Statements

For the year ended June 30, 2014

17.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

Concentration of credit risk arises 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. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company is exposed to credit risk on deposits and bank balances. The Company seeks to minimise the credit risk exposure through having exposure only to customers / parties considered credit worthy and obtaining securities where applicable.

	2014	2013
	----- (Rupees in '000) -----	
Cash with Banks		
A-1+	378,754	-
A-1	<u>2,145,784</u>	<u>26,109</u>
	<u>2,524,538</u>	<u>26,109</u>

17.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its funding requirements. To guard against the risk, the Company has diversified funding sources and assets are managed with liquidity in mind. The maturity profile is monitored to ensure that adequate liquidity is maintained.

Year ended 30 June 2014

	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
	----- (Rupees in '000) -----				
Trade and other payables	16,791	-	-	-	16,791
Total	<u>16,791</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,791</u>

Year ended 30 June 2013

	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
	----- (Rupees) -----				
Trade and other payables	629,680	-	-	-	629,680
Total	<u>629,680</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>629,680</u>

17.4 Capital risk management

The Company's objectives when managing capital is to safeguard the Company's ability to continue to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Company is currently in start-up phase and its capital risk management position will be developed in the near future.

17.5 Fair value of financial instruments

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to the Financial Statements

For the year ended June 30, 2014

18. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	----- (Rupees in '000) -----					
Fees	60	505	-	30	80	-
Remuneration	12,019	12,019	8,100	6,690	6,640	5,657
Housing rent	3,205	3,205	2,184	1,908	1,908	1,654
Retirement benefits	890	890	606	530	530	409
Medical	1,068	1,068	728	636	636	551
Utilities	1,068	1,068	728	636	636	551
	<u>18,310</u>	<u>18,755</u>	<u>12,346</u>	<u>10,430</u>	<u>10,530</u>	<u>8,822</u>
Number	<u>1</u>	<u>6</u>	<u>6</u>	<u>1</u>	<u>6</u>	<u>5</u>

- 18.1 The Chief Executive Officer, Executive Director and certain executives of the Company are also provided with the use of the Company maintained car and other benefits in accordance with terms of service.

19 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of entities which have the ability to control the Company to exercise significant influence over the Company in making financial and operating decisions or vice versa. The related parties comprise principal shareholders and their affiliates' directors, companies with common directors and key management personnel. Balances with related parties have been disclosed in respective notes to the financial statements. Significant transactions with related parties are as follows:

	2014	2013
	----- (Rupees in '000) -----	
19.1 Transactions during the year		
Associated Companies		
Entities having directors in common with the Company		
Pakistan International Container Terminal Limited		
Purchase of vehicles	-	19,373
Premier Mercantile Services (Private) Limited		
Advance against future issue of share capital	1,034,100	1,255,000
Rent against office premises	2,700	2,100
Travel Club (Private) Limited		
Payment for travelling expenses	10,497	4,627
EFU General Insurance Limited		
Insurance Premium	878	413
Other related party		
Jahangir Siddiqui & Co. Limited		
Advance against future issue of share capital	450,000	150,000
Subscription against proposed issue of right shares	883,500	-

Notes to the Financial Statements

For the year ended June 30, 2014

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
19.2 Year end balances		
Associated Company		
Premier Mercantile Services (Private) Limited	2,989,100	1,955,000
Other related party		
Jahangir Siddiqui & Co. Limited	1,483,500	150,000

20. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

As disclosed in note 10, the Board of Directors of the Company have approved the issue of 704,037,921 ordinary shares by way of right issue at the rate of 12.9 shares for everyone existing ordinary share at par value of Rs. 10 per share. Subsequent to the year end, the entire process of allotment of these shares has been completed and the shares have been issued on July 08, 2014. Correspondingly, all the advance against future issue of shares received by the Company over the past years has been adjusted as subscription for exercise of right.

21. 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 were to follow IFRIC – 12 and IAS – 38, the effect on the financial statements would be as follows:

	2014 ----- (Rupees in '000) -----	2013 ----- (Rupees in '000) -----
Reclassification from property, plant and equipment (CWIP) to intangible assets (Port Concession Rights) – written down value	<u>3,489,928</u>	<u>2,631,208</u>
Recognition of intangible assets (Port Concession Rights) on account of rent of backup and waterfront area (Rent)	<u>125,977</u>	<u>125,977</u>
Recognition of present value of concession liability on account of intangibles (Rent)	<u>140,083</u>	<u>137,336</u>
Interest expense charged for the year on account of intangibles (Rent)	<u>7,691</u>	<u>7,533</u>

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on September 12, 2014 by Board of Directors of the Company.

Notes to the Financial Statements

For the year ended June 30, 2014

23. GENERAL

23.1 Number of employees

Number of persons employed as at year end were 55 (2013: 38) and the average number of persons employed during the year were 48 (2013: 30).

23.2 Provident Fund

	2014	2013
	----- (Rupees in '000) -----	----- (Rupees in '000) -----
	----- (Unaudited) -----	
General disclosures		
Receivable from / (payable to) the Fund	-	-
Size of the fund	<u>13,377</u>	<u>4,643</u>
Cost of investments	<u>13,377</u>	<u>4,643</u>
Fair value of investments	<u>13,377</u>	<u>4,643</u>
Percentage of investments	<u>100%</u>	<u>100%</u>

Categories of investments as a percentage of total assets of provident fund:

	2014		2013	
	----- (Rupees '000) -----	----- (%) -----	----- (Rupees '000) -----	----- (%) -----
	----- (Unaudited) -----			
Deposit Account	<u>13,377</u>	<u>100</u>	<u>4,643</u>	<u>100</u>

Investments 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.

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

Pattern of Share Holding as at June 30, 2014

Number of Share Holders	Share Holding		Total Shares Held
	From	To	
1,233	1	100	36,839
1,483	101	500	572,521
550	501	1000	505,368
662	1001	5000	1,742,712
124	5001	10000	1,009,377
41	10001	15000	535,313
23	15001	20000	446,773
20	20001	25000	453,638
9	25001	30000	258,664
3	30001	35000	93,000
5	35001	40000	190,500
5	40001	45000	210,770
7	45001	50000	347,000
1	50001	55000	50,500
1	55001	60000	58,500
1	65001	70000	67,500
3	70001	75000	220,992
3	75001	80000	237,500
1	80001	85000	81,094
1	85001	90000	85,541
1	105001	110000	108,844
1	110001	115000	110,259
1	120001	125000	125,000
1	130001	135000	135,000
1	135001	140000	138,000
1	140001	145000	142,711
1	145001	150000	150,000
1	165001	170000	170,000
1	195001	200000	195,999
1	260001	265000	262,500
1	540001	545000	544,674
1	3540001	3545000	3,543,669
1	3560001	3565000	3,560,957
1	3580001	3585000	3,582,275
1	3830001	3835000	3,830,271
1	11495001	11500000	11,500,000
1	19270001	19275000	19,272,322
4,193			54,576,583

Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage %
Individuals	4,127	23,124,675	42.37
Insurance Companies	3	84,427	0.15
Financial Institutions	2	109,204	0.20
Modarabas And Mutual Funds	3	2,977	0.01
Foreign Investors	4	149,290	0.27
Others	54	31,106,010	57.00
	4,193	54,576,583	100.00

Key Share Holdings as at June 30, 2014

Information of share holding required under the Code of Corporate Governance is as follows:

	Number of Shareholders	Total Shares Held	Percentage %
Associated Companies, Undertaking And Related Parties.			
Premier Mercantile Services (Private) Limited - Associated Company	1	19,272,322	
Jahangir Siddiqui & Company Limited - Other Related Party	1	11,500,000	
	2	30,772,322	56.38
Directors, Chief Executive Officer and thier Spouse and Minor Children			
Capt. Haleem A. Siddiqui	1	3,830,272	
Capt. Zafar Iqbal Awan	1	361	
Mrs. Saba Haleem Siddiqui	1	544,674	
Mr. Aasim Azim Siddiqui	1	3,560,958	
Mr. Sharique Azim Siddiqui	1	3,543,670	
Mr. Muhammad Masood Ahmed Usmani	1	5,538	
Syed Nizam Shah	1	771	
Mr. Ali Raza Siddiqui	1	61	
	8	11,486,305	21.05
Company Secretary			
Mr. Arsalan Iftikhar Khan	1	1,500	-
Executive(s)			
Public Sector Companies & Corporation	1	250	-
Banks, DFI's, NBFIs, Insurance Companies, Modarabas & Mutual Funds	-	-	-
Joint Stock Companies, Investment Companies, Foreign Investors & Others	8	196,608	0.36
Individuals	56	482,978	0.88
	4,117	11,636,620	21.33
	4,193	54,576,583	100.00
Shareholders holding 5% or more voting interest in the Company			
Premier Mercantile Services (Private) Limited		19,272,322	35.31
Jahangir Siddiqui & Company Limited		11,500,000	21.07
Haleem Ahmed Siddiqui		3,830,271	7.02
Danish Azim Siddiqui		3,582,275	6.56
Aasim Azim Siddiqui		3,560,957	6.52
Sharique Azim Siddiqui		3,543,669	6.49

Details of Purchase / Sales of Shares by Directors, Chief Executive Officer, CFO, Company Secretary and their Spouse or Minor Children and Executives during the year ended 2014

Mr. Arsalan I. Khan, CFO & Company Secretary purchased 500 shares on December 02, 2013 at Rs.10/- each.

Form of Proxy

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

I/We, _____ of _____ being member of Pakistan International Bulk Terminal Limited and holder of _____ Ordinary Shares as per Share Register Folio No. _____ and/or CDC Participant I. D. N o. _____ hereby appoint Mr./Mrs./Miss _____ of (full address) as my/us proxy to attend, speak and vote for me/us and on my/our behalf at the 5th Annual General Meeting of the Company to be held on October 15th, 2014 and at any adjournment thereof.

Signed this _____ day of _____ 2014

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 or Passport with this Proxy Form.
6. In case of proxy by a corporate entity, Board of Directors resolution / power of attorney with specimen signature and attested copies of CNIC or Passport of the proxy shall be submitted along with the proxy form.



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