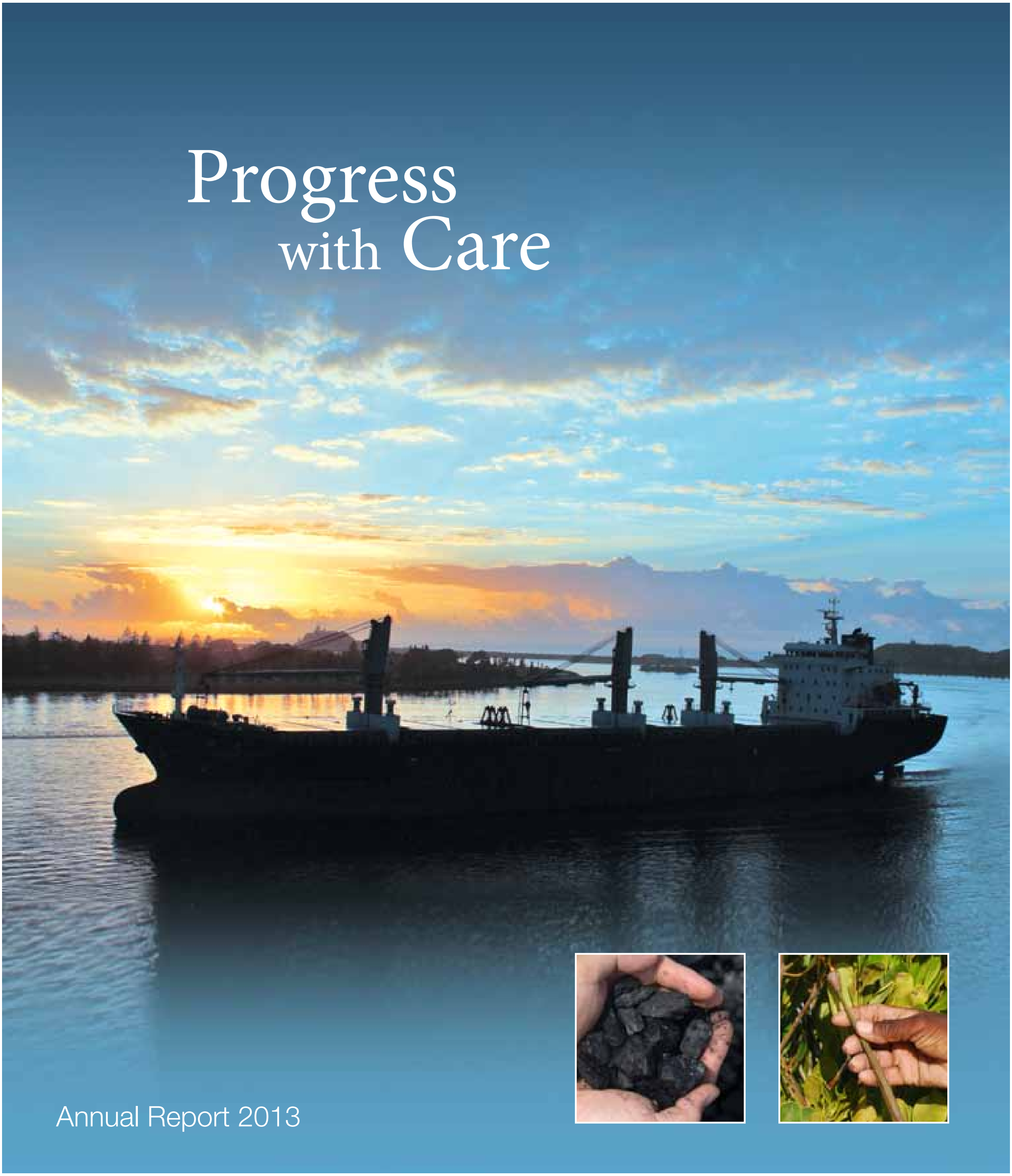
Pakistan International Bulk Terminal Limited



Progress with Care

Annual Report 2013

Our objective remains to build the first Pakistani-owned fully mechanized state-of-the-art bulk cargo handling terminal in the country and to successfully operate at international norms of productivity and service, and to be second to none.

Contents

PIBT-IUCN Sponsored Mangrove Nursery Adjacent PIBT Terminal Storage Area

Vision

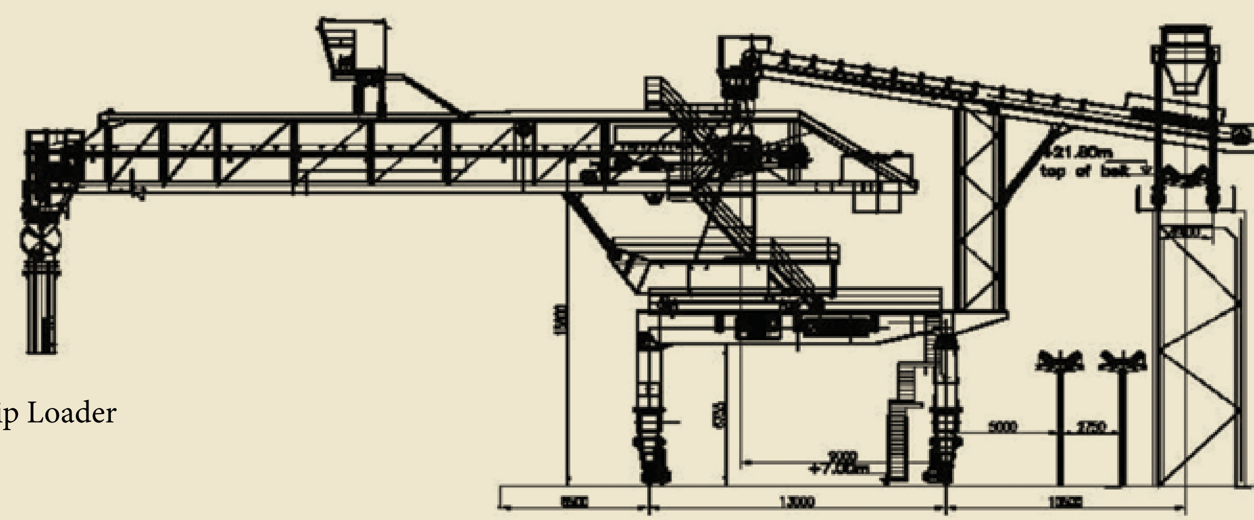
To develop modern infrastructure in Pakistan to handle bulk coal, clinker & cement at international standards of efficiency and at the best global environmental practices.

Mission

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

Artist Image of PIBT Jetty

Artist Image of PIBT Terminal Storage Area



Ship Loader

Technical Drawing

The Project

PIBT is the terminal operating company which has entered into an Implementation Agreement with Port Qasim Authority to establish a modern Coal, Clinker & Cement bulk handling facility at Port Qasim on BOT basis.

PIBT is doing civil work at the PQA site for the construction of project

The project is on a 30 year Built, Operate and Transfer concession from the Port Qasim Authority.

Corporate Objectives

- To develop the bulk terminal as a modern state-of-the-art handling facility.
- To contribute towards enhancing the country's port infrastructure for handling bulk cargoes of coal, cement and clinker up to 8 million tons a year.
- To operate the terminal at best international standards of efficiency.
- To commit contributing towards planting mangroves in Port Qasim area on 500 hectares (over a 1,000 acres at Port Qasim).
- To develop and introduce innovative new methods of dirty bulk cargo logistics in Pakistan for the benefit of the country's trade and industry.
- To adopt the best global standards of Health, Safety & Environment.


STRATEGY

Development Strategy

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

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 Advisors

Khalid Anwer & Co.
153-K , Sufi Street, Block-2, PECHS,
Karachi 75400

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

The Continental Law Associates
Panorama Centre, Saddar, Karachi.

Bankers

Al-Baraka Bank Limited

Bank Islami Pakistan Limited

The Bank of Punjab

Faysal Bank Limited

JS Bank Limited

Meezan Bank Limited

National Bank of Pakistan

NIB Bank Limited

Samba Bank Limited

Registered & Head Office

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

Registrar / Transfer Agent

Technology Trade (Pvt.) Ltd.
241-C, Block-2, P.E.C.H.S., Karachi.
Tel: 92-21-34391316-7

Board of Directors

Capt. Haleem A. Siddqui
Chairman

Sharique A. Siddqui
Chief Executive Officer

Aasim A. Siddqui
Director

Capt. Zafar Iqbal Awan
Director

Nizam A. Shah
Director

Ali Raza Siddqui
Director

Masood Ahmed Usmani
Director

Arsalan I. Khan
Chief Financial Officer
& Company Secretary

Notice of the 4th Annual General Meeting

Notice is hereby given that the 4th Annual General Meeting of the members of Pakistan International Bulk Terminal Limited will be held on November 30, 2013, at 11:00 A.M. at Beach Luxury Hotel, Karachi to transact the following business.

1. To confirm the minutes of the 3rd Annual General Meeting held on October 25, 2012.

2. To receive and adopt Audited Accounts of the Company for the year ended June 30, 2013 together with Auditors' and Directors' Reports thereon.

3. To appoint Auditors for the Financial Year 2013 – 2014 and fix their remuneration.

4. To elect(7) Seven Directors of the Company for a period of three years commencing from the date of elections in accordance with the provisions of Section 178 and 180 of the Companies Ordinance 1984.

a) The Number of Directors to be elected has been fixed by the Board at Seven (7) under section 178 (1) of the Companies Ordinance, 1984.

b) The name of the retiring Directors are as follows;

   1. Capt. Haleem A. Siddiqui
   2. Mr. Sharique Azim Siddiqui
   3. Mr. Aasim Azim Siddiqui
   4. Capt. Zafar Iqbal Awan
   5. Mr. Ali Raza Siddiqui
   6. Syed. Nizam A. Shah
   7. Mr. M. Masood Ahmed Usmani

5. To transact any other business with the permission of the Chair.

By Order of the Board

Karachi
November 08, 2013

Arsalan I. Khan
Company Secretary

Notes:

1. Any person who seeks to contest the election of directors shall file at the Registered Office to the Company, not later than fourteen days before the meeting, his intention to offer himself /herself for election of directors in terms of section 178 (3) of the Companies Ordinance, 1984 with consent in Form 28.

2. The Share Transfer Books of the Company will be closed and no transfer will be accepted for registration from November 27, 2013 to December 03, 2013 (both days inclusive). Transfer received in order at Company's Registrar, M/s Technology Trade (Private) Limited, 241 – C, PECHS, Block 2, Karachi close of business on November 26, 2013 will be considered in time.

3. A member of the Company, entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another person as his / her proxy to attend, speak and vote instead of him / her and a proxy so appointed shall have such rights, as respects attending, speaking and voting at the Annual General Meeting as are available to the Member. Proxy form, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the Meeting. The proxy need not be a Member of the Company. The proxy shall produce his / her original Computerized National Identity Card (CNIC) or passport to prove his identity.

4. In case of corporate entity, the Board of Directors'/Trustee' resolution/power of attorney with specimen signature of the nominee shall be submitted with the proxy form to the Company, and the same shall be produced in original at the time of the meeting to authenticate the identity.

5. Members are requested to notify any change in their address immediately to our RegistrarM/s Technology Trade (Pvt.) Ltd., 241-C, PECHS, Block 2, Karachi.

6. Members who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) are requested to send the same to our Registrar at the above address the earliest.

7. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING

I. In case of individuals, the account holder of sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time if attending the meeting. CDC account holders are also requested to bring their CDC participate ID number and account number.

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

B. FOR APPOINTING PROXIES

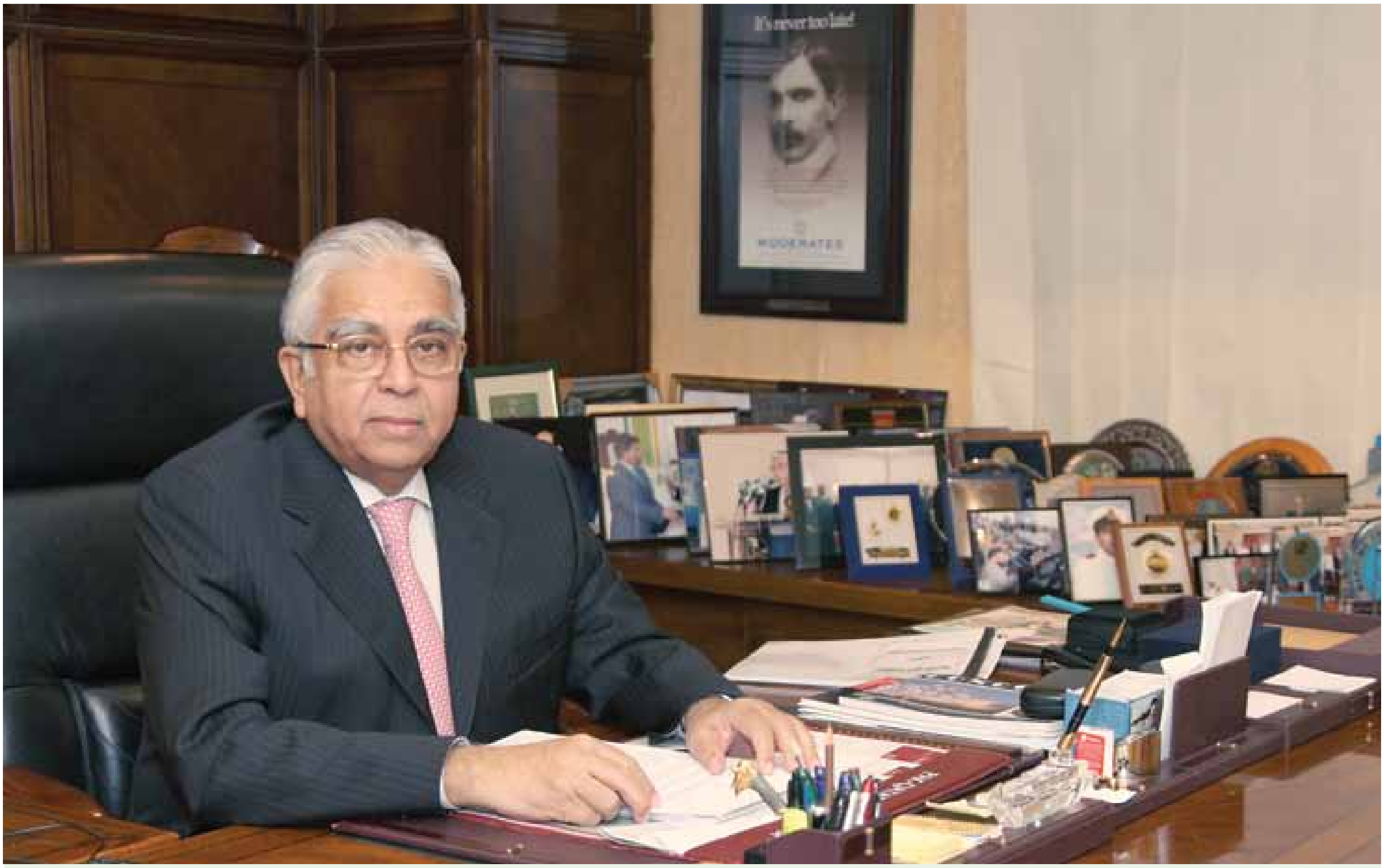
I. In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement (note 2 above).

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

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

IV. The proxy shall produce his original CNIC or original passport at the time of the meeting.

V. In case of corporate entity, the Board of Directors'/Trustee' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) along with proxy form to the Company.



Chairman's Review

Bismillah hir rahman nir Raheem

As mentioned in detail in the Directors' Report, we have faced challenges in the civil works construction during the past year. We are addressing the issues and revisiting the Project Construction to complete the Project in the best and timely manner. We are looking at enhancing the coal side capacities to cater to the upcoming Independent Power Producers' conversion to coal and to ultimately provide additional share holder value.

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

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

Capt. Haleem A. Siddiqui
Chairman

Karachi: November 8, 2013

Board Members

Directors' Report

The Directors have pleasure in presenting the Annual Report of Pakistan International Bulk Terminal Limited (PIBT) (The Company) together with the audited Financial Statements of the Company for the year ended June 30, 2013. The company has a Built Operate and Transfer (BOT) contract with Port Qasim Authority (PQA) for the construction, development, operations and management of a coal and clinker/cement terminal at Port Mohammad Bin Qasim for a period of thirty years, which is to commence from the date of completion of the construction of the 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.

Subsequent to year end, the SECP vide its letter no. SMD/CIW/MISC/16/2007-I and SMD/CIW/ M ISC/16/2007-II (letters) both dated July 30, 2013 has granted relaxation to the Company from the requirements of Rule 3(I) (ii) and (iii) of the Companies (Issue of Capital) Rules, 1996 and requirements of Section 6(2) of the Listing Regulations respectively to submit certain documents and information laid down in the above letters in order to get the Company listed. The management of the Company is actively pursuing this matter and expects that listing of the Company will be done in due course.

The company is in construction phase and has not commenced its operations.

Financial Performance

During the year, the Company has earned other income of Rs. 8,142,458 (June 2012: Rs. 10,237,422/-) 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. 31,018,484/- against a loss of Rs. 10,364,473/- during the previous year.

Net Loss after tax is Rs. 20,746,787 in comparison with a loss of Rs. 6,680,888/-during the previous year.

Financial Results

These are summarized below:

	Rupees
Loss before taxation	(31,018,484)
Taxation	10,271,697
Loss after tax	(20,746,787)
Un-appropriated loss brought forward	(8,698,246)
Un-appropriated loss carried forward	(29,445,033)
EPS- Basic	(0.38)

The Company has accumulated losses amounting to Rs. 29 million and its current liability exceeds its current assets by Rs. 542 million. The board of director's 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 board of director's of the Company 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 and presented on a going concern basis.

During the year 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. 1,955 million and Jahangir Siddiqui & Company Limited (JSCL) (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 150 million respectively. These advances will be adjusted against future issue of share capital.

Subsequent to the year end the major shareholders' namely PMS and JSCL have further advanced Rs. 450 million and Rs. 250 million respectively which will also be adjusted against the future issue of share capital.

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

1.	Captain Haleem A. Siddiqui	3
2.	Mr. Sharique A. Siddiqui	3
3.	Mr. Aasim A. Siddiqui	3
4.	Syed Nizam A. Shah	3
5.	Captain Zafar Iqbal Awan	3
6.	Mr. Ali Raza Siddiqui	3
7.	Mr. Masood Ahmed Usmani	3

Project Brief

Following is the brief on the progress made so far in implementing the Bulk Terminal Project of the Company (the "Project") and the milestones achieved so far in this regard.

1. The Bulk Terminal Project was approved by the Economic Co-ordination Committee of the Federal cabinet of Government of Pakistan. Accordingly, the Port Qasim Authority granted 30 years' concession rights and license to the company to build and operate the Bulk Terminal at Port Qasim. The implementation agreement was signed with Port Qasim Authority on 6 November 2010. The project is being implemented strictly in accordance with the project execution guidelines which are part of the Implementation Agreement. The same is monitored and reviewed by the Port Qasim Authority through their consultant, M/s National Engineering Services of Pakistan (Pvt.) Limited (NESPAK) on regular basis.

2. During the year the company has received exemption certificate from the Competition Commission of Pakistan in respect of the Implementation Agreement entered signed with Port Qasim Authority.

3. On 15 March 2012 the Company entered into an Engineering, Procurement and Construction (EPC) Contract with a joint venture comprising a 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 18 April 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 2 May 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 3 May 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 22 May 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.

Subsequent to the year end and 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 3 October 2013 of a Full and Final Settlement Agreement (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. Orders on this application are currently awaited. (Refer Note 12.2)

The amount which the Company agreed to pay to the Joint Venture Contractor in full and final settlement of its claims after due verification is Rs. 620 million (Settlement Amount). Major shareholders, namely Messrs. Premier Mercantile Services (Private) Limited and Jahangir Siddiqui & Co. Limited have subsequent to the year end, contributed Rs. 450 million and Rs. 250 million, respectively, towards the Settlement Amount as advance against future issue of capital.

The Settlement Amount of Rs. 620 million payable to the Joint Venture Contractor is included in accrued liabilities.

4. The Company has already received proposals of interested Contractors for the construction of the residual civil works and is currently in the bid-evaluation process. 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.

5. To assist the Company in procurement process of the plant and equipment, M/s Hamburg Port Consultancy, Germany has been appointed as consultant. The tender have been invited and the company is currently evaluating the bids received from the equipment manufacturers.

6. Ground breaking of the Project was done on 17th May 2012.

7. The Company has engaged M/s Sellhorn Ingenleugesllschaft mbH, Germany for civil engineering design of the project.

8. No objection Certificate has been received from Naval Headquarters for the setting up of the Project at Port Qasim.

9. No objection Certificate has been received from Sindh Environmental Protection Agency ("SEPA") for the setting up of the Project at Port Qasim

10. PIBT has developed an Environmental Management Plan (EMP) in compliance with applicable laws & regulations of Pakistan. IFC's performance standards and World Bank Group Environment Health & Safety Guidelines.

    Key aspects of the EMP are:
    - Dust emission control
    - Noise pollution control
    - Waste water
    - Solid waste Management
    - Dredge material disposal Management
    - Biodiversity conservation & sustainable natural resources management

11. As part of its Corporate Social Responsibility Program, the company has signed an agreement with the International Union for the Conservation of Nature ("IUCN") for the plantation of mangroves on a total area of 500 hectare in the Port Qasim Area. This agreement, relates to Mangrove Plantation and Nursery Raising, extension of container plants nursery, selection of new planting sites and preparation of GIS maps, collection of Rizophora seeds for raising new mangroves plantation and nurseries. The progress of all physical activities are given below:

Particulars	Site/Location	Project Target	Achievement up to June 2013	Remarks
Extension of container plants nursery.	Near PIBT Base Camp	50,000	20,000 container plants were raised in which R. mucronata species was used.	30,000 container plants have been raised in 2012.
Selection of new planting sites and preparation of GIS maps.	Korangi-Phitti creek system Kadero creek	500 ha	- 150 ha have been selected in Khipranwala island and Jari Island - GIS maps have been prepared with coordinates.	42 ha have already been planted in 2012
Collection of Rhizophora seeds for raising new mangroves plantations and nursery.	--	--	35 gunny bags (35000 propagules) have been collected for raising mangroves plantations in the selected sites.	
Raising of new mangroves plantations.	Khiprianwala island and Jhari island	500 ha	124 ha have been planted with the propagules of Rhizophora spp: and 1400 container plants of Avicennia for raising mangroves plantation. The propagules have started germination and forage is coming in the newly planted stock.	Regular monitoring of the plantation is in progress since the area has remained under grazing pressure, therefore, proper protection is being provided to young growth.

In the end Board of Directors of the company would like to reiterate their commitment to build the Coal, Cement and Clinker Terminal under PIBT as Pakistan first state of the art modern and fully mechanized bulk cargo handling terminal 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: November 8, 2013

Events
of the Year

Chairman PQA Visit at PIBT Site

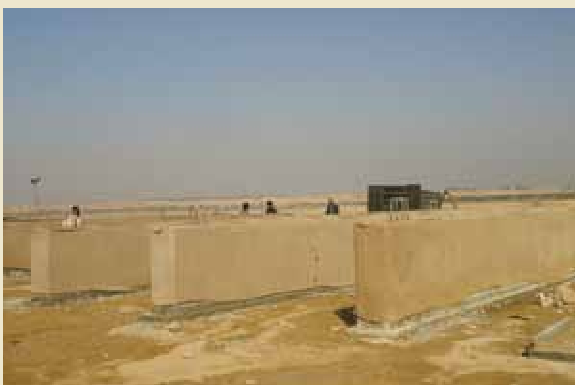
Turkish Ambassador visit at KPT (PICT) and PIBT

Construction Activity at the Site










IFC Team Visit PIBT Site

IUCN-Mangroves for the Future - 9th Regional Steering Committe Meeting

IUCN/PIBT Plantation Drive
"Investing in Coastal Ecosystem"








Ecosystems


Investing in
Coastal Ecosystems


Investing in
Coastal


IUCN
Investing in
Coastal


Investing in
Coastal


Investing in
Coastal


Investing in
Coastal


Ahan Marker Kabraji

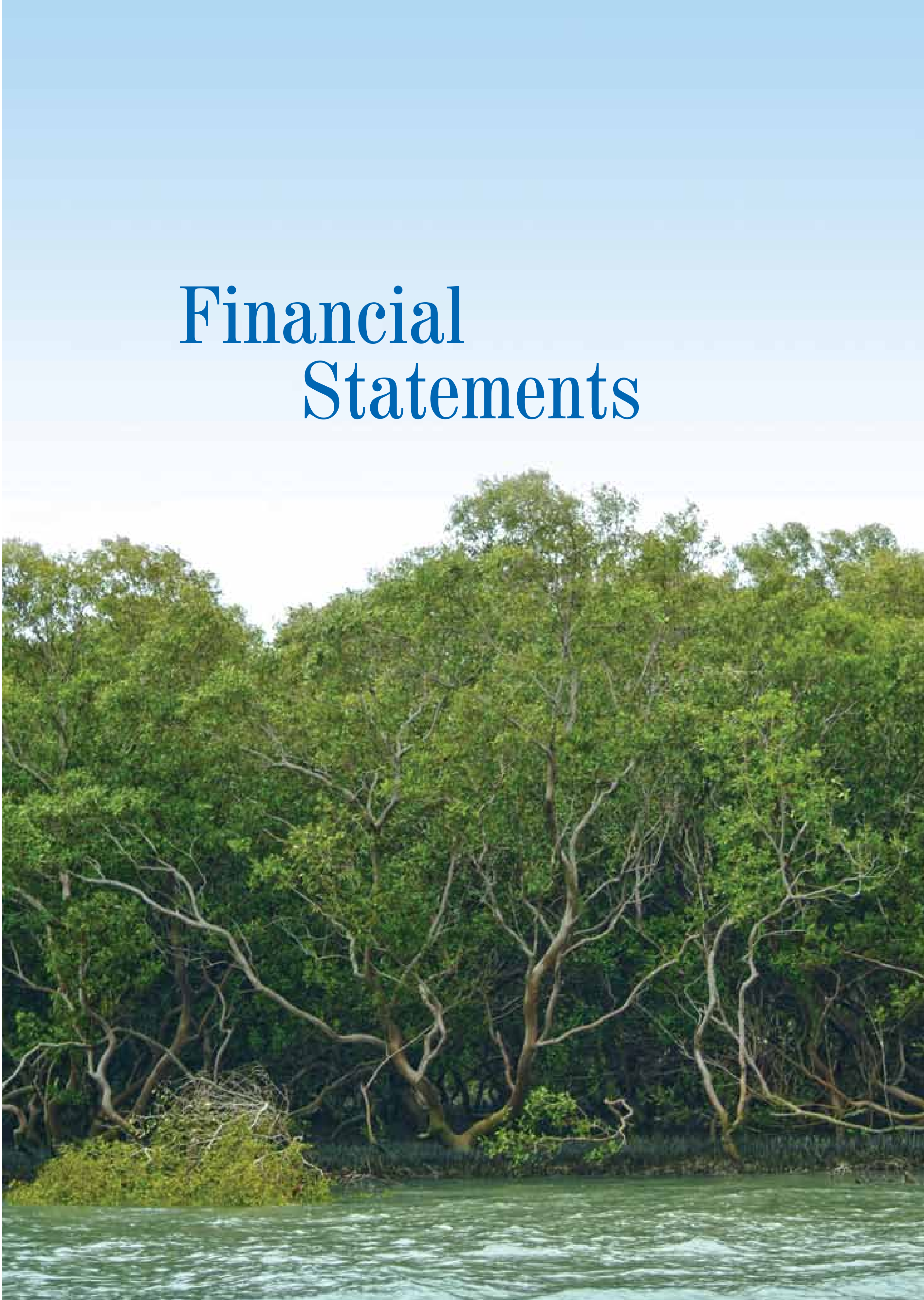

Muhammad Shafi HI (M)


Murat Onart Mustafa


Murat Onart Mustafa


Planted by
Capt. Haleem A. Siddiqui
Chairman
Marine Group of Companies

Financial Statements



Auditors' Report to the Members

We have audited the annexed balance sheet of PAKISTAN INTERNATIONAL BULK TERMINAL LIMITED (the Company) as at 30 June 2013 and the related profit and loss account, statement of comprehensive loss, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

b) in our opinion:

   i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied, except for changes as stated in note 2.4 to the accompanying financial statements with which we concur;

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

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

c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive loss, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2013 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Karachi: November 8, 2013

Chartered Accountants
Audit Engagement Partner: Riaz A. Rehman Chamdia

Balance Sheet

As at June 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	2,664,567,337	873,296,496
Intangible assets	5	369,051,556	318,438,624
Deferred transaction fee on long term financing	6	105,935,240	-
Deferred tax	7	23,718,692	10,764,712
		3,163,272,825	1,202,499,832
CURRENT ASSETS			
Deposits and prepayments		15,133,481	-
Short term investments	8	45,302,923	-
Accrued mark-up		109,786	-
Taxation – net		11,675	109,957
Cash and bank balances	9	27,170,479	44,439,645
		87,728,344	44,549,602
TOTAL ASSETS		3,251,001,169	1,247,049,434
SHARE CAPITAL AND RESERVES			
Authorised capital			
1,500,000,000 (2012: 200,000,000) Ordinary shares of Rs. 10/- each		15,000,000,000	2,000,000,000
Issued, subscribed and paid-up capital			
54,576,583 Ordinary shares of Rs. 10/- each fully paid in cash	10	545,765,830	545,765,830
Accumulated loss		(29,445,033)	(8,698,246)
		516,320,797	537,067,584
NON-CURRENT LIABILITIES			
Advance against future issue of share capital	11	2,105,000,000	700,000,000
CURRENT LIABILITIES			
Trade and other payables	12	629,680,372	9,981,850
COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		3,251,001,169	1,247,049,434

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

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
Administrative expenses	14	(39,004,541)	(20,397,147)
Other charges – workers' welfare fund		(156,401)	(204,748)
Other income	15	8,142,458	10,237,422
Loss before taxation		(31,018,484)	(10,364,473)
Taxation	16	10,271,697	3,683,585
Loss after taxation		(20,746,787)	(6,680,888)
Earnings per ordinary share – basic and diluted	17	(0.38)	(0.12)

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

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Statement of Comprehensive Loss

For the year ended June 30, 2013

	2013 (Rupees)	2012 (Rupees)
Loss for the year	(20,746,787)	(6,680,888)
Other comprehensive loss - net of taxation	-	-
Total comprehensive loss for the year	(20,746,787)	(6,680,888)

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

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Cash Flow Statement

For the year ended June 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before taxation		(31,018,484)	(10,364,473)
Adjustments for non-cash items			
Depreciation		998,411	475,626
Unrealised gain on investment - net		(322,392)	-
Amortization		18,411	18,408
Operating loss before working capital changes		(30,324,054)	(9,870,439)
Decrease / (increase) in current assets			
Deposits and prepayments		(15,133,481)	1,000,000
Accrued mark – up receivable		(109,786)	-
		(15,243,267)	1,000,000
Increase in current liabilities			
Trade and other payables		619,698,522	8,407,345
Cash generated from / (used in) operations		574,131,201	(463,094)
Taxes paid		(2,584,001)	(3,578,744)
Net cash generated from / (used in) operating activities		571,547,200	(4,041,838)
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(24,211,898)	(10,143,199)
Addition to intangible asset		(50,631,343)	(13,847,800)
Addition to capital work in progress		(1,768,057,354)	(764,790,197)
Purchase of units of mutual fund		(44,980,531)	-
Net cash used in investing activities		(1,887,881,126)	(788,781,196)
CASH FLOWS FROM FINANCING ACTIVITIES			
Transaction cost paid on long term financing		(105,935,240)	-
Proceeds from issue of shares		-	120,765,760
Advance against future issue of shares		1,405,000,000	700,000,000
Net cash generated from financing activities		1,299,064,760	820,765,760
Net (decrease) / increase in cash and cash equivalents		(17,269,166)	27,942,726
Cash and cash equivalents at the beginning of the year		44,439,645	16,496,919
Cash and cash equivalents at the end of the year	9	27,170,479	44,439,645

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

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Statement of Changes in Equity

For the year ended June 30, 2013

	Issued, subscribed and paid-up capital	Revenue reserve - accumulated loss	Total
	-----------------	(Rupees)	-----------------
Balance as at July 01, 2011	425,000,070	(2,017,358)	422,982,712
Loss for the year	-	(6,680,888)	(6,680,888)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	(6,680,888)	(6,680,888)
Share issued during the year	120,765,760	-	120,765,760
Balance as at June 30, 2012	545,765,830	(8,698,246)	537,067,584
Balance as at July 01, 2012	545,765,830	(8,698,246)	537,067,584
Loss for the year	-	(20,746,787)	(20,746,787)
Other comprehensive loss	-	-	-
Total comprehensive loss	-	(20,746,787)	(20,746,787)
Balance as at June 30, 2013	545,765,830	(29,445,033)	516,320,797

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

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Notes to the Financial Statements

For the year ended June 30, 2013

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, on July 11, 2011, the Company was converted as an unquoted public company limited by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at 2nd Floor, Business Plaza, Mumtaz Hassan Road, Karachi. The Company is in start-up phase and has not commenced its operations.

1.2 The Company has entered into a Build Operate Transfer (BOT) contract with Port Qasim Authority (PQA) on November 06, 2010 for the exclusive construction, development, operations and management of a coal and clinker / cement terminal at Port Muhammad Bin Qasim for a period of thirty years which is to commence from the date of completion of construction of terminal 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.

1.3 As fully disclosed in note 12.1, 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 29 million and its current liability exceeds its current assets by Rs. 542 million. The management of the Company has made an assessment of the Company's ability to continue as a going concern and believes that losses are due to terminal being in construction phase and is satisfied that the Company has committed resources from the sponsors and local and international lenders to continue in business for the foreseeable future. The management has reasonable grounds to believe that after the completion of construction of terminal, the Company will start earning significant profits and is not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

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

2.2 Accounting convention

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

2.3 Significant accounting judgments, estimates and assumptions

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

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

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

2.4. New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of previous financial year except that during the year the Company has adopted the following amendments to IFRSs which became effective for the current year:

IAS 1 – Presentation of Financial Statements – Presentation of items of other comprehensive income (Amendment)

IAS 12 – Income Taxes - Recovery of Underlying Assets (Amendment)

The adoption of the above amendments did not have any effect on the financial statements except for IAS 1 which has affected the presentation of items of other comprehensive income.

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

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

Standard		Effective date (annual periods beginning on or after)
IFRS 7	– Financial Instruments: Disclosures – (Amendments) Amendments enhancing disclosures about offsetting of financial assets and financial liabilities	01 January 2013

Standard		Effective date (annual periods beginning on or after)
IAS 19	– Employee Benefits – (Revised)	01 January 2013
IAS 32	– Offsetting Financial Assets and Financial liabilities – (Amendment)	01 January 2014

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

In addition to the above amendments, improvements to various accounting standards have also been issued by the IASB. Such improvements are generally effective for accounting periods beginning on or after 01 January 2013. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

Standard		IASB effective date (annual periods beginning on or after)
IFRS 9	– Financial Instruments: Classification and Measurement	01 January 2015
IFRS 10	– Consolidated Financial Statements	01 January 2013
IFRS 11	– Joint Arrangements	01 January 2013
IFRS 12	– Disclosure of Interests in Other Entities	01 January 2013
IFRS 13	– Fair Value Measurement	01 January 2013

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, plant and equipment

3.1.1 Fixed assets

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

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

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

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

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

3.1.2 Capital work-in-progress

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

3.2 Intangible assets

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

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

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

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

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

3.3 Investments

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

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

Investments at fair value through profit or loss

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

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

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

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

3.4 Cash and cash equivalents

For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and balances with banks, cheques in hand, deposits held at call with banks.

3.5 Financial instruments

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

3.6 Offsetting of financial assets and financial liabilities

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

3.7 Taxation

Current

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

Deferred

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

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

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

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

3.8 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services render whether or not billed to the Company.

3.9 Interest / mark-up bearing loans and borrowings

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

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

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

3.10 Borrowing Costs

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

3.11 Provisions

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

3.12 Functional and presentation currency

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

4. PROPERTY, PLANT AND EQUIPMENT	Note	2013 (Rupees)	2012 (Rupees)
Fixed assets	4.1	33,359,628	10,146,141
Capital work-in-progress	4.2	2,631,207,709	863,150,355
		2,664,567,337	873,296,496

4.1 The following is a statement of fixed assets:

	Cost as at July 01, 2012	Additions	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation for the year	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Dep rate % per annum
	(Rupees)							
Owned								
Vehicles	5,857,165	28,342,252	34,199,417	554,129	5,647,726	6,201,855	27,997,562	20-33.33
Computers	1,216,847	2,723,866	3,940,713	405,575	845,134	1,250,709	2,690,004	33.33
Furniture and fixtures	4,816,085	334,645	5,150,730	1,605,201	1,659,791	3,264,992	1,885,738	33.33
Office equipment	1,231,362	454,763	1,686,125	410,413	489,388	899,801	786,324	33.33
2013	13,121,459	31,855,526	44,976,985	2,975,318	8,642,039	11,617,357	33,359,628	

	Cost as at July 01, 2011	Additions	Cost as at June 30, 2012	Accumulated depreciation as at July 01, 2011	Depreciation for the year	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Dep rate % per annum
	(Rupees)							
Owned								
Vehicles	-	5,857,165	5,857,165	-	554,129	554,129	5,303,036	20-33.33
Computers	-	1,216,847	1,216,847	-	405,575	405,575	811,272	33.33
Furniture and fixtures	-	4,816,085	4,816,085	-	1,605,201	1,605,201	3,210,884	33.33
Office equipment	-	1,231,362	1,231,362	-	410,413	410,413	820,949	33.33
2012	-	13,121,459	13,121,459	-	2,975,318	2,975,318	10,146,141	

Notes to the Financial Statements
For the year ended June 30, 2013

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

	Note	2013 (Rupees)	2012 (Rupees)
Administrative expenses	14	998,411	475,626
Capital work-in-progress	4.2	7,643,628	2,499,692
		8,642,039	2,975,318

4.2 Capital work-in-progress

Civil works	4.2.1	2,149,993,921	-
Consultancy and survey fees		359,774,295	160,880,354
Advance to EPC contractor		-	670,054,174
Depreciation and amortization	4.1.2 & 5.2	27,711,545	7,558,260
Other ancillary costs	4.2.2	93,727,948	24,657,567
		2,631,207,709	863,150,355

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

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

5. INTANGIBLE ASSETS

		Cost as at July 01, 2012	Additions	Cost as at June 30, 2013	Accumulated amortization as at July 01, 2012	Amortization charge for the year	Accumulated amortization as at June 30, 2013	Book value as at June 30, 2013	Amortization rate %
		-----	-----	-----	(Rupees)	-----	-----	-----	
Computer software		552,300	-	552,300	184,082	184,100	368,182	184,118	33.33
Right to use infrastructure facilities	(note 5.1)	322,963,300	63,141,000	386,104,300	4,892,894	12,343,968	17,236,862	368,867,438	3.33
	2013	323,515,600	63,141,000	386,656,600	5,076,976	12,528,068	17,605,044,	369,051,556	

		Cost as at July 01, 2011	Additions	Cost as at June 30, 2012	Accumulated amortization as at July 01, 2011	Amortization charge for the year	Accumulated amortization as at June 30, 2012	Book value as at June 30, 2012	Amortization rate %
		-----	-----	-----	(Rupees)	-----	-----	-----	
Computer software		-	552,300	552,300	-	184,082	184,082	368,218	33.33
Right to use infrastructure facilities	(note 5.1)	-	322,963,300	322,963,300	-	4,892,894	4,892,894	318,070,406	3.33
	2012	-	323,515,600	323,515,600	-	5,076,976	5,076,976	318,438,624	

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

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

	Note	2013 (Rupees)	2012 (Rupees)
Administrative expenses	14	18,411	18,408
Capital work-in-progress	4.2	12,509,657	5,058,568
		12,528,068	5,076,976

6. DEFERRED TRANSACTION FEE ON LONG-TERM FINANCING

This represents front end fee, commitment fee and mobilization fee on loan from IFC and OFID, as per the loan agreement (refer note 13.2 and 13.3). 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.

7. DEFERRED TAX

	2013 (Rupees)	2012 (Rupees)
Arising on deductible temporary difference		
- pre-incorporation expenses	3,625,711	3,625,711
- pre-commencement expenses	20,092,981	7,139,001
	23,718,692	10,764,712

8. SHORT TERM INVESTMENTS

Designated at fair value through profit or loss

Number of units 2013	Number of units 2012		2013 (Rupees) Cost	2013 (Rupees) Fair value	2012 (Rupees) Cost	2012 (Rupees) Fair value
		Listed – Mutual Funds (Open Ended)				
149,587	-	HBL Money Market Fund	14,980,531	15,147,288	-	-
145,900	-	JS Cash Fund	15,000,000	15,083,163	-	-
150,610	-	UBL Liquidity Plus Fund	15,000,000	15,072,472	-	-
			44,980,531	45,302,923		
		Unrealized gain on revaluation of investments	322,392	-	-	-
			45,302,923	45,302,923	-	-

	Note	2013 (Rupees)	2012 (Rupees)
9. CASH AND BANK BALANCES			
With banks:			
- in current account		5,000	5,000
- in saving account	9.1	26,104,583	43,365,175
- in margin account		-	1,000,000
		26,109,583	44,370,175
Cash in hand		1,060,896	69,470
		27,170,479	44,439,645

9.1 It carries profit at the rate of 8.25% percent (2012: 9.25 percent) per annum.

10. SHARE CAPITAL

10.1 Issued, subscribed and paid-up capital

2013 (Number of shares)	2012 (Number of shares)		2013 (Rupees)	2012 (Rupees)
		Ordinary shares of Rs. 10/- each fully paid in cash		
54,576,583	42,500,007	Opening balance	545,765,830	425,000,070
-	12,076,576	Issued during the year	-	120,765,760
54,576,583	54,576,583	Closing balance	545,765,830	545,765,830

10.2 On August 3, 2011, Pakistan International Container Terminal Limited (PICTL), the holding Company as at that date, in its Extra Ordinary General Meeting approved the distribution of shares of the Company as 'specie dividend' to PICTL's shareholders. Therefore in pursuant of the requirement of the Section 25 of the Listing Regulations, PICTL applied to Karachi Stock Exchange (Guarantee) Limited (KSE) for the listing of the Company's shares.

The KSE, vide its letter no. GEN-3035 dated April 10, 2012, required the Company to fulfill the requirements of Rule (II)(iii)(b) of Companies (Issue of Capital) Rules, 1996 as per directive of the SECP and obtain necessary relaxation from the SECP required under Listing Regulations no. 6 (6) and informed the Company that its listing has been deferred till the fulfillment of requirements by the Company, as notified by the SECP from time to time.

Subsequent to year end, the SECP vide its letter no. SMD/CIW/MISC/16/2007-I and SMD/CIW/MISC/16/2007-II (letters) both dated July 30, 2013 has granted relaxation to the Company from the requirements of Rule 3(I)(ii) and (iii) of the Companies (Issue of Capital) Rules, 1996 and requirements of Section 6(2) of the Listing Regulations respectively to submit certain documents and information laid down in the above letters in order to get the Company listed. The management of the Company is actively pursuing this matter and expects that listing of the Company will be done in due course.

11. 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. 1,955 million and Jahangir Siddiqui & Co. Ltd. (holding 21.07 percent of the ordinary paid up capital of the company) amounting to Rs. 150 million respectively. These advances will be adjusted against future issue of share capital.

	Note	2013 (Rupees)	2012 (Rupees)
12. TRADE AND OTHER PAYABLES			
Accrued liabilities	12.1	629,512,732	9,777,102
Workers' Welfare Fund		156,401	204,748
Withholding tax		11,239	-
		629,680,372	9,981,850

12.1 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.

Subsequent to the year end and 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. Orders on this application are currently awaited.

The amount which the Company agreed to pay to the Joint Venture Contractor in full and final settlement of its claims after due verification is Rs. 620 million (Settlement Amount). Major shareholders, namely Messrs. Premier Mercantile Services (Private) Limited and Messrs. Jahangir Siddiqui & Co. Limited have subsequent to the year end, contributed Rs. 450 million and Rs. 250 million, respectively, towards the Settlement Amount as advance against future issue of capital.

Included in accrued liabilities amount of Rs. 620 million is the net payable to the JV Contractor under the Agreement.

	2013 (Rupees)	2012 (Rupees)
13. COMMITMENTS		
13.1 Letter of Guarantee	214,250,000	214,250,000

13.2 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 of the Company. The Company has not made any draw down from this loan facility.

13.3 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.

13.4 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.

13.5 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.

Notes to the Financial Statements

For the year ended June 30, 2013

	Note	2013 (Rupees)	2012 (Rupees)
14. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits		3,842,440	829,103
Travelling and conveyance		54,374	133,283
Auditors' remuneration	14.1	642,975	498,880
Legal and professional charges		2,639,192	1,348,150
Fee for increase in authorized share capital		21,501,800	-
Stamp duty on transfer of shares		-	10,915,315
Office maintenance		331,624	33,706
Vehicles running and maintenance		714,448	53,672
Insurance		89,449	27,021
Communication		209,658	31,044
Printing and stationery		175,392	83,374
Utilities		294,543	53,541
Depreciation	4.1.2	998,411	475,626
Amortization	5.2	18,411	18,408
Fees and subscription		662,326	1,971,930
Entertainment		254,115	123,969
Rent, rates and taxes		6,319,639	3,796,500
Others		255,744	3,625
		39,004,541	20,397,147
14.1 Auditors' remuneration			
Statutory audit fee		400,000	250,000
Fee for review of half yearly accounts and special assignment		189,000	225,000
Out of pocket expenses		53,975	23,880
		642,975	498,880
15. OTHER INCOME			
Income from financial assets			
Profit on saving account		7,820,066	10,237,422
Unrealised gain on revaluation of short term investment		322,392	-
		8,142,458	10,237,422
16. TAXATION			
Current		2,682,283	3,511,436
Deferred		(12,953,980)	(7,139,001)
Prior		-	(56,020)
	16.1	(10,271,697)	(3,683,585)

	Note	2013 (Rupees)	2012 (Rupees)
16.1 Relationship between tax expense and accounting profit			
Loss before tax		(31,018,484)	(10,364,473)
Effect of income subject to tax		2,682,283	3,511,436
Net effect of income tax provision relating to prior years		-	(56,020)
Tax effect of deductible temporary differences		(12,953,980)	(7,139,001)
		(10,271,697)	(3,683,585)

17. EARNINGS PER ORDINARY SHARE – basic and diluted

	Note	2013	2012
Loss after taxation		(20,746,787)	(6,680,888)
		Number of shares	
Number of ordinary shares in issue		54,576,583	54,576,583
Basic earnings per share	17.1	Rs. (0.38)	Rs. (0.12)

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

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

18.1 Credit risk

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

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

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

	2013 (Rupees)	2012 (Rupees)
18.1.1 Cash with Banks		
A-1+ / A-1	26,109,583	44,370,175

18.2 Liquidity risk

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

Year ended 30 June 2013	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
	------------	------------	(Rupees)	------------	------------
Trade and other payables	629,680,372	-	-	-	629,680,372
Total	629,680,372	-	-	-	629,680,372

Year ended 30 June 2012	On demand	Less than 3 months	3 to 12 Months	1 to 5 years	Total
	------------	------------	(Rupees)	------------	------------
Trade and other payables	9,981,850	-	-	-	9,981,850
Total	9,981,850	-	-	-	9,981,850

18.3 Foreign currency risk

Foreign currency risk is the risk that the value of financial assets or a financial liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions in foreign currency. As at June 30, 2013, the Company is not exposed to currency risks in respect of financial assets or financial liabilities.

18.4 Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As of June 30, 2013 the Company is not exposed to interest rate risk.

18.5 Equity Price Risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2013 the Company is not exposed to equity price risk.

18.6 Capital risk management

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

18.7 Fair value of financial instruments

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

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

19. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	2013			2012		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	(Rupees)					
Remuneration	6,359,288	6,359,288	5,513,300	-	-	2,899,966
Housing rent	1,907,784	1,907,784	1,653,980	-	-	732,012
Retirement benefits	529,728	529,728	409,270	-	-	186,596
Medical	635,928	635,928	551,332	-	-	243,996
Utilities	635,928	635,928	551,332	-	-	243,996
Conveyance	331,510	281,269	144,179	-	-	103,125
	10,400,166	10,349,925	8,823,393	-	-	4,409,721
Number	1	6	5	1	6	2

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

19.2 The aggregate amount payable to the Directors as a fee for attending the Board of Director's meetings amount to Rs.210,000/- (2012: Rs. 340,000).

20. RELATED PARTY TRANSACTIONS AND BALANCES

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

	2013 (Rupees)	2012 (Rupees)
Associated Companies		
Entities having directors in common with the Company		
Pakistan International Container Terminal Limited		
Share issued	-	120,765,760
Purchase of vehicles	19,372,808	-
Premier Mercantile Services (Private) Limited		
Advance against future issue of share capital	1,255,000,000	700,000,000
Rent against office premises	2,100,000	900,000

	2013 (Rupees)	2012 (Rupees)
Travel Club (Private) Limited		
Payment for travelling expenses	4,627,076	-
Other related party		
Jahangir Siddiqui & Co. Limited		
Advance against future issue of share capital	150,000,000	-

20.1 Year end balances

Associated Company		
Premier Mercantile Services (Private) Limited	1,955,000,000	700,000,000
Other related party		
Jahangir Siddiqui & Co. Limited	150,000,000	-

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

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

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

	2013 (Rupees)	2012 (Rupees)
Reclassification from property, plant and equipment (CWIP) to intangible assets (Port Concession Rights) – written down value	2,631,207,709	863,150,355
Recognition of intangible assets (Port Concession Rights) on account of rent of backup and waterfront area (Rent)	125,977,080	125,977,080
Recognition of present value of concession liability on account of intangibles (Rent)	137,335,943	134,511,599
Interest expense charged for the year on account of intangibles (Rent)	7,532,650	7,370,984

22. DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorized for issue on November 8, 2013 by Board of Directors of the Company.

23. GENERAL

23.1 Number of employees

Number of persons employed as at year end were 38 (2012: 15) and the average number of persons employed during the year were 30 (2012: 12).

23.2 Provident Fund

	2013 (Rupees)	2012 (Rupees)
	------- (Unaudited) ------	
General disclosures		
Receivable from / (payable to) the Fund	-	-
Size of the fund	4,643,362	878,386
Cost of investments	4,643,362	878,386
Fair value of investments	4,643,362	878,386
Percentage of investments	100%	100%

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

	2013		2012	
	-------------- (Unaudited) -------------			
	(Rupees)	(%)	(Rupees)	(%)
Deposit Account	4,643,362	100	878,386	100

23.3 Figures have been rounded off to the nearest rupee.

Sharique Azim Siddiqui
Chief Executive Officer

Capt. Zafar Iqbal Awan
Director

Pattern of Shareholding (Ordinary Shares)

As at June 30, 2013

Number of Share Holders	Share Holding From	Share Holding To	Total Shares Held
914	1	100	31,186
1,121	101	500	388,522
161	501	1000	122,188
159	1001	5000	345,263
19	5001	10000	139,977
13	10001	15000	163,966
2	15001	20000	38,073
5	20001	25000	115,308
2	25001	30000	53,016
4	30001	35000	132,716
2	35001	40000	76,781
1	40001	45000	42,770
1	60001	65000	65,000
1	70001	75000	70,992
1	85001	90000	85,541
1	105001	110000	108,844
1	110001	115000	110,259
1	120001	125000	125,000
2	130001	135000	267,711
1	185001	190000	186,861
1	195001	200000	195,999
2	210001	215000	424,983
1	300001	305000	301,387
1	330001	335000	333,855
2	550001	555000	1,103,667
1	570001	575000	570,106
1	590001	595000	591,424
1	735001	740000	735,649
1	1990001	1995000	1,994,674
1	2265001	2270000	2,266,577
3	2990001	2995000	8,972,555
1	3640001	3645000	3,643,411
1	11495001	11500000	11,500,000
1	19270001	19275000	19,272,322
2,430			54,576,583

Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage
INDIVIDUALS	2,363	19,298,884	35.36
INSURANCE COMPANIES	4	174,427	0.32
FINANCIAL INSTITUTIONS	2	109,204	0.20
MODARABAS AND MUTUAL FUNDS	8	624,254	1.14
FOREIGN INVESTORS	6	2,708,153	4.96
OTHERS	47	31,661,661	58.02
	2,430	54,576,583	100.00

Pattern of Shareholding (Ordinary Shares)

As at June 30, 2013

Categories of Shareholders	Number of Shareholders	Total Shares Held	Percentage %
Associated Companies, Undertaking And Related Parties.			56.38
Premier Mercantile Services (Private) Limited - Associated Company	1	19,272,322	
Jahangir Siddiqui & Company Limited - Other Related Party	1	11,500,000	
Directors, Chief Executive Officer and thier Spouse and Minor Children			21.05
Capt. Haleem A. Siddiqui	1	3,830,272	
Capt. Zafar Iqbal Awan	1	361	
Mrs. Saba Haleem Siddiqui	1	544,674	
Mr. Aasim Azim Siddiqui	1	3,560,958	
Mr. Sharique Azim Siddiqui	1	3,543,670	
Mr. Muhammad Masood Ahmed Usmani	1	5,538	
Syed Nizam Shah	1	771	
Mr. Ali Raza Siddiqui	1	61	
Executive			
Mr. Arsalan Iftikhar Khan	1	1,000	0.00
Public Sector Companies & Corporation	-	-	-
Banks, DFI 's, NBFI's, Insurance Companies, Modarabas & Mutual Funds	14	907,885	1.66
Joint Stock Companies, Investment Companies, Foreign Investors & Others	51	3,597,492	6.59
Individuals	2,354	7,811,579	14.32
Total	2,430	54,576,583	100.00

Shareholders holding 10% or more voting interest	Number of Shareholders	Total Shares Held	Percentage %
Premier Mercantile Services (Private) Limited	1	19,272,322	35.31
Jahangir Siddiqui & Company Limited	1	11,500,000	21.07
Total	2	30,772,322	56.38

Form of Proxy

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

I/We, ______________________________ of ______________________________ being member of Pakistan International Bulk Terminal Limited and holder of ____________________ Ordinary Shares as per Share Register Folio No. __________ and/or CDC Participant I. D. N o. __________ hereby appoint Mr./Mrs./Miss ______________________ of (full address) as my/us proxy to attend, speak and vote for me/us and on my/our behalf at the 4th Annual General Meeting of the Company to be held on November 30, 2013 and at any adjournment thereof.

Signed this ____________________ day of ______________ 2013

Witnesses:

1. Name ______________________________
   Address ______________________________
   CNIC No. ______________________________
   Signature ______________________________

2. Name ______________________________
   Address ______________________________
   CNIC No. ______________________________
   Signature ______________________________

Signature on
Rs. 5/-
Revenue
Stamp

Notes:

1. A member entitled to attend and vote at the meeting may appoint another member as his/her proxy who shall have such rights as respects attending, speaking and voting at the meeting as are available to a member.

2. The proxy in order to be valid must be signed across Five Rupees Revenue Stamp and should be deposited with the Company not later than 48 hours before the time of holding the Meeting.

3. The proxy shall authenticate his/her identity by showing his/her original CNIC or original passport and bring folio number at the time of attending the meeting.

4. Signature should agree with the specimen signature registered with the Company.

5. CDC shareholders and their Proxies must attach either an attested photocopy of their Computerized National Identity Card or Passport with this Proxy Form.

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

Pakistan International Bulk Terminal Limited

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