



QUARTERLY REPORT

March 31, 2014



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 |

| | |
|--|--------------------------|
| Chief Financial Officer & Company Secretary | Mr. Arsalan I. Khan, ACA |
|--|--------------------------|

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

| | |
|----------------------|--|
| 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. |
|----------------------|--|

| | |
|---------------|---|
| 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 |
|---------------|---|

| | |
|-------------------------------------|--|
| 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 Un-audited Financial Statements of Pakistan International Bulk Terminal Limited (PIBT) (Company) for the nine month period ended March 31, 2014.

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 nine months period, the Company has earned other income of Rs. 3.050 million (March 2013: Rs. 6.341 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. 15.692 million against a loss of Rs. 22.062 million during the previous period.

Net Loss after tax is Rs. 10.084 million in comparison with a loss of Rs. 14.340 million during the previous period.

Financial Results

These are summarized below:

| | <i>(Rupees in '000)</i> |
|--------------------------------------|--------------------------|
| Loss before taxation | (15,692) |
| Taxation | <u>5,608</u> |
| Loss after tax | (10,084) |
| Un-appropriated loss brought forward | <u>(29,445)</u> |
| Un-appropriated loss carried forward | <u>(39,529)</u> |
| LPS- Basic | <u>Rs. (0.18)</u> |

The Company has accumulated losses amounting to Rs 39.529 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. 502.100 million and Jahangir Siddiqui & Company Limited (JSCL) (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 250 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");

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. Following and notwithstanding the institution of separate proceedings asserting certain claims against each other in the Honorable High Court of Sindh, the Company entered into negotiation with the JV-Contractor to settle the matter out of court and entered into, executed and signed a Full and Final Settlement Agreement (the "Agreement") 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. On January 17, 2014 the Honorable High Court of Sindh has announced its judgment and has dismissed the above mentioned suits along with all pending applications in view of the settlement agreement executed between the Company and the EPC Contractor, and correspondingly, this matter has been amicably settled.
2. The Company is now in final 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.
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.
4. Subsequent to the period end, the Directors in their meeting held on 11 April, 2014 have also called for a right issue in the ratio of 1290%, to strengthen the capital base in line with shareholders commitment to the Company's Lenders, and the proceeds of the issue will be utilized for the construction and establishment of the Terminal. As a result of the right issue, PIBT will have the funds to successfully undertake the remaining civil works.

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: April 11, 2014

**CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2014
(Un-AUDITED)**

| | March 31, 2014 (Un-Audited) | June 30, 2013 (Audited) |
|--|-----------------------------------|-------------------------------|
| ASSETS | Note | ----- (Rupees in '000) ----- |
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 2,832,403 | 2,664,567 |
| Intangible Assets | 359,261 | 369,052 |
| Deferred transaction fee on long term financing | 134,471 | 105,935 |
| Deferred tax | 30,073 | 23,719 |
| | 3,356,208 | 3,163,273 |
| CURRENT ASSETS | | |
| Deposit and Prepayments | 5,822 | 15,133 |
| Short term Investments | 368 | 45,303 |
| Accrued mark-up | - | 110 |
| Taxation - net | 57 | 12 |
| Cash and bank balances | 4,753 | 27,170 |
| | 11,000 | 87,728 |
| TOTAL ASSETS | 3,367,208 | 3,251,001 |
| EQUITY AND LIABILITIES | | |
| SHARE CAPITAL AND RESERVES | | |
| Authorised capital 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 | (39,529) | (29,445) |
| | 506,237 | 516,321 |
| NON-CURRENT LIABILITIES | | |
| Advance against future issue of share capital | 2,857,100 | 2,105,000 |
| CURRENT LIABILITIES | | |
| Trade and other payables | 3,871 | 629,680 |
| COMMITMENTS | 4 | |
| TOTAL EQUITY AND LIABILITIES | 3,367,208 | 3,251,001 |

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014
(Un-AUDITED)**

| | Nine Months Ended | | Quarter Ended | |
|--|------------------------------|-------------------|-------------------|-------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |
| | ----- (Rupees in '000) ----- | | | |
| Administrative expenses | (18,689) | (28,276) | (2,065) | (3,058) |
| Other charges - Workers' Welfare Fund | (53) | (127) | (11) | (45) |
| Other income | 3,050 | 6,341 | 573 | 2,249 |
| Loss for the period before taxation | <u>(15,692)</u> | <u>(22,062)</u> | <u>(1,503)</u> | <u>(854)</u> |
| Taxation | 5,608 | 7,722 | 542 | 299 |
| Loss for the period after taxation | <u>(10,084)</u> | <u>(14,340)</u> | <u>(961)</u> | <u>(555)</u> |
| Loss per ordinary share - basic and diluted | <u>Rs.(0.18)</u> | <u>Rs. (0.26)</u> | <u>Rs. (0.02)</u> | <u>Rs. (0.01)</u> |

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014
(Un-AUDITED)**

| | <u>Nine Months Ended</u> | | <u>Quarter Ended</u> | |
|--|------------------------------|---------------------------|---------------------------|---------------------------|
| | <u>March 31, 2014</u> | <u>March 31, 2013</u> | <u>March 31, 2014</u> | <u>March 31, 2013</u> |
| | ----- (Rupees in '000) ----- | | | |
| Loss for the period after taxation | (10,084) | (14,340) | (961) | (555) |
| Other comprehensive income - net of taxation | - | - | - | - |
| Total comprehensive Loss for the period | <u>(10,084)</u> | <u>(14,340)</u> | <u>(961)</u> | <u>(555)</u> |

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE NINE MONTHS PERIOD Ended MARCH 31, 2014
(Un-AUDITED)

| | March 31, 2014 (Un-Audited) | March 31, 2013 (Audited) |
|--|-----------------------------------|---------------------------------|
| | ----- (Rupees in '000) ----- | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Loss for the period before tax | (15,692) | (22,062) |
| Adjustments for non-cash items: | | |
| Unrealized gain | (333) | - |
| Depreciation | 834 | 6,439 |
| Amortization | 14 | 9,200 |
| Operating loss before working capital changes | (15,177) | (6,423) |
| (Increase) / Decrease in current assets | | |
| Deposit and prepayments | 9,312 | (19,998) |
| Accrued mark-up | 110 | - |
| | 9,422 | (19,998) |
| Increase / (Decrease) in current liabilities | | |
| Trade and other payables | (625,810) | (5,900) |
| Security Deposit | - | 170,000 |
| Retention money on civil works | - | 128,797 |
| | (625,810) | 292,897 |
| Cash generated from / (used in) operations | (631,565) | 266,476 |
| Tax paid | (873) | (2,137) |
| Net cash generated from/ (used in) operating activities | (632,438) | 264,339 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Addition in property, plant and equipment | (1,751) | (30,042) |
| Addition in intangible assets | - | (63,141) |
| Addition in capital work in progress | (157,142) | (1,396,265) |
| Redemption of investments | 45,350 | - |
| Net cash used in investing activities | (113,543) | (1,489,448) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Transaction cost paid on long term finance | (28,536) | - |
| Advances against future issue of shares | 752,100 | 1,255,000 |
| Net cash generated from financing activities | 723,564 | 1,255,000 |
| Net increase in cash and cash equivalents | (22,417) | 29,891 |
| Cash and cash equivalents at the beginning of the period | 27,170 | 44,440 |
| Cash and cash equivalents at the end of the period | 4,753 | 74,331 |

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014
(Un-AUDITED)**

| | Issued, subscribed and paid up capital | Revenue reserve- accumulated loss | Total |
|-------------------------------------|--|--|----------------|
| | Ordinary Shares | | |
| | ------(Rupees in '000)----- | | |
| Balance as at July 01, 2012 | 545,766 | (8,698) | 537,068 |
| Loss for the period after taxation | - | (14,340) | (14,340) |
| Other comprehensive income | - | - | - |
| Total comprehensive Loss | - | (14,340) | (14,340) |
| Balance as at March 31, 2013 | <u>545,766</u> | <u>(23,039)</u> | <u>522,727</u> |
| Balance as at July 01, 2013 | 545,766 | (29,445) | 516,321 |
| Loss for the period after taxation | - | (10,084) | (10,084) |
| Other comprehensive income | - | - | - |
| Total comprehensive Loss | - | (10,084) | (10,084) |
| Balance as at March 31, 2014 | <u>545,766</u> | <u>(39,529)</u> | <u>506,237</u> |

The annexed notes from 1 to 7 form an integral part of these condensed interim financial statements.

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

**NOTES TO CONDENSED INTERIM THE FINANCIAL STATEMENTS
FOR THE NINE MONTHS PERIOD ENDED MARCH 31, 2014
(Un-AUDITED)**

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.
- 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 365 days from the date of signing of the contract.
- 1.3** As at the balance sheet date, the Company has accumulated losses amounting to Rs 39.5 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. 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 International Accounting Standard (IAS) 34 "Interim Financial Reporting" and provision of or directives issued under the companies ordinance 1984. In case where requirements differ the provision of or directives issued under the companies ordinance, 1984 have been followed.

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.

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 interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the

| March 31, 2014 (Un-Audited) | June 30, 2013 (Audited) |
|-----------------------------------|--------------------------------|
| ----- | ----- |
| ----- (Rupees in '000) ----- | |

4. COMMITMENTS

| | | |
|---------------------|---------|---------|
| Letter of guarantee | 264,250 | 214,250 |
| | ===== | ===== |

- 4.1 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.
- 4.2 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.
- 4.3 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.
- 4.4 The Company has entered into a Musharaka agreement with the 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.

5. RELATED PARTIES TRANSACTIONS

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.

| | Nine Months Ended | | Quarter Ended | |
|--|-------------------|-------------------|-------------------|-------------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2014 | March 31, 2013 |

----- (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 | 502,100 | 1,255,000 | 52,100 | 250,000 |
|---|---------|-----------|--------|---------|

| | | | | |
|------------------------------|-------|-----|-----|-----|
| Rent against office premises | 2,025 | 675 | 675 | 225 |
|------------------------------|-------|-----|-----|-----|

| | | | | |
|---------------------|----|---|---|---|
| Purchase of vehicle | 19 | - | - | - |
|---------------------|----|---|---|---|

Pakistan International Container Terminal Limited

| | | | | |
|----------------------|---|--------|---|---|
| Purchase of vehicles | - | 19,373 | - | - |
|----------------------|---|--------|---|---|

Travel Club (Private) Limited

| | | | | |
|---------------------------------|-------|-------|-----|-------|
| Payment for travelling expenses | 2,435 | 2,403 | 874 | 1,707 |
|---------------------------------|-------|-------|-----|-------|

| | | | | |
|---|---------|-------|-----|-----|
| EFU General Insurance Limited | | | | |
| Insurance Premium | 844 | 413 | - | 186 |
| Staff retirement contribution plan | | | | |
| Contributions to staff provident fund | 2,140 | 1,168 | 750 | 610 |
| Other related party | | | | |
| Jahangir Siddiqui & Co. Limited | | | | |
| Advance against future issue of share capital | 250,000 | - | - | - |

5.1 Period / year end balances

| | March 31, 2014 (Un-Audited) | June 30, 2013 (Audited) |
|---|-----------------------------------|--------------------------------|
| | ----- (Rupees in '000) ----- | |
| Associated Company | | |
| Premier Mercantile Services (Private) Limited | <u>2,457,100</u> | <u>1,955,000</u> |
| Other related party | | |
| Jahangir Siddiqui & Co. Limited | <u>400,000</u> | <u>150,000</u> |

6. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements have been authorized for issue by Board of Directors of the company on April 11, 2014.

7. GENERAL

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

SHARIQUE AZIM SIDDIQUI
CHIEF EXECUTIVE

CAPT. ZAFAR IQBAL AWAN
DIRECTOR

www.pibt.com.pk



Pakistan International Bulk Terminal Limited

Head Office

2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi 74000, Pakistan.

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