

# HALF YEARLY REPORT

December 31, 2017



Pakistan International Bulk Terminal Limited

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**COMPANY INFORMATION**

**Board of Directors**

<b>Chairman</b>	Capt. Haleem A. Siddiqui
<b>Chief Executive Officer</b>	Mr. Sharique Azim Siddiqui
<b>Directors</b>	Mr. Aasim Azim Siddiqui Capt. Zafar Iqbal Awan Syed Nizam Shah Mr. Ali Raza Siddiqui Mr. M. Masood Ahmed Usmani, FCA
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Arsalan I. Khan, ACA

**Audit Committee**

<b>Chairman</b>	Syed Nizam Shah
<b>Members</b>	Mr. Ali Raza Siddiqui Mr. M. Masood Ahmed Usmani, FCA

<b>Chief Internal Auditor &amp; Secretary</b>	Mr. Noman Yousuf
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**Human Resource & Remuneration Committee**

<b>Chairman</b>	Syed Nizam Shah
<b>Members</b>	Mr. Sharique Azim Siddiqui Mr. Ali Raza Siddiqui
<b>Secretary</b>	Mr. Arsalan I. Khan, ACA

<b><u>Auditors</u></b>	<b>EY Ford Rhodes</b> Chartered Accountants 6th Floor, Progressive Plaza, Beaumont Road, P.O. Box 15541, Karachi-75530
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<b><u>Legal Advisors</u></b>	<b>Farogh Naseem &amp; Co., Advocates</b> 46-E/4, 46th Street, Block-6, P.E.C.H.S., Karachi. <b>Khalid Anwer &amp; Co.</b> 153-K, Sufi Street, Block-2, PECHS, Karachi 75400 <b>Kabraji &amp; Talibuddin</b> 406-407, 4th Floor, The Plaza at II Talwar, Block-9, Clifton, Karachi. <b>The Continental Law Associates</b> Panorama Centre, Saddar, Karachi.
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<b><u>Bankers</u></b>	Al-Baraka Bank (Pakistan) Limited Askari Bank Limited Dubai Islamic Bank Limited Faysal Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited National Bank of Pakistan Samba Bank Limited Sindh Bank Limited The Bank of Punjab
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<b><u>Registrar / Transfer Agent</u></b>	<b>Central Depository Company of Pakistan</b> CDC House, Main Shahrah-e-Faisal, Karachi
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<b><u>Registered &amp; Head Office</u></b>	2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi-74000 Pakistan. Tel. 92-21-32400450-3 Fax. 92-21-32400281
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<b><u>Terminal Office</u></b>	NWIZ/LL/02, North Western Industrial Zone, Port Qasim Authority, Karachi.
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## Directors' Report

The Directors are pleased to present the condensed interim financial information of Pakistan International Bulk Terminal Limited (PIBT) (the Company) together with the Auditors' Report to the members on review of condensed interim financial information for the period ended December 31, 2017.

### BUSINESS REVIEW

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.

The Company commenced its commercial operations from July 3, 2017. However, under the Implementation Agreement, PQA is required to issue the "Certificate of Successful Commissioning", which PQA has issued for coal handling system in 2nd quarter financial year 2018. The Directors congratulate all the stakeholders of the Project on achieving this significant milestone & commend them for investing their confidence in the Project.

During this six months operational period, your Company has handled 839,922 tons of coal cargo through various vessels with positive contribution margins. However, net loss before taxation is Rs. 1,485 million, mainly due to fixed costs, depreciation and amortization of the infrastructure project. Other income during the period is Rs. 39.029 million (December 31, 2016: Rs. 65.114 million) comprising of the interest income on the deposits held with commercial banks. During the period, the Company also has provided for taxation of Rs. 820.503 million, of which Rs. 765.988 million is deferred tax on account of taxable temporary differences. Net loss after tax is Rs. 2,305.203 million with an EPS of Rs. (1.55).

### GOING FORWARD

Your Company is in negotiations with potential customers for commercial contracts for handling cargos of coal, clinker and cement, to bring efficiencies in their respective supply chains. This will ease off the existing port congestions at KPT and PQA, mitigate the environmental and proficiency concerns and enhance our shareholder's value.

In the end, the Board of Directors of your company would like to reiterate their commitment to operate efficiently Pakistan's first state-of-the-art mechanized bulk cargo handling terminal for the handling of 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 the Board of Directors

**Sharique Azim Siddiqui**  
Chief Executive Officer  
Karachi: February 22, 2018

## ڈائریکٹر کی رپورٹ

پاکستان انٹرنیشنل بلک ٹرمینل لمیٹڈ کے ڈائریکٹر جنرل صاحبزادہ یونس خان کو عرصہ مختتمہ 31- دسمبر 2017ء کے لیے کمپنی کے مالیاتی گوشوارے مع آڈیٹر کی رپورٹ بخوشی پیش کرتے ہیں۔

کاروبار کا جائزہ:

بندرگاہ محمد بن قاسم پورٹولڈ اور سیمنٹ کے ٹرمینل کی تعمیر و ترقی، کاروبار اور انتظامات کے لئے کمپنی نے 06 نومبر 2016ء کو پورٹ قاسم اتھارٹی کے ساتھ 30 سالہ مدت کے لئے بناؤ، چلاؤ اور منتقل کرو کی بنیاد پر ایک معاہدہ کیا۔ 03 جولائی 2017ء کو آپ کی کمپنی نے باضابطہ تجارتی سرگرمیوں کا آغاز کیا۔ پورٹ قاسم اتھارٹی کی جانب سے اس کامیاب آغاز کی سند کا اجراء سال 2018ء کی دوسری سہ ماہی میں کیا جا چکا ہے۔ تمام ڈائریکٹرز اپنے تمام ممبران کو اس عظیم میل کے حصول پر مبارکباد پیش کرتے ہیں اور اس منصوبہ پر قائم ان کے اعتماد پر سلام پیش کرتے ہیں۔

حالیہ ششماہی کاروباری سرگرمیوں کے دوران آپ کی کمپنی نے مختلف جہازوں کے ذریعے 839,922 ٹن کوئلے کو مثبت منافع کے ساتھ کنارے لگایا جبکہ خسارہ قبل از ٹیکس 1,485 ملین روپے ہے جو کہ خاص طور پر پراجیکٹ کے انفراسٹرکچر کی فرسودگی اور قدر میں کمی کی متعین شدہ قیمتوں کی وجہ سے ہے۔ دیگر آمدنی کی مدد میں 39,029 ملین روپے حاصل کئے (31 دسمبر 2016: 65,114 ملین روپے) جس میں تجارتی بینک کے ساتھ رکھے گئے منافع بخش ذخائر کی آمدنی شامل ہے۔ اس دوران کمپنی نے ٹیکس کے لئے

820.503 ملین روپے فراہم کئے جس میں سے 765.988 ملین روپے قابل ٹیکس عارضی متفرقات کی مدد میں التوائی ٹیکس ہے۔ فی حصص آمدنی (1.55 روپے) کے ساتھ کل خسارہ بعد از ٹیکس 2,305.203 ملین روپے ہے۔

آگے بڑھتے ہوئے:

آپ کی کمپنی کی انتظامیہ کے کوئلہ اور سیمنٹ کی انتظام کاری کے حوالہ سے کارآمد گاہوں کے ساتھ تجارتی معاہدوں پر مذاکرات جاری ہیں تاکہ ان کی متعلقہ ترمیم فراہمی میں بہتری لائی جاسکے۔ یقیناً یہ کراچی پورٹ ٹرسٹ اور پورٹ قاسم پر موجودہ انجماد میں آسانی پیدا کرے گی بلکہ ماحولیاتی اور کارکردگی کے مسائل میں بھی تخفیف کا باعث ہوگی اور ہمارے ممبران کی قدر میں منافع بخش اضافے کا باعث ہوگی۔

آخر میں بورڈ آف ڈائریکٹرز اپنے اس عزم کا اعادہ کرتے ہیں کہ کوئلے، بکٹنگ اور سیمنٹ کے انتظام و انصرام کے لیے پاکستان کا پہلا اور جدید ترین بلک کارگو ٹرمینل بنائیں گے جو بین الاقوامی معیار پر پورا اترتے ہوئے ماحولیاتی آلودگی پر قابو پائے گا اور ملک میں بندرگاہ کے انفراسٹرکچر کو ترقی دینے میں معاون ثابت ہوگا۔

منجانب بورڈ آف ڈائریکٹرز

شارق عظیم صدیقی

چیف ایگزیکٹو آفیسر

کراچی: 22- فروری 2018ء



PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED

# Condensed Interim Financial Information

**Auditors' report to the members on review of condensed interim financial information**

**Introduction**

We have reviewed the accompanying condensed interim balance sheet of Pakistan International Bulk Terminal Limited (the Company) as at 31 December 2017, and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim statement of cash flow and condensed interim statement of changes in equity together with the notes forming part thereof for the six-month period then ended (herein after referred to as the "condensed interim financial information"). Management is responsible for the preparation and fair 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 condensed interim financial information as of and for the six months period ended 31 December 2017 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

**EY Ford Rhodes**  
**Chartered Accountants**  
**Review Engagement Partner:** Arif Nazeer  
**Date:** 22 February 2018  
**Place:** Karachi



**CONDENSED INTERIM BALANCE SHEET  
AS AT DECEMBER 31, 2017**

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
Note	----- (Rupees in '000) -----	
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	7 27,028,261	25,084,550
Intangible assets	393,027	317,684
Deferred taxation	8 -	87,135
	<u>27,421,288</u>	<u>25,489,369</u>
<b>CURRENT ASSETS</b>		
Stores, spares and loose tools	10,314	-
Trade debts – considered good	145,049	-
Trade deposits and short term prepayments	8,623	15,017
Other receivables	5,828	115,380
Sales tax refundable	596,683	655,002
Taxation – net	249,206	256,967
Cash and bank balances	400,572	1,994,203
	<u>1,416,275</u>	<u>3,036,569</u>
<b>TOTAL ASSETS</b>	<u><b>28,837,563</b></u>	<u><b>28,525,938</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>SHARE CAPITAL AND RESERVES</b>		
<b>Authorised capital</b>		
1,500,000,000 (June 30, 2017: 1,500,000,000) ordinary shares of Rs. 10/- each	<u>15,000,000</u>	<u>15,000,000</u>
<b>Issued, subscribed and paid-up capital</b>		
1,485,995,900 (June 30, 2017: 1,485,995,900) ordinary shares of Rs. 10/- each fully paid in cash	14,859,959	14,859,959
Accumulated (loss) / profit	<u>(2,208,217)</u>	<u>96,986</u>
	<u>12,651,742</u>	<u>14,956,945</u>
<b>NON-CURRENT LIABILITIES</b>		
Long-term financing – secured	12,064,878	12,085,131
Retention money – EPC contractor	327,396	327,396
Deferred taxation	8 678,853	-
Staff compensated absences	22,154	17,382
	<u>13,093,281</u>	<u>12,429,909</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	1,870,549	60,403
Current maturity of long-term financing	520,933	382,005
Current maturity of retention money – EPC contractor	654,793	654,793
Accrued mark-up on long-term financing	46,265	41,883
	<u>3,092,540</u>	<u>1,139,084</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	9	
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><b>28,837,563</b></u>	<u><b>28,525,938</b></u>

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

**Sharique Azim Siddiqui**  
Chief Executive Officer

**Arsalan I. Khan**  
Chief Financial Officer

**Capt. Zafar Iqbal Awan**  
Director



**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017  
(UN-AUDITED)**

Note	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- (Rupees in '000) -----				
Revenue – net	603,047	-	400,946	-
Cost of services	10 (1,147,132)	-	(598,017)	-
<b>Gross loss</b>	<b>(544,085)</b>	<b>-</b>	<b>(197,071)</b>	<b>-</b>
Administrative expenses	(140,129)	(25,297)	(74,833)	(12,446)
Other income	11 39,029	65,114	15,467	45,049
Finance cost – long-term financing	(549,309)	-	(278,581)	-
Other expense	12 (290,206)	-	(263,856)	-
<b>(Loss) / profit before taxation</b>	<b>(1,484,700)</b>	<b>39,817</b>	<b>(798,874)</b>	<b>32,603</b>
Taxation	13 (820,503)	(12,346)	(347,513)	(10,110)
<b>(Loss) / profit for the period</b>	<b>(2,305,203)</b>	<b>27,471</b>	<b>(1,146,387)</b>	<b>22,493</b>
----- (Rupees) -----				
	(Re-stated)		(Re-stated)	
<b>(Loss) / earnings per ordinary share – basic and diluted</b>	<b>(1.55)</b>	<b>0.018</b>	<b>(0.77)</b>	<b>0.015</b>

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

**Sharique Azim Siddiqui**  
Chief Executive Officer

**Arsalan I. Khan**  
Chief Financial Officer

**Capt. Zafar Iqbal Awan**  
Director

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017  
(UN-AUDITED)**

	Half-year ended		Quarter ended	
	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----			
(Loss) / profit for the period	(2,305,203)	27,471	(1,146,387)	22,493
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss) / income for the period</b>	<b>(2,305,203)</b>	<b>27,471</b>	<b>(1,146,387)</b>	<b>22,493</b>

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

**Sharique Azim Siddiqui**  
Chief Executive Officer

**Arsalan I. Khan**  
Chief Financial Officer

**Capt. Zafar Iqbal Awan**  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017  
(UN-AUDITED)**

	Half-year ended	
	December 31, 2017	December 31, 2016
	----- (Rupees in '000) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
(Loss) / profit for the period before taxation	(1,484,701)	39,817
Adjustments for non-cash items:		
Depreciation	590,222	1,172
Amortisation	9,643	7
Gain on disposal of operating fixed assets	(745)	(118)
Mark-up on long-term financing	549,309	-
Exchange loss	285,502	-
Staff compensated absences	4,822	174
	1,438,753	1,235
<b>Decrease / (increase) in current assets</b>		
Stores, spares and loose tools	(10,314)	-
Trade debts	(145,049)	-
Trade deposits and short term prepayments	6,593	(3,644)
Other receivables	109,353	-
Sales tax refundable	58,319	(420,011)
	18,902	(423,655)
<b>Increase / (decrease) in current liabilities</b>		
Trade and other payables	109,202	(450,746)
<b>Cash generated from / (used in) operations</b>	82,156	(833,349)
Taxes paid	(46,754)	(234,384)
Staff compensated absences paid	(50)	(252)
Mark-up paid	(520,752)	-
Increase in retention money – net	-	21,335
<b>Net cash used in operating activities</b>	(485,400)	(1,046,650)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to operating fixed assets	-	(18,695)
Proceeds from disposal of operating fixed assets	866	613
Additions to capital work in progress	(918,095)	(5,564,941)
<b>Net cash used in investing activities</b>	(917,229)	(5,583,023)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Transaction costs paid on long-term finance	-	(12,883)
Repayment of long-term loan	(191,002)	-
Proceeds from long-term financing	-	5,992,911
<b>Net cash (used in) / generated from financing activities</b>	(191,002)	5,980,028
<b>Net decrease in cash and cash equivalents</b>	(1,593,631)	(649,645)
Cash and cash equivalents as at the beginning of the period	1,994,203	2,197,437
<b>Cash and cash equivalents as at the end of the period</b>	400,572	1,547,792

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

**Sharique Azim Siddiqui**  
Chief Executive Officer

**Arsalan I. Khan**  
Chief Financial Officer

**Capt. Zafar Iqbal Awan**  
Director

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017  
(UN-AUDITED)**

	Issued, subscribed and paid-up capital	Accumulated profit / (loss)	Total
	------(Rupees in '000)-----		
<b>Balance as at June 30, 2016 (Audited)</b>	12,706,793	70,128	12,776,921
Profit for the period	-	27,471	27,471
Other comprehensive income	-	-	-
Total comprehensive income	-	27,471	27,471
<b>Balance as at December 31, 2016 (Un-audited)</b>	<u>12,706,793</u>	<u>97,599</u>	<u>12,804,392</u>
<b>Balance as at June 30, 2017 (Audited)</b>	14,859,959	96,986	14,956,945
Loss for the period	-	(2,305,203)	(2,305,203)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	(2,305,203)	(2,305,203)
<b>Balance as at December 31, 2017 (Un-audited)</b>	<u>14,859,959</u>	<u>(2,208,217)</u>	<u>12,651,742</u>

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

**Sharique Azim Siddiqui**  
Chief Executive Officer

**Arsalan I. Khan**  
Chief Financial Officer

**Capt. Zafar Iqbal Awan**  
Director

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED DECEMBER 31, 2017  
(UN-AUDITED)**

**1. THE COMPANY AND ITS OPERATIONS**

Pakistan International Bulk Terminal Limited (the Company) was incorporated under the repealed 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 Pakistan 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 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. The Company commenced its commercial operations from July 03, 2017.

**2. STATEMENT OF COMPLIANCE**

Effective 30 May 2017, the Companies Act, 2017 (the Act) has been promulgated, however, the Securities and Exchange Commission of Pakistan (SECP) vide its circular No. 23 of 2017 dated October 04, 2017 decided that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Ordinance. Furthermore, the Institute of Chartered Accountants of Pakistan also issued clarification vide its circular dated 06 October 2017 which states that the interim financial statements of the companies for the periods ending on or before December 31, 2017 shall also be prepared in accordance with the provisions of the Ordinance. Accordingly, these condensed interim financial statements has therefore been prepared in accordance with International Accounting Standard - 34 'Interim Financial Reporting' and provisions of and directives issued under the Ordinance. In case where requirements differ, the provision of or directives issued under the Ordinance have been followed.

Currently, the Company is assessing the impact of the requirements of the Companies Act 2017, on the financial statements for the future periods in terms of accounting as well as disclosure requirements as the Act has introduced certain additional disclosure requirements.

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

**3. BASIS OF PREPARATION**

These condensed interim financial statements are un-audited but subject to limited scope review by the statutory auditors as required under Section 237 of the Companies Act, 2017. 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 annual financial statements of the Company for the year ended June 30, 2017.

The figures of the condensed interim profit and loss account and the condensed interim statement of comprehensive income for the quarters ended December 31, 2017 and December 31, 2016 and notes forming part thereof have not been reviewed by the statutory auditors of the Company, as they are required to review only the cumulative figures for the half year ended December 31, 2017 and December 31, 2016.

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

**4. 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, 2017. Significant accounting policies are stated below:

**4.1 Stores, spare and loose tools**

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

**4.2 Trade debts**

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

**4.3 Revenue**

Revenues from port operations are recognised when service is rendered. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates and government levies, if any.

**5. NEW STANDARDS / AMENDMENTS AND INTERPRETATION OF IFRSs**

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

IAS 7 – Statement of Cashflows: Disclosures – Disclosure Initiative (Amendment)

IAS 12 – Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendment)

The adoption of the above amendments to accounting standards did not have any material impact on these condensed interim financial statements. The Company has not early adopted any other standard, amendment or interpretation that has been issued by the International Accounting Standards Board (IASB) but is not yet effective.

In addition to the above, improvements to various accounting standards have also been issued by the IASB. The Company expects that such improvements to the standards do not have any material impact on these condensed interim financial statements.

**6. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND FINANCIAL RISK MANAGEMENT**

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of these condensed interim financial statements are the same as those applied in the Company's annual financial statements for the year ended June 30, 2017.

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2017.

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
Note	----- (Rupees in '000) -----	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	7.1 27,005,120	76,080
Capital work-in-progress	7.2 23,141	25,008,470
	<u>27,028,261</u>	<u>25,084,550</u>
<b>7.1. Operating fixed assets</b>		
Book value as at the beginning of the period / year	76,080	60,076
Transfers / additions during the period / year	7.2.1 27,519,383	38,206
	<u>27,595,463</u>	<u>98,282</u>
Less: Disposals during the period / year at written-down value		
Depreciation charged during the period / year	121	906
	<u>590,222</u>	<u>21,296</u>
	<u>27,005,120</u>	<u>76,080</u>
<b>7.2. Capital work-in-progress</b>		
Opening balance	25,008,470	16,415,584
Additions during the period	2,619,039	8,592,886
Transfers to operating fixed assets	7.2.1 (27,519,383)	-
Transfers to intangibles	(84,985)	-
<b>Closing balance</b>	<u>23,141</u>	<u>25,008,470</u>
<b>7.2.1. Transfers to operating fixed assets during the period / year</b>		
Port infrastructure	13,138,996	-
Leasehold improvements	3,847,123	-
Buildings	1,041,270	-
Cargo handling equipment	7,068,355	-
Terminal equipment	934,210	-
Port power generation	1,416,527	-
EDP equipment	37,025	-
Vehicles	16,981	-
Furniture and fixtures	18,896	-
	<u>27,519,383</u>	<u>-</u>
<b>8. DEFERRED TAXATION</b>		
<b>Taxable temporary differences arising on:</b>		
- accelerated tax depreciation	960,085	-
<b>Deductible temporary differences arising on:</b>		
- accelerated tax amortization	(16,688)	-
- pre-commencement expenses	(67,826)	(87,135)
- tax losses	(196,720)	-
<b>Deferred tax liability / (assets)</b>	<u>678,853</u>	<u>(87,135)</u>

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1. Contingencies

There is no change in the status of the contingency as disclosed in note 14.1 to the annual financial statements of the Company for the year ended June 30, 2017 except that during the period, the Company has filed supplementary petition before the Honorable Supreme Court of Pakistan challenging the levy of sales tax and income tax on import of plant, machineries and equipment.

The management believes, based on the advice of its legal advisor that the grounds on which sales tax and income tax levied does not attract the provision of Sales Tax Act, 1990 and Income Tax Ordinance, 2001 respectively and thus are of the view that the eventual outcome will be in favour of the Company. Accordingly, no provision has been recorded in these condensed interim financial statements.

### 9.2. Commitments

There is no significant change in the status of the commitment as disclosed in note 14.2 to the annual financial statements of the Company for the year ended June 30, 2017 except the following:

- 9.2.1. Capital expenditure contracted but remaining to be executed amounted to Rs. 8 million (June 30, 2017: Rs. 242 million) pertaining to the contracts for civil works.

Half-year ended		Quarter ended	
December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
---- (Un-audited) ----		---- (Un-audited) ----	
----- (Rupees in '000) -----			

## 10. COST OF SERVICES

Royalty	201,783	-	128,009	-
Salaries, wages and other benefits	106,851	-	52,983	-
Terminal handling & services	100,436	-	69,888	-
Terminal maintenance	10,851	-	5,635	-
Fuel power & utilities	69,785	-	39,926	-
Insurance	45,433	-	22,616	-
Security	9,669	-	4,802	-
Office maintenance	10,410	-	7,425	-
Travelling and conveyance	8,069	-	4,756	-
Rent & rates	6,303	-	3,527	-
Depreciation	567,966	-	253,941	-
Amortisation	9,576	-	4,509	-
	<u>1,147,132</u>	<u>-</u>	<u>598,017</u>	<u>-</u>

## 11. OTHER INCOME

<b>Income from financial assets</b>				
Profit on savings account	38,284	64,996	15,476	45,049
<b>Income from non-financial assets</b>				
Gain/(loss) on disposal of fixed assets	745	118	(9)	-
	<u>39,029</u>	<u>65,114</u>	<u>15,467</u>	<u>45,049</u>

12. Other expenses includes exchange losses on retranslation of foreign currency loans amounting to Rs. 285.5 million.



Half-year ended		Quarter ended	
December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
----- (Un-audited) -----		----- (Un-audited) -----	
----- (Rupees in '000) -----			

**13. TAXATION**

Current	54,515	20,185	51,319	13,965
Prior	-	3	-	3
Deferred	765,988	(7,842)	296,194	(3,858)
	<u>820,503</u>	<u>12,346</u>	<u>347,513</u>	<u>10,110</u>

**14. RELATED PARTY TRANSACTIONS AND BALANCES**

Related parties comprise of principal shareholders, associated companies, directors and key management personnel and employees' benefit fund. Transactions with related parties during the period, other than those which have been disclosed elsewhere in these condensed interim financial statements, are as follows:

	Note	Half-year ended	
		December 31, 2017	December 31, 2016
		----- (Un-audited) -----	
----- (Rupees in '000) -----			
<b>Associated Companies</b>			
<b>Entities having directors in common with the Company</b>			
<b>Premier Mercantile Services (Private) Limited</b>			
Rent against office premises		1,402	1,431
Purchase of vehicle		-	184
<b>Portlink International Services (Private) Limited</b>			
Consultancy services	14.1	13,250	-
Rent against office premises		467	477
<b>Travel Club (Private) Limited</b>			
Payment for travelling expenses	14.2	431	2,243
<b>EFU General Insurance Limited</b>			
Insurance premium		53,574	32,722
<b>Key management personnel</b>			
Fees and remuneration		85,195	61,226
<b>Staff retirement contribution plan</b>			
Contributions to staff provident fund		3,574	2,506

**14.1.** Outstanding balance of Portlink International Services (Private) Limited as at December 31, 2017 was Rs. 8.25 million. (June 30, 2017: Nil).

**14.2.** Outstanding balance of Travel Club (Private) Limited as at December 31, 2017 was Rs. 46,941 (June 30, 2017: Nil).

**15. FAIR VALUE OF FINANCIAL INSTRUMENTS**

Financial instruments comprise of financial assets and financial liabilities. Financial assets consist of bank balances, trade debts, advances, trade deposits, other receivables. Financial liabilities consist of trade and other payables. The fair values of financial instruments are not materially different from their carrying values.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

**Level 1:** Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of December 31, 2017, the Company does not have any financial assets carried at fair value that required categorisation in Level 1, Level 2 and Level 3.

**16. EXEMPTION FROM APPLICABILITY OF IFRIC – 12 “SERVICE CONCESSION ARRANGEMENTS”**

As explained in note 2, the required disclosure is as follows:

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

	December 31, 2017 (Un-audited)	June 30, 2017 (Audited)
	----- (Rupees in '000) -----	
Reclassification from property, plant and equipment (CWIP) to intangible assets (Port Concession Rights) – written down value	<u>27,754,188</u>	<u>25,008,470</u>
Reclassification from stores, spares and loose tools to intangibles assets (Port Concession Rights) – written down value	<u>10,142</u>	<u>-</u>
Recognition of intangible assets (Port Concession Rights) on account of rent of backup and waterfront area (rent)	<u>85,784</u>	<u>86,897</u>
Recognition of present value of concession liability on account of intangibles (rent)	<u>109,825</u>	<u>109,598</u>
Interest expense charged for the period / year on account of intangibles (rent)	<u>4,374</u>	<u>8,518</u>
Amortisation expense charged for the period on account of intangibles (rent)	<u>1,430</u>	<u>-</u>
Amortisation expense charged for the period on account of concession assets (PPE)	<u>470,111</u>	<u>-</u>

**17. DATE OF AUTHORISATION FOR ISSUE**

These condensed interim financial statements was authorised for issue on February 22, 2018 by the Board of Directors of the Company.

**18. GENERAL**

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

**18.2.** Certain corresponding figures have been re-classified for better presentation. However, there are no material reclassifications to report.

**Sharique Azim Siddiqui**  
**Chief Executive Officer**

**Arsalan I. Khan**  
**Chief Financial Officer**

**Capt. Zafar Iqbal Awan**  
**Director**

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