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Half Yearly Report
December 31, 2013



Pakistan International Bulk Terminal Limited

Head Office

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Pakistan International Bulk Terminal Limited

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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 |

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|---|--------------------------|
| Chief Financial Officer & Company Secretary | Mr. Arsalan I. Khan, ACA |
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| | |
|----------|---|
| Auditors | Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants 6th Floor, Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi-75530 |
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|---------------|---|
| Legal Advisor | Khalid Anwer & Co. 153-K, Sufi Street, Block-2, PECHS, Karachi 75400 Kabraji & Talibuddin 64 - A/1, Gulshan -e -Faisal, Bath Island Karachi -75530. The Continental Law Associates Panorama Centre, Saddar, Karachi. |
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|--------|--|
| Banker | Al-Baraka Bank Limited Bank Islami Pakistan Limited Faysal Bank Limited JS Bank Limited Meezan Bank Limited National Bank of Pakistan NIB Bank Limited Samba Bank Limited The Bank of Punjab |
|--------|--|

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|--------------------------|--|
| Registered & Head Office | 2 nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi-74000, Pakistan. Tel: 32400450-3 Fax: 32400281 |
|--------------------------|--|

| | |
|----------------------------|--|
| Registrar / Transfer Agent | Technology Trade (Private) Limited 241-C, Block-2, P.E.C.H.S., Karachi. Tel: 92-21-34391316-7 |
|----------------------------|--|

Directors' Report

The Directors have pleasure to present the Financial Statements of Pakistan International Bulk Terminal Limited (PIBT) (Company) together with the Auditors' Report to the members on review of interim financial information for the half year ended December 31, 2013. The Directors also pass on best wishes to the shareholders of the Company and other investors on the Listing of PIBT's shares on the Karachi Stock Exchange w.e.f. 23 December 2013 and express their gratitude to the Securities and Exchange Commission of Pakistan (SECP) and the Karachi Stock Exchange for their courtesy, assistance and co-operation throughout the listing process.

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 or the date after thirty six months from the date of effectiveness, whichever is earlier, where date of effectiveness means eighteen months from the date of signing of the contract. The Company's terminal project is in start-up and construction phase as a result has not commenced its operations.

Financial Performance

During the period, the Company has earned other income of Rs. 2.477 million (December 2012: Rs. 4.092 million) 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. 14.203 million against a loss of Rs. 21.208 million during the previous period.

Net Loss after tax is Rs. 8.371 million in comparison with a loss of Rs. 13.785 million during the previous period.

Financial Results

These are summarized below:

| | Rupees in '000' |
|--------------------------------------|-------------------|
| Loss before taxation | (14,203) |
| Taxation | 5,832 |
| Loss after tax | (8,371) |
| Un-appropriated loss brought forward | (29,445) |
| Un-appropriated loss carried forward | (37,816) |
| LPS- Basic | Rs. (0.15) |

The Company has accumulated losses amounting to Rs 37.816 million. 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.

During the period, the company received advance from the major shareholders namely Premier Mercantile Services (Private) Limited (PMS) (holding 35.31 percent of the ordinary paid up capital of the company) amounting to Rs. 450 million and Jahangir Siddiqui & Company Limited (JSCL) (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 200 million respectively. These advances will be adjusted against future issue of share capital.

Project Brief

Following is the brief on the progress made so far in implementing the Bulk Terminal Project of the Company (the "Project"). The Company has also issued an "INFORMATION MEMORANDUM" in this regard (filed with the Karachi Stock Exchange) and placed the same on the Company's Website to disseminate relevant information to the General Public;

1. During the year 2013, disputes arose between PIBT and EPC Contractor (comprising of the joint venture of a local company and a Turkish company together referred to as "JV-Contractor") and the 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 attributable to the internal disputes between the 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 as referred above by both the parties, the Company entered into negotiation with the JV-Contractor to settle and agree on terms and conditions under a Full and Final Settlement Agreement (the "Agreement") and settle the matter out of court. The Agreement was entered into, executed and signed between the JV contractor and PIBT on October 3rd, 2013. The application containing the executed Full and Final Settlement Agreement, which included the settlement/ withdrawal of all court cases, was also filed with the Honorable High Court of Sindh for decree.

Subsequent to the half-year ended December 31, 2013, the Honorable High Court of Sindh has announced its judgment in Suit No.568/2013 and Suit No.670/2013, in which the Company was plaintiff and defendant respectively, and has dismissed the above mentioned suits along with all pending applications in view the settlement agreement executed between the Company and the EPC Contractor.

2. The Company is now in advanced stages of negotiations for awarding the contract for residual civil works with local and international civil works contractors. This is likely to be achieved within this quarter. The technical specifications of the Plant & Machinery have already been finalized and the tenders have also been evaluated, the Machinery Procurement Contract will be awarded once the Civil Works Contractor is finalized so as to align the Import Shipment Schedule with the Civil Works Timeline. The management of the Company is actively pursuing this matter and expects that the change in the Contractor will bear minimal cost overruns and the Project will be completed in line with the construction schedule projected by the company.
3. During the period, the Company has been actively engaged with its engineers on the remaining detailed designing of the project civil works. The Company has also constructed a chain link fence on the boundary of the Project Site.

In the end Board of Directors of the company would like to reiterate their commitment to build Pakistan's first state of the art modern and fully mechanized bulk cargo handling terminal for handling Coal, Clinker & Cement, compliant with international standards of excellence which will 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: January 30, 2014

Condensed Interim Financial Statements

**AUDITORS' REPORT TO THE MEMBERS ON REVIEW OF
INTERIM FINANCIAL INFORMATION**

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Pakistan International Bulk Terminal Limited** as at 31 December 2013 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, condensed interim statement of changes in equity, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Ernst & Young Ford Rhodes Sidat Hyder
Chartered Accountants
Engagement Partner: Riaz A. Rehman Chamdia
Date: January 30, 2014
Place: Karachi

A member firm of Ernst & Young Global Limited

CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2013
(UN-AUDITED)

| | | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|---|------|--------------------------------------|-------------------------------|
| <u>ASSETS</u> | Note | ----- (Rupees in '000) ----- | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 2,785,688 | 2,664,567 |
| Intangible assets | 5 | 362,524 | 369,052 |
| Deferred transaction fee on long term financing | 6 | 127,672 | 105,935 |
| Deferred tax | 7 | 30,240 | 23,719 |
| | | 3,306,124 | 3,163,273 |
| CURRENT ASSETS | | | |
| Deposit and prepayments | | 8,120 | 15,133 |
| Short term investments | 8 | 361 | 45,303 |
| Accrued mark-up | | - | 110 |
| Taxation - net | | - | 12 |
| Cash and bank balances | 9 | 44,573 | 27,170 |
| | | 53,054 | 87,728 |
| TOTAL ASSETS | | 3,359,178 | 3,251,001 |
| EQUITY AND LIABILITIES | | | |
| SHARE CAPITAL AND RESERVES | | | |
| Authorised capital 1,500,000,000 (June 2013:1,500,000,000) ordinary shares of Rs. 10/- each | | 15,000,000 | 15,000,000 |
| 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 | | (37,816) | (29,445) |
| | | 507,950 | 516,321 |
| NON-CURRENT LIABILITIES | | | |
| Advance against future issue of share capital | 10 | 2,805,000 | 2,105,000 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 46,221 | 629,680 |
| Taxation - net | | 7 | - |
| | | 46,228 | 629,680 |
| COMMITMENTS | 11 | | |
| TOTAL EQUITY AND LIABILITIES | | 3,359,178 | 3,251,001 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)**

| | Note | Half-year Ended | | Quarter Ended | |
|---|------|------------------------------|--------------------------|--------------------------|--------------------------|
| | | December 31, 2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| | | ----- (Rupees in '000) ----- | | | |
| Administrative expenses | | (16,639) | (25,218) | (11,005) | (23,984) |
| Other charges - workers' welfare fund | | (41) | (82) | (31) | (59) |
| Other income | | 2,477 | 4,092 | 1,855 | 2,940 |
| Loss for the period before taxation | | <u>(14,203)</u> | <u>(21,208)</u> | <u>(9,181)</u> | <u>(21,103)</u> |
| Taxation | 12 | 5,832 | 7,423 | 4,039 | 7,386 |
| Loss for the period after taxation | | <u><u>(8,371)</u></u> | <u><u>(13,785)</u></u> | <u><u>(5,142)</u></u> | <u><u>(13,717)</u></u> |
| Loss per ordinary share - basic and diluted | 13 | <u><u>Rs. (0.15)</u></u> | <u><u>Rs. (0.25)</u></u> | <u><u>Rs. (0.09)</u></u> | <u><u>Rs. (0.25)</u></u> |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)**

| | Half-year Ended | | Quarter Ended | |
|--|------------------------------|----------------------|----------------------|----------------------|
| | December 31,2013 | December 31, 2012 | December 31, 2013 | December 31, 2012 |
| Note | ----- (Rupees in '000) ----- | | | |
| Loss for the period | (8,371) | (13,785) | (5,142) | (13,717) |
| Other comprehensive income - net of taxation | - | - | - | - |
| Total comprehensive loss for the period | (8,371) | (13,785) | (5,142) | (13,717) |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)**

| | Half-year ended | |
|---|------------------------------|----------------------|
| | December 31, 2013 | December 31, 2012 |
| Note | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period before taxation | (14,203) | (21,208) |
| Adjustments for non-cash items: | | |
| Depreciation | 547 | 3,284 |
| Unrealised gain on investment - net | (326) | - |
| Amortisation | 9 | 5,930 |
| Operating loss before working capital changes | (13,973) | (11,994) |
| (Increase) / decrease in current assets | | |
| Deposit and prepayments | 7,013 | (24,713) |
| Accrued mark-up receivable | 110 | - |
| | 7,123 | (24,713) |
| Increase / (decrease) in current liabilities | | |
| Trade and other payables | (583,459) | (5,631) |
| Performance guarantee | - | 170,000 |
| Retention money | - | 110,110 |
| | (583,459) | 274,479 |
| Cash (used in) / generated from operations | (590,309) | 237,772 |
| Taxes paid | (753) | (1,233) |
| Net cash (used in) / generated from operating activities | (591,062) | 236,539 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (1,505) | (26,937) |
| Additions to intangible assets | - | (63,141) |
| Additions to capital work in progress | (113,643) | (1,088,697) |
| Redemption of short-term investments | 45,350 | - |
| Net cash used in investing activities | (69,798) | (1,178,775) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Transaction cost paid on long term finance | (21,737) | - |
| Advance against future issue of shares | 700,000 | 1,005,000 |
| Net cash generated from financing activities | 678,263 | 1,005,000 |
| Net increase in cash and cash equivalents | 17,403 | 62,764 |
| Cash and cash equivalents at the beginning of the period | 27,170 | 44,440 |
| Cash and cash equivalents at the end of the period | 44,573 | 107,204 |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)**

| | 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 period | - | (13,785) | (13,785) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (13,785) | (13,785) |
| Balance as at December 31, 2012 | <u>545,766</u> | <u>(22,483)</u> | <u>523,283</u> |
| Balance as at July 01, 2013 | 545,766 | (29,445) | 516,321 |
| Loss for the period | - | (8,371) | (8,371) |
| Other comprehensive income | - | - | - |
| Total comprehensive loss | - | (8,371) | (8,371) |
| Balance as at December 31, 2013 | <u>545,766</u> | <u>(37,816)</u> | <u>507,950</u> |

The annexed notes from 1 to 18 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED DECEMBER 31, 2013
(UN-AUDITED)**

1. CORPORATE INFORMATION AND 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.
- 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 or the date after thirty six months from the date of effectiveness, whichever is earlier, where date of effectiveness means eighteen months from the date of signing of the contract. The Company's terminal project is in start-up and construction phase as a result has not commenced its operations.
- 1.3. As fully disclosed in note 16, the Engineering, Procurement and Construction (EPC) Contract dated March 15, 2012 which the Company had entered into with the Joint Venture Contractor, 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, was terminated. The Company is currently in the process of negotiating another EPC Contract for the remaining work with a number of new contractors. The Company has also engaged foreign contractors to evaluate the technical and financial bids received for civil work which shall also be finalized in due course.
- 1.4. As at the balance sheet date, the Company has accumulated losses amounting to Rs 38 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 condensed interim financial statements are unaudited but subject to limited scope review by auditors, except for the figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and December 31, 2012. These are required to be presented to the shareholders under Section 245 of the Companies Ordinance, 1984 and have been prepared in accordance with the requirements of the International Accounting Standard (IAS) 34, "Interim Financial Reporting" and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2013.

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.

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention except for investment designated at fair value through profit or loss

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended June 30, 2013 except as follows:

3.1 New, amended and revised standards and interpretations of IFRS

The Company has adopted the following amendments to IFRSs which became effective during the period:

- IAS 19 - Employee Benefits - (Revised)
- IFRS 7 - Financial Instruments : Disclosures (Amendment)
 - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities
- IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine.

The adoption of the above amendments did not have any effect on these condensed interim financial statements.

| | | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|---|-------|--------------------------------------|-------------------------------|
| | Note | ----- (Rupees in '000) ----- | |
| 4. PROPERTY, PLANT AND EQUIPMENT | | | |
| Fixed assets | 4.1 | 29,267 | 33,359 |
| Capital work-in-progress | 4.2 | 2,756,421 | 2,631,208 |
| | | <u>2,785,688</u> | <u>2,664,567</u> |
| 4.1 Operating fixed assets owned | | | |
| Book value at the beginning of the period / year | | 33,359 | 10,146 |
| Additions during the period / year | 4.1.1 | <u>1,505</u> | <u>31,856</u> |
| | | 34,864 | 42,002 |
| Less: depreciation charged during the period / year | | <u>(5,597)</u> | <u>(8,643)</u> |
| | | <u>29,267</u> | <u>33,359</u> |
| 4.1.1 Additions during the period / year | | | |
| Vehicles | | 773 | 28,342 |
| Computers | | 353 | 2,724 |
| Furniture and fixtures | | 353 | 335 |
| Office equipment | | <u>26</u> | <u>455</u> |
| | | <u>1,505</u> | <u>31,856</u> |

4.2 CAPITAL WORK - IN - PROGRESS

| | Consultancy and survey fees | Depreciation and amortization | Civil works (Note 4.2.1) | Other ancillary costs (Note 4.2.2) | Total |
|---|-----------------------------|-------------------------------|--------------------------|------------------------------------|------------------|
| | (Rupees in 000) | | | | |
| Balance as at June 30, 2013 | 359,774 | 27,712 | 2,149,994 | 93,728 | 2,631,208 |
| Capital expenditure incurred during the period | 45,725 | 11,570 | - | 67,918 | 125,213 |
| Balance as at December 31, 2013 (un-audited) | 405,499 | 39,282 | 2,149,994 | 161,646 | 2,756,421 |

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

| | Note | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|--|------|--------------------------------|-------------------------|
| | | (Rupees in 000) | |
| Computer software | | 92 | 184 |
| Right to use infrastructure facilities | 5.1 | 362,432 | 368,868 |
| | 5.2 | <u>362,524</u> | <u>369,052</u> |

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.

| | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|---|--------------------------------|-------------------------|
| | (Rupees in 000) | |
| 5.2 Additions during the period / year | | |
| Book value at the beginning of the period / year | 369,052 | 318,439 |
| Additions during the period / year | - | 63,141 |
| | <u>369,052</u> | <u>381,580</u> |
| Less: amortisation charged during the period / year | <u>(6,528)</u> | <u>(12,528)</u> |
| | <u>362,524</u> | <u>369,052</u> |

6. DEFERRED TRANSACTION FEE ON LONG-TERM FINANCING

This represents front end fee, commitment fee and mobilization fee on loans from IFC and OFID, as per the loan agreements (refer note 11.2 and 11.3). 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.

December 31, 2013 (Un-audited) ----- (Rupees in '000) -----
 June 30, 2013 (Audited)

7. DEFERRED TAX ASSET

| | | |
|---|---------------|---------------|
| Deductible temporary differences arising on:- | | |
| pre-incorporation expenses | 3,626 | 3,626 |
| pre-commencement expenses | 26,614 | 20,093 |
| | <u>30,240</u> | <u>23,719</u> |

8. SHORT TERM INVESTMENTS

Designated at fair value through profit or loss

| Number of units | | Listed Mutual Funds (Open Ended) | Cost | Fair value | Cost | Fair value |
|-------------------|---------------|---|--------------------------------|-------------------------|-------------------------|-------------------------|
| December 31, 2013 | June 30, 2013 | | December 31, 2013 (Un-audited) | June 30, 2012 (Audited) | June 30, 2012 (Audited) | June 30, 2012 (Audited) |
| | | | ----- (Rupees in '000) ----- | | | |
| 1,304 | 149,587 | HBL Money Market Fund | - | 132 | 14,981 | 15,147 |
| 1,140 | 145,900 | JS Cash Fund | - | 117 | 15,000 | 15,083 |
| 1,117 | 150,610 | UBL Liquidity Plus Fund | 35 | 112 | 15,000 | 15,073 |
| | | | | | 44,981 | 45,303 |
| | | Unrealized gain on revaluation of investments | 326 | - | 322 | - |
| | | | <u>361</u> | <u>361</u> | <u>45,303</u> | <u>45,303</u> |

December 31, 2013 (Un-audited) ----- (Rupees in '000) -----
 June 30, 2013 (Audited)

9. CASH AND BANK BALANCES

| | | | |
|---------------------|-----|---------------|---------------|
| With banks: | | | |
| -in current account | 9.1 | 5 | 5 |
| -in saving accounts | | 43,439 | 26,104 |
| | | <u>43,444</u> | <u>26,109</u> |
| Cash in hand | | 1,129 | 1,061 |
| | | <u>44,573</u> | <u>27,170</u> |

9.1 It carries interest at the rate of 8.25% (June 30, 2013: 8.25 %) per annum.

10. ADVANCE AGAINST FUTURE ISSUE OF SHARE CAPITAL

This represents advance received from the major shareholders namely Premier Mercantile Services (Private) Limited (holding 35.31 percent of the ordinary paid up capital of the company) amounting to Rs. 2,405 million and Jahangir Siddiqui & Co. Ltd. (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 400 million respectively. These advances will be adjusted against future issue of share capital.

| | December 31, 2013 (Un-audited) | June 30, 2013 (Audited) |
|---|--------------------------------------|-------------------------------|
| | ----- (Rupees in '000) ----- | |
| 11. COMMITMENTS | | |
| 11.1 Letter of guarantee | <u>264,250</u> | <u>214,250</u> |
| 11.2 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. | | |
| 11.3 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. | | |
| 11.4 The Company has entered into a Term Facility with four commercial banks namely Faysal Bank Limited, NIB Bank Limited, The Bank of Punjab and JS Bank Limited 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. | | |
| 11.5 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 musharaka agreement. | | |

| | Half-year Ended | | Quarter Ended | |
|---|--|--|--|--|
| | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 ---- (Un-audited) ---- | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 ---- (Un-audited) ---- |
| | ----- (Rupees in '000) ----- | | | |
| 12. TAXATION | | | | |
| Current | (689) | (1,403) | (510) | (1,008) |
| Deferred | <u>6,521</u> | <u>8,826</u> | <u>4,549</u> | <u>8,394</u> |
| | <u>5,832</u> | <u>7,423</u> | <u>4,039</u> | <u>7,386</u> |
| | | | | |
| | Half-year Ended | | Quarter Ended | |
| | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 ---- (Un-audited) ---- | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 ---- (Un-audited) ---- |
| | ----- (Rupees in '000) ----- | | | |
| 13. LOSS PER ORDINARY SHARE | | | | |
| Loss after taxation | <u>(8,371)</u> | <u>(13,785)</u> | <u>(5,142)</u> | <u>(13,717)</u> |
| | ----- (Number of shares) ----- | | | |
| Weighted average number of ordinary shares in issue during the period | <u>54,576,583</u> | <u>54,576,583</u> | <u>54,576,583</u> | <u>54,576,583</u> |
| Basic earnings per share | <u>Rs. (0.15)</u> | <u>Rs. (0.25)</u> | <u>Rs. (0.09)</u> | <u>Rs. (0.25)</u> |
| There is no dilution effect on basic earnings per share of the Company. | | | | |

14. 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 and employees' benefit fund. Balances with related parties have been disclosed in respective notes to the financial statements. Significant transactions with related parties are as follows:

| | Half-year Ended | | Quarter Ended | |
|---|--|----------------------|--|----------------------|
| | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 | December 31, 2013 ---- (Un-audited) ---- | December 31, 2012 |
| ----- (Rupees in '000) ----- | | | | |
| Associated Companies | | | | |
| Entities having directors in common with the Company | | | | |
| Premier Mercantile Services (Private) Limited | | | | |
| Advance against future issue of share capital | 450,000 | 1,005,000 | - | 700,000 |
| Rent against office premises | 1,350 | - | 675 | - |
| Purchase of vehicle | 19 | - | 19 | - |
| Pakistan International Container Terminal Limited | | | | |
| Purchase of vehicles | - | 19,373 | - | - |
| Travel Club (Private) Limited | | | | |
| Payment for travelling expenses | 1,561 | - | 1,561 | - |
| EFU General Insurance Limited | | | | |
| Insurance Premium | 844 | - | 13 | - |
| Staff retirement contribution plan | | | | |
| Contributions to staff provident fund | 1,390 | 558 | 748 | 438 |
| Other related party | | | | |
| Jahangir Siddiqui & Co. Limited | | | | |
| Advance against future issue of share capital | 250,000 | - | 250,000 | - |

14.1 Period / year end balances

| | December 31, 2013 (Un-audited) ----- (Rupees in '000) ----- | June 30, 2013 (Audited) |
|---|--|-------------------------------|
| Associated Company | | |
| Premier Mercantile Services (Private) Limited | 2,405,000 | 1,955,000 |
| Other related party | | |
| Jahangir Siddiqui & Co. Limited | 400,000 | 150,000 |

15. 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:

| | December 31, 2013 (Un-audited) ----- (Rupees in '000) ----- | June 30, 2013 (Audited) |
|--|--|-------------------------------|
| Reclassification from property, plant and equipment (CWP) to intangible assets (Port Concession Rights) written down value | <u>2,756,421</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>138,709</u> | <u>137,336</u> |
| Interest expense charged for the year on account of intangibles (Rent) | <u>3,845</u> | <u>7,533</u> |

16. NON-ADJUSTING EVENT AFTER BALANCE SHEET DATE

On March 15, 2012, the Company entered into an Engineering, Procurement and Construction (EPC) Contract with a joint venture comprising of a local and a Turkish company. Pursuant to this EPC Contract the Joint Venture Contractor had undertaken to engineer, procure, supply, construct, install, test and commission civil works for the Company's coal, cement and clinker bulk handling facility. Due to the Joint Venture Contractor's internal disputes and the consequent inability of the Joint Venture Contractor to continue working in accordance with the EPC Contract, on April 18, 2013 the duly appointed representative of the Joint Venture Contractor notified the Company that the EPC Contract was being terminated. This termination came into effect on or about May 02, 2013. While the Company accepted that the Joint Venture Contractor had ceased to continue any further work on the project and that the EPC Contract stood terminated by the Joint Venture Contractor, the Company disputed the grounds on which the termination notice had been issued. Consequently, on May 03, 2013 the Company instituted proceedings under Section 20 of the Arbitration Act, 1940 (Suit No. 568 of 2013) against the Joint Venture Contractor in the High Court of Sindh at Karachi praying that the said dispute be referred to arbitration in accordance with the parties' arbitration agreement set out in the EPC Contract.

On May 22, 2013 separate proceedings were instituted against the Company under Section 20 of the Arbitration Act, 1940 (Suit No. 670 of 2013) in the High Court of Sindh at Karachi. In these proceedings an exaggerated amount was claimed on behalf of the Joint Venture Contractor as being due to it from the Company for work done up to the date on which the EPC Contract stood terminated and the relief that was sought was for a reference of the Joint Venture Contractor's entitlement to the amounts claimed to arbitration in accordance with the parties' arbitration agreement set out in the EPC Contract.

Subsequently, as required by the EPC Contract, the Company entered into amicable settlement negotiations with the duly appointed representative of the Joint Venture Contractor which were aimed at arriving at an amicable settlement of the parties' respective claims/disputes. These negotiations culminated successfully in the execution on October 03, 2013 of a Full and Final Settlement Agreement (the Agreement) in respect of each parties' respective claims/disputes. As set out in the Agreement itself, the Agreement has been filed in Suit No. 670 of 2013 with the prayer that the said Suit (and as a consequence, Suit No. 568 of 2013) be disposed of in terms of the Agreement.

Subsequent to the half-year ended December 31, 2013, the Honorable High Court of Sindh has announced its judgment in Suit No. 568/2013 and Suit No. 670/2013, in which the Company was plaintiff and defendant respectively, and has dismissed the above mentioned suits along with all pending applications in view the settlement agreement executed between the Company and the EPC Contractor.



17. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorised for issue by the Board of Directors of the Company on January 30, 2014.

18. GENERAL

18.1 The figures of the condensed interim profit and loss account and condensed interim statement of comprehensive income for the quarters ended December 31, 2013 and 2012 and notes forming part thereof have not been reviewed by the auditors' of the Company as they have reviewed the cumulative figures for the half years ended December 31, 2013 and 2012.

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

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE OFFICER

CAPT. ZAFAR IQBAL AWAN
DIRECTOR