

FORM – 8

**The General Manager
Pakistan Stock Exchange Limited
Stock Exchange Building
Stock Exchange Road
Karachi**

CS/S&T/FT/PSX/HYR-20/20

November 30, 2020

**TRANSMISSION OF QUARTERLY REPORT
FOR THE PERIOD ENDED JUNE 30, 2020**

Dear Sir,

1. We have to inform you that the Quarterly Report of Pakistan International Airlines Corporation Limited (PIACL) for the period ended June 30, 2020 have been transmitted through PUCARS and is also available on Company's website.
2. You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,

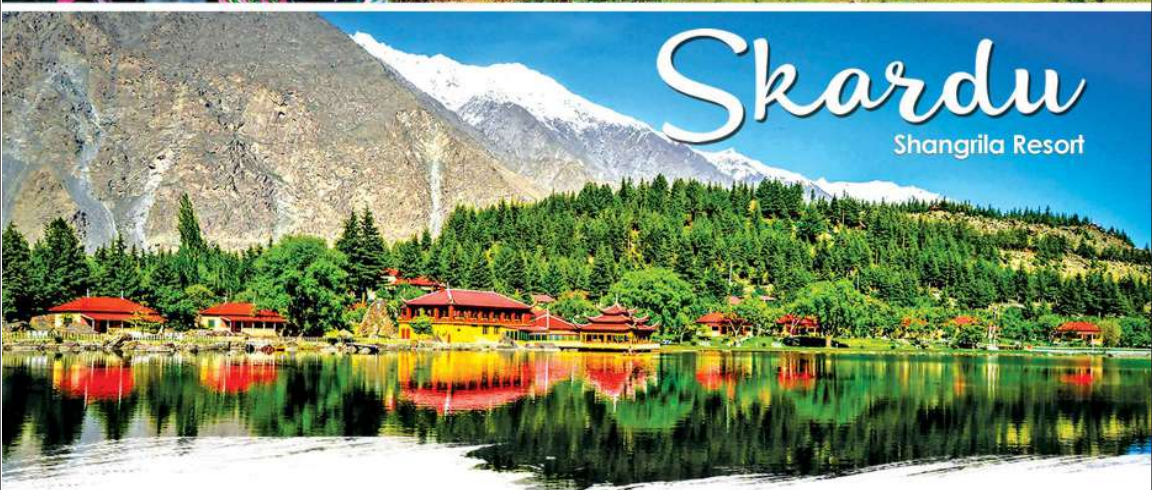

Muhammad SHUAIB
Company Secretary



HALF YEARLY REPORT

2 0 2 0

Explore the scenic beauty of
PAKISTAN
with
Pakistan International Airlines



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

CONTENTS

Corporate Profile	02
Board of Directors' Committees	04
Directors' Report	05
Auditors' Report	07
Unconsolidated Financial Statements	09
Consolidated Financial Statements	27

CORPORATE PROFILE

As at November 05, 2020

BOARD OF DIRECTORS

Mr Noor Ahmed
Secretary Economic Affairs Division

Mr Atif Aslam Bajwa

Mr Naveed Kamran Baloch
Secretary Finance Division

Barrister Zahid F. Ebrahim

Syed Muhammad Ali Gardezi

Dr Jawaid Ghani

Mr Hassan Nasir Jamy
Secretary Aviation Division

Mr Aslam R Khan

Air Marshal Arshad Malik
Chief Executive Officer

Dr Zeelaf Munir

Mr Muhammad Shuaib
Company Secretary

Mr Muhammad Javed Jameel
Acting Chief Internal Auditor

EXECUTIVE MANGEMENT

Air Marshal Arshad Malik
Chief Executive Officer

AVM Muhammad Amir Hayat
Advisor to CEO

AVM Irfan Zaheer
Director Precision Engineering Complex

Mr Jawad Zafar Chaudhry
Chief Operating Officer & CCDO

Mr Ali Tahir Qasim
Chief Commercial Officer

Mr Khalilullah Shaikh
Chief Financial Officer

Capt Arshad Khan
Chief of Flight Operations

Mr Khalid-ul-Rehman Barlas
Chief Information Officer

Mr Amer Altaf
Chief Human Resource Officer

Mr Amir Ali
Chief Technical Officer

Mr Amanullah Qureshi
Chief of Training & Development

Mr Jibran Saleem Butt
Chief Supply Chain Management

Mr Shahid Qadir
Head of Security & Vigilance

OTHER CORPORATE INFORMATION

EXTERNAL AUDITORS

Messrs Grant Thornton & Co
Chartered Accountants

Messrs BDO Ebrahim & Co
Chartered Accountants

SHARE REGISTRAR

CDC Shares Registrar Services Limited (CDCSRSL)
CDC House, 99-B, Block-B, S.M.C.H.S.
Main Sharah-e- Faisal Karachi-74400 PAKISTAN
Ph: 0800-CDCPL(23275)
Fax: 0092-21-34326053
Email: Info@cdcpak.com
Website: www.cdcpakistan.com

BANKERS

Al Baraka Bank
Askari Bank Limited
Bank Islami
The Bank of Punjab
Citi Bank N.A
Credit Suisse AG Singapore
Emirates NBD
Faysal Bank Limited
Habib Bank ,UK
Habib Bank Limited
JS Bank
Mashreq Bank, Dubai
Soneri Bank Limited
National Bank of Pakistan
Standard Chartered Bank Limited
United Bank Limited

REGISTERED OFFICE

PIA Building
Jinnah International Airport
Karachi - 75200 PAKISTAN
Tel: 0092-21-990400
UNI: 111-786-786
Web: www.piac.com.pk

BOARD COMMITTEES

As at November 05, 2020

NAME OF COMMITTEE	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Dr Zeelaf Munir Dr Jawaid Ghani	Chairman Member Member
Board HR & Compensation Committee (BHRCC)	Barrister Zahid F Ebrahim Dr Zeelaf Munir Air Marshal Arshad Malik	Chairman Member Member
Board Procurement Committee (BPC)	Dr Jawaid Ghani Syed Muhammad Ali Gardezi Air Marshal Arshad Malik	Chairman Member Member

DIRECTORS' REPORT - FOR THE PERIOD ENDED JUNE 30, 2020

On behalf of the Board of Directors, we are pleased to present the Company's Review Report together with the financial statements for the half year ended June 30, 2020. The financial results for the period are summarized below:

(PKR. In Million)

	Jan-Jun-20	Jan-Jun-19
Revenue (net)	51,471	65,924
Aircraft Fuel	(14,657)	(22,480)
Operating Expenses	(47,643)	(51,699)
Other Income	804	1,134
Loss from Operations	(10,025)	(7,122)
Exchange Loss	(9,763)	(14,591)
Finance Cost	(17,108)	(15,850)
Loss Before Taxation	(36,896)	(37,563)

Industry Review

The outbreak of COVID-19 since January 2020 has resulted in challenging operational environment for airlines around the globe. The company has also been adversely affected due to the pandemic and resultant unprecedented travel bans and lockdowns imposed by various governments. The International Air Transport Association (IATA) released its financial outlook for the global air transport industry, showing that airlines are expected to lose US\$84.3 billion in 2020. Revenues will fall 50 percent to US\$419 billion from US\$838 billion in 2019. In 2021, losses are expected to be lower as revenues are expected to rise to US\$598 billion. Financially, 2020 will go down as one of the worst years in the history of aviation.

Business Review

The company started 2020 on a positive note and during 1st quarter for 2020, the Company's actual performance was in line with budgetary targets, despite early effects of COVID-19 from February 2020. PIA was on the right track to achieve operational breakeven with growth in revenue by 18.5 percent, Gross Profit of Rs. 1.15 billion in Jan-Mar 2020 and reduction in Operating Losses by 62 percent vs Jan-Mar 2019.

(PKR. In Million)

	Q1-2020 (Jan-Mar)	Q1-2019 (Jan-Mar)
Revenue	36,443	30,759
Fuel & Oil	(12,307)	(10,284)
Others	(22,991)	(21,456)
Gross Profit/(Loss)	1,145	(981)
Other Operating Expenses	(3,241)	(3,337)
Other Income	449	-
Loss from Operations	(1,647)	(4,318)

However, from second quarter of 2020, the Company's operations were severely impacted due to COVID-19. The company missed key Umrah and Hajj seasons. The tragic plane crash of PK8303 on May 22, 2020, also resulted in a severe setback for the airline. Accordingly, the Revenue for Jan-June 2020 decreased by 21.9 percent as compared to 2019 and Operating Loss increased by 40.8 percent as compared to 2019.

As compared to budget, the financial impacts resulting from the COVID-19 are as follows:

- The Company's core passenger and cargo revenue (including excess baggage, handling and related services) reduced by 44 percent resulting from reduced passenger capacity and traffic. However, during the period, charter revenue of the company increased by 98.7 percent due to special cargo charter flights run by company on behalf of the GoP.
- Aircraft fuel remained single largest element of total cost at 23.5 percent and its cost, during the period, decreased by 52.9 percent mainly due to lower fuel uplift on account of less number of flights amid pandemic situation. Further, direct expenses related to handling and passengers, have been decreased by 34.1 percent.

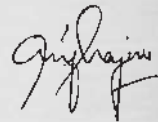
The operating environment for PIA remains very challenging due to COVID-19. However, the Management has initiated several measures to enhance customer experience, improve safety culture, reduce cost and enhance revenue through cargo and charter flights.

The Management is making concerted efforts to deal with the difficult situation. We are hopeful that with the support of our customers, dedication of our employees and continued support of Government of Pakistan, we will emerge stronger for the better times ahead.

For and on behalf of the Board



Air Marshal Arshad Malik
Chief Executive Officer



Atif Aslam Bajwa
Director

November 05, 2020

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan International Airlines Corporation Limited ("the Company") as at June 30, 2020 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial information as at and for the six-month period ended June 30, 2020 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to the following:

- i. Note 1.2 to the unconsolidated condensed interim financial information which inter-alia states that in view of the financial position of Company and business disruption due to COVID-19, the Government of Pakistan has confirmed to extend necessary financial support to the Company to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.
- ii. Notes 11.2 and 12 to the unconsolidated condensed interim financial information which state that an aggregate amount of Rs. 16,645.723 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 9,051.653 million on account of the Company and employees' contributions and Rs. 7,594.070 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under Section 218 of the Companies Act, 2017.

- iii. Note 15 to the unconsolidated condensed interim financial information read with note 30.1 and note 38.1 to annual financial statements which state that the Company is exposed to various tax and other contingencies aggregating to Rs. 58,986 million, the ultimate outcome of which cannot presently be determined and, accordingly, no provision has been made by the management in respect of these contingencies in the unconsolidated condensed interim financial information.

Our conclusion is not modified in respect of the above matters.

BDO Ebrahim & Co.
Chartered Accountants
Engagement Partner: Zulfikar Causer

Grant Thornton Anjum Rahman
Chartered Accountants
Engagement Partner: Khurram Jameel

Place: Karachi

Date:



UNCONSOLIDATED
FINANCIAL
STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Note	(Rupees in '000)		(US\$ in '000)	
ASSETS					
NON CURRENT ASSETS					
Property, plant and equipment	4	83,762,534	92,179,799	498,025	594,958
Intangibles		329,440	390,359	1,959	2,520
		84,091,974	92,570,158	499,984	597,478
Long-term investments		4,587,250	4,589,394	27,274	29,621
Long-term deposits and prepayments		5,985,448	4,632,644	35,588	29,901
Total non current assets		94,664,672	101,792,196	562,846	657,000
CURRENT ASSETS					
Stores and spares		2,936,110	3,530,263	17,457	22,785
Trade debts	5	11,057,572	18,607,089	65,745	120,096
Advances		2,730,225	3,796,197	16,233	24,502
Trade deposits and short term prepayments		6,432,153	5,286,408	38,243	34,120
Other receivables	6	9,025,061	8,623,137	53,660	55,656
Short-term investments	7	19,220	6,216,620	114	40,124
Cash and bank balances	8	11,747,822	6,857,322	69,849	44,259
Total current assets		43,948,163	52,917,036	261,301	341,542
TOTAL ASSETS		138,612,835	154,709,232	824,147	998,542
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	311,227	337,852
Reserves		4,450,288	4,452,432	26,460	28,737
Surplus on revaluation of property, plant and equipment- net		19,319,892	20,009,516	114,870	129,148
Accumulated losses		(536,276,289)	(500,065,115)	(3,188,524)	(3,227,579)
Total Shareholders' Equity		(460,160,999)	(423,258,057)	(2,735,967)	(2,731,842)
NON CURRENT LIABILITIES					
Long-term financing	9	237,930,438	191,517,237	1,414,657	1,236,113
Lease liabilities	10	11,067,393	15,533,339	65,803	100,257
Advance from a subsidiary		6,925,322	6,393,348	41,176	41,265
Deferred liabilities		41,190,125	39,233,166	244,903	253,223
Total non-current liabilities		297,113,278	252,677,090	1,766,539	1,630,858
CURRENT LIABILITIES					
Trade and other payables	11	193,629,251	189,855,794	1,151,256	1,225,390
Unclaimed dividend - preference shares		3,297	3,297	20	21
Accrued interest	12	23,833,713	22,255,402	141,707	143,643
Provision for taxation - net		688,373	717,719	4,093	4,632
Short-term borrowings	13	30,781,226	31,580,219	183,015	203,829
Current maturity of non-current liabilities	14	52,724,696	80,877,768	313,484	522,011
Total current liabilities		301,660,557	325,290,199	1,793,575	2,099,526
TOTAL LIABILITIES		598,773,834	577,967,289	3,560,114	3,730,384
TOTAL EQUITY AND LIABILITIES		138,612,835	154,709,232	824,147	998,542
CONTINGENCIES AND COMMITMENTS					

The annexed notes 1 to 23 form an integral part of this unconsolidated condensed interim financial information.


Chief Executive Officer

Chief Executive Officer


Director



Chief Financial Officer


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

		Six months period ended		Quarter ended		Six months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Note	(Rupees in '000)				(USD in '000)	
REVENUE - net	16	51,471,360	65,923,687	15,028,402	35,164,603	318,585	440,996
COST OF SERVICES							
Aircraft fuel		(14,657,370)	(22,480,492)	(2,350,806)	(12,196,156)	(90,723)	(150,383)
Others	17	(40,919,615)	(44,120,717)	(17,928,010)	(22,665,352)	(253,275)	(295,145)
		(55,576,984)	(66,601,209)	(20,278,816)	(34,861,508)	(343,998)	(445,528)
GROSS (LOSS) / PROFIT		(4,105,625)	(677,521)	(5,250,414)	303,094	(25,413)	(4,532)
Distribution costs		(2,802,915)	(3,053,689)	(1,357,083)	(1,808,347)	(17,349)	(20,428)
Administrative expenses		(3,093,689)	(3,493,136)	(1,545,163)	(1,848,588)	(19,149)	(23,367)
Other provisions and adjustments		(826,698)	(1,031,449)	(580,711)	(592,984)	(5,117)	(6,900)
Other income		803,627	1,134,228	354,476	1,143,154	4,974	7,587
		(5,919,675)	(6,444,046)	(3,128,481)	(3,106,767)	(36,641)	(43,108)
LOSS FROM OPERATIONS		(10,025,300)	(7,121,568)	(8,378,895)	(2,803,673)	(62,054)	(47,640)
Exchange loss - net		(9,763,170)	(14,591,353)	(3,636,334)	(13,963,066)	(60,430)	(97,609)
LOSS BEFORE INTEREST AND TAXATION		(19,788,470)	(21,712,921)	(12,015,229)	(16,766,739)	(122,484)	(145,249)
Finance costs	18	(17,107,615)	(15,849,829)	(7,492,074)	(9,061,749)	(105,889)	(106,027)
LOSS BEFORE TAXATION		(36,896,085)	(37,562,750)	(19,507,303)	(25,828,488)	(228,373)	(251,276)
Taxation	19	(4,713)	(329,618)	(4,713)	(175,823)	(29)	(2,205)
LOSS FOR THE PERIOD		(36,900,798)	(37,892,369)	(19,512,016)	(26,004,311)	(228,402)	(253,481)
LOSS PER SHARE - BASIC AND DILUTED		(Rupees)				(US\$)	
Loss attributable to:							
'A' class ordinary shares of Rs. 10 each		(7.05)	(7.24)	(3.73)	(4.97)	(0.04)	(0.05)
'B' class ordinary shares of Rs. 5 each		(3.52)	(3.62)	(1.86)	(2.48)	(0.02)	(0.02)

The annexed notes 1 to 23 form an integral part of this unconsolidated condensed interim financial information.


Chief Executive Officer


Chief Executive Officer


Director



Chief Financial Officer


Chief Financial Officer


PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended		Quarter ended		Six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Rupees in '000)				(US\$ in '000)	
Loss for the period	(36,900,798)	(37,892,369)	(19,512,016)	(26,004,311)	(228,402)	(253,481)
Other comprehensive income						
Items that will not be reclassified subsequently to unconsolidated condensed interim statement of profit or loss						
Unrealised (loss) / gain on re-measurement of investment at FVOCI	(2,144)	(6,917)	(2,144)	20,317	(13)	(46)
Total comprehensive loss for the period	<u>(36,902,942)</u>	<u>(37,899,286)</u>	<u>(19,514,161)</u>	<u>(25,983,994)</u>	<u>(228,415)</u>	<u>(253,527)</u>

The annexed notes 1 to 23 form an integral part of this unconsolidated condensed interim financial information.



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer




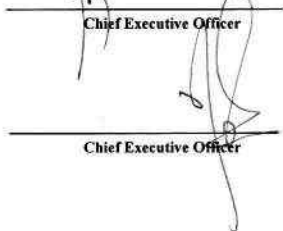
Chief Financial Officer

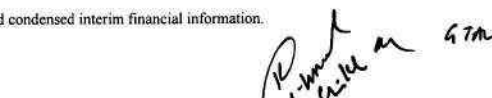
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

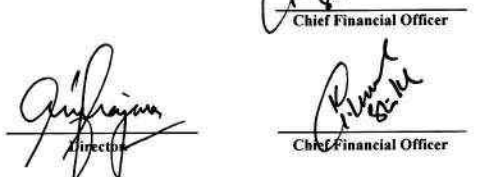
	Six months period ended		Six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Note ----- (Rupees in '000) ----- (US\$ in '000) -----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations	20 9,603,671	14,280,014	59,443	95,526
Profit on bank deposits received	62,829	36,976	389	247
Finance costs paid	(15,529,304)	(14,110,862)	(96,120)	(94,395)
Taxes paid	(34,058)	(247,556)	(211)	(1,656)
Staff retirement benefits paid	(528,189)	(346,714)	(3,269)	(2,319)
Long-term deposits and prepayments - net	(1,352,804)	1,111,840	(8,373)	7,438
Net cash (used in) / generated from operating activities	(7,777,855)	723,699	(48,141)	4,841
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(180,169)	(5,114,484)	(1,115)	(34,213)
Purchase of intangibles	(6,742)	(33,037)	(42)	(221)
Proceeds from sale of property, plant and equipment	-	36	-	-
Net cash generated from / (used in) investing activities	(186,911)	(5,147,485)	(1,157)	(34,434)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term financing	(16,791,717)	(19,854,438)	(103,933)	(132,816)
Proceeds from long-term financing	36,171,553	32,339,109	223,886	216,333
Repayment of term finance certificates	(7,199,272)	(4,883,095)	(44,560)	(32,665)
Proceeds from short term borrowings	-	253,539	-	1,696
Repayment of lease liabilities	(4,723,704)	(320,937)	(29,238)	(2,147)
Net cash generated from financing activities	7,456,860	7,534,178	46,155	50,401
(Decrease) / increase in cash and cash equivalents	(507,907)	3,110,392	(3,143)	20,808
Cash and cash equivalents at the beginning of the period	11,334,503	(1,185,820)	70,156	(7,933)
Cash and cash equivalents at the end of the period	10,826,596	1,924,571	67,013	12,875
Cash and cash equivalents				
Cash and bank balances	11,747,822	5,403,804	72,714	36,149
Running finance under mark-up arrangements	(921,226)	(3,479,233)	(5,701)	(23,274)
	10,826,596	1,924,571	67,013	12,875


The annexed notes 1 to 23 form an integral part of this unconsolidated condensed interim financial information.


Chief Executive Officer


Chief Executive Officer


Chief Financial Officer

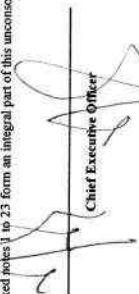

Director



Chief Financial Officer


PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Issued, subscribed, and paid-up share capital	Capital reserves	Revenue reserves	Unrealised gain on remeasurement of investments at FVOCI	Subtotal	Surplus on revaluation of property, plant & equipment	Accumulated losses	Total
	(Rupees in '000)							
Balance as at January 01, 2019	52,345,110	2,501,038	1,779,674	182,095	4,462,807	24,134,932	(450,434,712)	(369,491,864)
Total comprehensive loss								
Loss for the period	-	-	-	(6,917)	(6,917)	-	(37,892,169)	(37,892,169)
Other comprehensive loss	-	-	-	(6,917)	(6,917)	-	(37,892,169)	(37,892,169)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	(523,360)	523,360	-
Balance as at June 30, 2019	52,345,110	2,501,038	1,779,674	175,178	4,455,890	23,611,572	(487,803,720)	(407,391,149)
Total comprehensive loss								
Loss for the period	-	-	-	(2,144)	(2,144)	-	(36,900,798)	(36,900,798)
Other comprehensive loss	-	-	-	(2,144)	(2,144)	-	(36,900,798)	(36,900,798)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	(342,257)	342,257	-
Surplus on revaluation of property, plant and equipment realised during the year on account of air fleet retired / written off / disposed off - net of tax	-	-	-	-	-	(347,367)	347,367	-
Balance as at June 30, 2020	52,345,110	2,501,038	1,779,674	169,276	4,450,288	19,319,892	(536,276,897)	(460,160,999)

The annexed pages 1 to 23 form an integral part of this unconsolidated condensed interim financial information.


Chief Executive Officer


Chief Financial Officer


Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Pakistan International Airlines Corporation Limited ("the Company") was incorporated on January 10, 1955 under the Pakistan International Airlines Company Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Company Act, 1956. With effect from April 19, 2016, the Company has been converted from a statutory company into a public limited company by shares, through Act No. XV of 2016 'The Pakistan International Airlines Company (Conversion) Act, 2016' (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Company Act, 1956 and the Company is now governed under the Companies Act, 2017 (the Act). According to the Conversion Act, all assets, rights, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Company and the Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of provisions of the Act.

The principal activity of the Company is to provide commercial air transportation, which includes passenger, cargo and postal carriage services. Other activities of the Company include provision of engineering and allied services. The head office of the Company is situated at PIA Building, Jinnah International Airport, Karachi.

- 1.2** During the current period, the Company incurred a net loss of Rs. 36,900.798 million (June 30, 2019: Rs. 37,892.369 million) resulting in accumulated losses of Rs. 536,276.289 million as of June 30, 2020 (December 31, 2019: Rs. 500,065.115 million). Further, as of that date, current liabilities of the Company exceeded its current assets by Rs. 257,712.393 million (December 31, 2019: Rs. 272,373.163 million).

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Company has also been impacted by the evolving situation surrounding COVID-19 coupled with suspension imposed by European Union Air Safety Agency (EASA) on June 30, 2020 for six months effective from July 1, 2020. Though the financial results of the Company are encouraging in the first quarter of the year 2020, the resultant suspension of operations due to COVID-19 from March 2020 has slowed down the Company's progress. However, the Company is closely monitoring the situation and, to counter the above adverse impacts, the Company has taken several cost cutting measures including voluntary reduction in employees' salaries, rationalization of capacity and greater focus on cargo/charter operations during COVID-19. Furthermore, as an initiative to support local industries, State Bank of Pakistan (SBP) has announced deferral in principal repayments and reduction in policy rate which are expected to off-set adverse impacts of COVID-19.

In view of the situation described above, the management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, the management believes that though the sustainability of the future operations of the Company is dependent on the support of the Government of Pakistan (GoP), no material uncertainty exists and going concern assumption is appropriate. Accordingly, this unconsolidated condensed interim financial information is prepared on a going concern basis:

- a) GoP, being the major shareholder of the Company, through its finance division's letter dated September 02, 2008 communicated that it would extend all maximum support to maintain the Company's going concern status. Since then it has been extending support to the Company through following measures to ensure that the Company continues and sustains in the long term as a viable business entity:

- long-term financing to meet working capital requirements of the Company;
- issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Company to raise / rollover funds;
- approval for extending repayment period of the term finance certificates;
- provided funds for acquisition of narrow body aircraft on dry lease; and
- reimbursement of financial charges on term finance and sukuk certificates.

97th M

- b) In a meeting with the Honorable Prime Minister (PM) of Pakistan on December 30, 2017, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19 and 2019-20, Rs. 16,768 million and Rs. 28,263 million (till June 2020) respectively have been provided by the GoP in respect of markup support.
- c) In a meeting with the Honorable PM on April 4, 2019, the Company presented its strategic business plan 2019-23 which was approved and during that meeting PM assured GoP's full support to the Company in terms of provision of funds / equity in order to increase its potential to compete in the Aviation market.
- d) Further, through a letter dated March 04, 2020, GoP has re-iterated its maximum support to maintain the Company's going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated condensed interim financial information have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provision of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

The unconsolidated condensed interim financial information have been prepared under the historical cost convention except that:

- certain items of property, plant and equipment are stated at revalued amount;
- certain financial assets are carried at fair value;
- liability on account of frequent flyer programme is recognised at fair value;
- defined benefit obligations are stated at present value; and
- provision for redelivery cost of aircrafts and engines are stated at present value.

2.3 Functional and presentation currency

The unconsolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

The US \$ amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of this unconsolidated condensed interim financial information. The US \$ amounts in the unconsolidated condensed interim statement of financial position, have been translated into US \$ at the rate of Rs. 168.1895 = US \$ 1 (December 31, 2019; Rs. 154.935 = US \$ 1). The US \$ amounts in unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been translated into US \$ at the rate of Rs. 161.5623 = US \$ 1 (June 30, 2019; Rs. 149.4881 = US \$ 1).

97m R

- 4.1.1** In July 2019, ATR42-500 was involved in a runway excursion incident at Gilgit airport whereby, following landing the airframe fitted with two engines, left the runway causing damage to the aircraft. Out of these, one engine was leased from Acia Aero Leasing (Ireland) Limited (ALL). During the period, as a consequence of the damage sustained to the aircraft in the accident, insurers declared the aircraft to be a constructive total loss, and agreed to pay a settlement amount of USD 7.15 million after deducting a salvage sum of USD 0.65 million for the wreckage of the airframe along with the fitted engines which are remained to be in use by the Company. The Company is in the process of swapping one owned engine against the leased engine which was fitted in the damaged aircraft with ALL, to establish complete ownership of the wreckage which will then be used in settlement for insurance. The financial effect of the above is as follows:

	Six months period ended	
	June 30, 2020 (Un-Audited)	June 30, 2019 (Un-Audited)
	-----Rupees in '000-----	
- written down value	(859,699)	-
- insurance claim receivable	1,191,931	-
- gain on disposal recognized in other income	332,232	-

4.2 Right of use asset (RoUA)

Additions / right of use asset recognised upon

adoption of IFRS - 16

Deletions / write offs during the period

	-	3,322,241
4.2.1	155,777	-

- 4.2.1** During the period, Airbus A-320-214 crashed in an accident on May 22, 2020. The said aircraft was included in the fixed assets of the Company as Right of Use Asset (RoUA) in accordance with IFRS 16 "Leases". The management determined that there is no significant financial exposure to the Company as a result of the above incident as the above aircraft was on dry lease from GE Capital Aviation Services (GECAS). As per the agreement, insurance for the aircraft was carried out by the Company, however, the settlement of the insurance amount will be directly between the insurance company and GECAS with no significant financial exposure to the Company. Accordingly, the Company has derecognized the RoUA and its corresponding liability amounting to Rs. 155.777 million and Rs. 329.629 million respectively and the remaining balance (gain of Rs. 173.852 million) is credited to statement of profit or loss on termination of lease.

Furthermore, the Company has obtained passenger and third party liability insurance under which all the affected families and third parties on ground were eligible for a compensation from the insurance company and the company is not liable for any further claims.

4.3 Capital work in progress

Additions during the period

Transferred to operating fixed assets / RoUA during the period

	82,512	2,041,789
	(2,653,123)	(2,475,304)

June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
----------------------------------	-----------------------------------

5 TRADE DEBTS

Considered good

Due from GoP

Due from other customers

	-----Rupees in '000-----	
	3,877,301	5,823,711
	7,180,271	12,783,378
	11,057,572	18,607,089

Considered doubtful

Due from GoP

Due from other customers

Less: Allowance for expected credit loss

	337,109	337,109
	3,882,941	3,698,337
	(4,220,050)	(4,035,446)
	-	-
	11,057,572	18,607,089

M 9TA

	Note	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
6 OTHER RECEIVABLES		-----Rupees in '000-----	
Considered good			
- related parties			
Claims receivable	6.1	1,347,449	52,871
Excise duty		100,000	100,000
Sales tax receivable	6.2	5,117,229	5,033,760
		6,564,678	5,186,631
- other than related parties			
Lessor	6.3	1,648,714	2,440,782
Others		811,669	995,724
		2,460,383	3,436,506
		9,025,061	8,623,137
Considered doubtful		337,431	337,431
Less: Allowance for expected credit loss		(337,431)	(337,431)
		-	-
		9,025,061	8,623,137

6.1 Includes insurance claim receivable of Rs. 1,191.931 million on account of ATR42-500 (see note 4.1.1).

6.2 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2019: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

However, the Company in consultation with its tax advisor, believes that apportionment rule is not applicable in the subject case, inter alia, at first instance, no sales tax was required to be collected at import stage on capital goods (spares / engines / aircraft) in view of the exemption available under entry No. 16 of SRO 575(1)/2006, which is applicable to the Company being registered as a Service Provider in transportation business and registered as service provider under the Sales tax Act. The management has represented its view to the tax authorities and is confident that sales tax was not payable on such imports and the amounts collected from the Company at the import stage shall be eventually recovered / adjusted.

6.3 This represents receivable from lessor in respect of overhauling incurred by the Company on leased aircrafts.

	Note	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
7 SHORT-TERM INVESTMENTS		-----Rupees in '000-----	
Fair value through other comprehensive income - unquoted			
SITA INC N.V.			
Equity shares 325,491 (2019: 325,491)		19,220	19,220
Amortised cost			
Term deposit receipts (TDR)		-	6,197,400
		19,220	6,216,620

8 CASH AND BANK BALANCES

In hand		10,681	9,823
With banks			
- in current accounts	8.1	8,414,862	4,868,725
- in deposit accounts	8.3 & 8.4	3,322,279	1,978,774
		11,737,141	6,847,499
	8.4	11,747,822	6,857,322

8.1 These have been adjusted by an aggregate amount of Rs. 846.748 million (2019: Rs. 930.657 million), representing book overdrafts.

8.2 These carry interest ranging from 0.1% to 7.5% (2019: 0.1% to 7.5%) per annum.

m gta

- 8.3 These include balance of BDT 673.18 million (Rs. 1,330.16 million) held at National Bank of Pakistan, Dhaka and Habib Bank Limited, Dhaka. The management of the Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.
- 8.4 Cash and bank balances have increased due to markup reimbursement of Rs. 6,751.153 million received from GoP on 29th and 30th June 2020 and subsequently paid to the lenders.

		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
9	LONG -TERM FINANCING		
Opening balance		253,950,790	199,173,285
Financing obtained during the period	9.1	36,171,553	110,847,997
Repayment during the period		(16,791,717)	(63,037,547)
Exchange loss		6,666,952	6,967,055
	9.2	279,997,578	253,950,790
Less: Current maturity		(42,067,140)	(62,433,553)
Closing balance		237,930,438	191,517,237

- 9.1 During the period, the Company obtained additional financings from the following:

Financier	Type of facility	Repayment period	Security	June 30, 2020 (Un-Audited) -- (Rupees in '000) --
The Bank of Punjab	Term finance	2022-2027	Irrevocable GoP guarantee	12,000,000
Faysal Bank Limited	Diminishing Musharaka	2022-2025	Irrevocable GoP guarantee	5,000,000
GoP	Mark up reimbursement			19,171,553
				36,171,553

- 9.2 During the period, SBP introduced revision in regulation R-8 of prudential regulation through its circular BPRD No. 13 of 2020 to relieve the stress on the corporate / commercial sector arising due to COVID 19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal amount by 6 to 12 months from the date of original maturity, provided that the Company will continue to service the markup amount as per agreed terms and conditions. As a result of this, these loans are repayable starting earliest from October 2020 and ending by April 2021. However, the Company has option to prepay these amount without any penalty. Out of these principal payments deferred, Rs 28,020.079 million has been classified as non current based on unconditional right to defer repayments as their revised maturity dates fall beyond the 12 months period.

10 LEASE LIABILITIES

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
Present value of minimum lease payments:		
- Aircraft fleet including engines	20,371,173	25,184,821
- Buildings	1,229,102	1,420,690
- Technical ground equipments	124,674	172,771
	21,724,949	26,778,282
Less: Current maturity of lease liabilities	(10,657,556)	(11,244,943)
	11,067,393	15,533,339

M GTA

		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Note	----- (Rupees in '000) -----	
11 TRADE AND OTHER PAYABLES			
Trade creditors			
Goods		19,549,906	20,658,096
Services		19,344,578	14,557,797
Airport related charges		40,741,287	38,830,340
		<u>79,635,771</u>	<u>74,046,233</u>
Others			
Accrued liabilities	11.1	12,438,074	10,053,193
Advance against transportation (unearned revenue)		10,456,711	16,442,380
Obligation for compensated absences		7,830,988	7,657,683
Unredeemed frequent flyer liabilities		648,127	648,127
Advances from customers		2,012,386	2,203,678
Payable to employees' provident fund	11.2	9,051,653	9,549,097
Collection on behalf of others		55,826,386	54,604,465
Customs, Federal excise duty and Sales tax		2,147,865	2,052,986
Federal excise duty - International travel		11,194,977	10,571,782
Income tax deducted at source		1,596,233	1,213,676
Short-term deposits		790,080	812,494
		<u>193,629,251</u>	<u>189,855,794</u>

11.1 These include management fee amounting to Rs. 165,812 million (2019: Rs. 147.308 million) payable to PIA Investments Limited, a subsidiary company.

11.2 This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund, which could not be paid within 15 days as required by Section 218 of the Act due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the SBP upto April 19, 2016 and thereafter based on 1 month KIBOR.

12 ACCRUED INTEREST

Mark-up / profit / interest payable on:

- Long-term financing	10,050,066	10,021,345
- Loan from GoP against markup	3,933,518	2,096,641
- Term finance certificates	-	390,194
- Sukuk certificates	-	330,457
- Lease liabilities	612	1,423
- Short-term borrowings	959,405	1,254,381
- Provident fund	7,594,070	7,055,819
- Advance from a subsidiary	1,296,042	1,105,142
	<u>23,833,713</u>	<u>22,255,402</u>

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
13 SHORT-TERM BORROWINGS		
Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	921,226	1,720,219
	<u>30,781,226</u>	<u>31,580,219</u>

M GTA

13.1 During the period, no fresh short term borrowing was availed by the Company, however, certain agreements were matured and renewed on their respective maturity dates.

14 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long-term financing	42,067,140	62,433,553
Term finance and sukuk certificates	-	7,199,272
Lease liabilities	10,657,556	11,244,943
	<u>52,724,696</u>	<u>80,877,768</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

The status of contingencies as at June 30, 2020 is same as reported in the annual financial statements of the Company for the year ended December 31, 2019, except for the amounts claimed by the Civil Aviation Authority which are not acknowledged by the Company amounting to Rs. 31,923 million as of June 30, 2020 (December 2019: 30,366 million).

The aggregate amount of the contingencies including tax matters as of June 30, 2020 is Rs. 58,986 million (December 2019: 57,430 million).

15.2 Commitments

- Commitments for capital expenditure amounted to Rs. 16.594 million (2019: Rs. 44.999 million).
- Outstanding letters of guarantee amounted to Rs. 201.580 million (December 31, 2019: Rs. 216.450 million).
- The Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527.904 million (December 31, 2019: US\$ 1,527.904 million) equivalent to Rs. 256,977.410 million (December 31, 2019: Rs. 236,725.843 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

16 REVENUE - net

	(Un-Audited)			
	(Rupees in '000)			
Passenger	45,856,689	59,131,108	13,494,034	30,734,734
Cargo	1,744,278	2,373,469	694,167	1,234,958
Charter services	1,590,054	896,687	784,692	870,254
Others	2,280,339	3,522,422	55,509	2,324,657
	<u>51,471,360</u>	<u>65,923,687</u>	<u>15,028,402</u>	<u>35,164,603</u>

17 COST OF SERVICES - OTHERS

Salaries, wages and allowances	6,453,999	6,773,865	2,878,486	3,247,654
Welfare and social security costs	791,213	959,944	364,269	538,679
Retirement benefits	1,469,921	1,730,672	734,400	866,836
Compensated absences	109,305	500,087	58,995	249,719
Legal and professional charges	12,789	21,931	6,730	10,735
Stores and spares consumed	1,222,212	1,707,824	702,307	1,573,283
Maintenance and overhaul	8,264,182	7,407,978	4,194,039	3,157,838
Flight equipment rental	850,071	1,414,458	421,172	777,158
Landing and handling	8,468,004	10,061,399	2,684,328	5,356,009
Passenger services	1,424,124	1,572,615	428,473	708,034
Crew layover	938,436	1,805,662	357,782	886,037
Staff training	5,597	15,295	2,504	9,891
Utilities	22,225	17,117	14,675	9,373
Communication	945,850	1,225,093	294,713	574,779
Insurance	1,559,423	979,298	782,855	494,853
Rent, rates and taxes	365,685	189,060	180,537	69,809
Printing and stationery	179,100	124,074	132,332	71,774
Depreciation	7,566,074	7,254,994	3,615,019	3,852,606
Amortisation of intangible assets	5,413	3,725	2,706	1,946
Others	265,993	355,624	71,687	208,340
	<u>40,919,615</u>	<u>44,120,717</u>	<u>17,928,010</u>	<u>22,665,352</u>

m gta

		Six months period ended		Quarter ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		(Un-Audited)			
		(Rupees in '000)			
18	FINANCE COSTS	Note			
	Mark-up / profit / interest on:				
	- Long-term financing		10,911,611	10,199,624	4,643,895
	- Loan from GoP against markup		1,836,877	533,782	820,118
	- Term finance certificates		226,704	624,178	51,627
	- Sukuk certificates		94,461	407,634	20,900
	- Lease liabilities		783,520	1,017,618	386,521
	- Short-term borrowings		2,103,603	2,039,221	956,548
	- Provident fund		538,251	619,473	220,307
	- Advance from a subsidiary		90,595	122,138	36,416
			16,585,622	15,563,669	7,136,332
	Discounting on deposits		(28,365)	(30,001)	(28,365)
	Arrangement, agency and commitment fee		498,135	225,957	376,943
	Amortisation of prepaid exposure fee		5,658	22,065	-
	Bank charges, guarantee commission and other related charges		46,565	68,140	7,164
			17,107,615	15,849,829	7,492,074
					9,061,749

19 TAXATION

Current	19.1	4,713	329,618	4,713	175,823
---------	------	-------	---------	-------	---------

19.1 Upto the half year ended 30 June 2019, the Company recognised income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance, 2001. However, subsequently, the Company has reversed the provision of minimum tax for the half year ended 30 June 2019 and has stopped recognising any further minimum tax aggregating to Rs. 1,505.646 million till 30 June 2020, based on the management's interpretation that Section 113 is not to be levied on the Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these do not fall under the ambit of "gross fees for rendering of services" as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation is in line with the recent decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company, holding that the above mentioned revenues generated by the Company does not fall under the ambit of turnover as defined in section 113 of Income Tax Ordinance, 2001. Accordingly, the management, based on consultation with its tax advisor is confident that the minimum tax levied under Section 113 is not applicable to the Company. The Company is also in the process of revising its income tax returns for tax year 2015 to 2018.

19.2 There has been no material change in the status of tax contingencies as disclosed in notes 38.1 to the unconsolidated financial statements for the year ended December 31, 2019.

m GTA

		Six months period ended	
		June 30, 2020	June 30, 2019
		(Un-Audited)	
20 CASH GENERATED FROM OPERATIONS		----- (Rupees in '000) -----	
Loss before taxation		(36,896,085)	(37,562,750)
Adjustments for:			
Depreciation		7,581,959	7,279,895
Gain on disposal of property, plant and equipment		(506,085)	(36)
Amortization		67,658	46,568
Provision for slow moving stores and spares		52,626	69,303
Provision for employees' benefits		2,658,452	3,643,646
Provision for expected credit loss		184,604	76,012
Finance costs		17,107,615	15,849,829
Unrealised exchange loss		7,198,926	10,326,956
Profit on bank deposits		(62,829)	(36,976)
		<u>(2,613,159)</u>	<u>(307,552)</u>
Working capital changes :			
Decrease / (increase) in:			
Stores and spares		541,527	510,241
Trade debts		7,364,913	91,326
Advances		1,065,972	(2,703,544)
Trade deposits and prepayments		(1,145,744)	(1,067,356)
Other receivables		790,006	585,958
		<u>8,616,674</u>	<u>(2,583,375)</u>
Increase in trade and other payables		<u>3,600,155</u>	<u>17,170,942</u>
		<u>12,216,829</u>	<u>14,587,567</u>
		<u>9,603,671</u>	<u>14,280,014</u>

21 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of subsidiaries, profit oriented state-controlled entities, directors, key management personnel and employee benefit funds. The Company in the normal course of business carries out transactions with various related parties. The transactions with related parties, other than those relating to issuance of tickets at concessional rates to employees and directors according to the terms of employment / regulations and those not mentioned elsewhere in this unconsolidated condensed interim financial information is as follows:

Related party				Nature of transaction	June 30, 2020	June 30, 2019
					(Un-Audited)	
					----- (Rupees in '000) -----	
Skyrooms	(Private)	Limited	–	Payments made against in-transit passengers	62,381	144,860
				Services hired	358,780	385,597
PIA Investments Limited - Subsidiary				Management fee expense	165,812	105,129
				Finance cost on advance	90,595	122,138
Minhal France S.A -Subsidiary				Management fee income	170,819	110,514

Handwritten signature/initials

Related party	Nature of transaction	June 30, 2020	June 30, 2019
		(Un-Audited) (Rupees in '000)	(Un-Audited)
Retirement funds	Contribution to provident Fund and others	1,175,217	1,169,756
	Interest on Loan from pension / provident fund	538,251	619,473
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	8,608,875	12,828,611
	Insurance premium	1,362,335	968,091
	Late payment interest	548,666	887,000
	Airport Related charges	4,525,315	6,597,358
GoP - Major shareholder National Bank of Pakistan (NBP)	Finance cost	2,234,691	930,494
	Finance cost	2,719,198	2,856,947
Key management personnel	Salaries, wages and other benefits	88,128	56,714

Following are the related parties with whom the Company entered into transactions or agreements and / or arrangements in place during the period:

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAIL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited (Private) Limited	70%	Subsidiary
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities		
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
Amir Ali	-	Key management personnel
Younus M Khan	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Nayyar Hayat	-	Key management personnel
Omer Razzaq	-	Key management personnel
Aijaz Mazhar	-	Key management personnel
Avm Soban Nazir Syed	-	Key management personnel
Avm Noor Abbas	-	Key management personnel
Muhammad Shuaib	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
Air Comodore Khalid Ur Rehman	-	Key management personnel
Air Comodore Jibran Saleem Butt	-	Key management personnel
Air Comodore Jawad Zafar Chaudhry	-	Key management personnel
Air Comodore Shahid Qadir	-	Key management personnel
Khalilullah Shaikh	-	Key management personnel
Air Comodore Aamer Altaf	-	Key management personnel
Arshad Akram Khan	-	Key management personnel

h 9TA

22 IMPACT OF COVID-19

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Company has also been adversely affected by the evolving situation surrounding COVID-19 and the unprecedented travel bans imposed by various governments. The resultant suspension of operations due to COVID-19 from March 2020 and onwards has slowed down Company's progress. As a result thereof, the Company suspended its flight operations, resulting in significant disruption in the Company's business.


As compared to budget, financial impacts resulting from the COVID-19, including the mitigating factors have been described as follows:

- The Company's core passenger and cargo revenue (including excess baggage and handling and related services) reduced by 44.0% resulting from reduced passenger capacity and traffic. However, during the period, charter revenue of the Company increased by 98.7% due to the special cargo charter flights run by the Company on behalf of the GoP.
- Aircraft fuel remained single largest element of total cost at 23.5%, and its cost, during the period, decreased by 52.9% mainly due to lower fuel uplift on account of less number of flights amid pandemic situation. Further, direct expenses related to handling and passenger have been decreased by 34.1%.

The management decided voluntary reduction in employees' salaries that resulted in reduction of salaries expenses by Rs. 324.99 million. The Company opted to defer the repayment of long term loans in pursuance of SBP circular BPRD No. 13 of 2020 that resulted in deferral of cash outflows amounting to Rs. 8,494.277 million.

23 DATE OF AUTHORISATION FOR ISSUE BY THE BOARD OF DIRECTORS

This unconsolidated condensed interim financial information was authorised for issue by the Board of Directors in their meeting held on November 5, 2020.



Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

M GTA

CONSOLIDATED FINANCIAL STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
Note	Rupees in '000		US\$ in '000	
ASSETS				
NON CURRENT ASSETS				
Fixed assets				
- Property, plant and equipment	4 228,610,811	225,732,742	1,359,245	1,456,951
- Intangibles	5,935,554	5,439,399	35,291	35,108
	<u>234,546,365</u>	<u>231,172,141</u>	<u>1,394,536</u>	<u>1,492,059</u>
Long-term investments	275,127	271,905	1,636	1,755
Receivable from Centre Hotel	1,270,539	1,170,412	7,554	7,554
Long-term deposits and prepayments	6,300,059	4,934,521	37,458	31,849
Total non-current assets	<u>242,392,090</u>	<u>237,548,979</u>	<u>1,441,184</u>	<u>1,533,217</u>
CURRENT ASSETS				
Stores and spares	2,986,434	3,583,834	17,756	23,131
Trade debts	11,651,971	19,370,185	69,280	125,021
Short-term loans and advances	2,798,300	3,800,793	16,638	24,532
Trade deposits and prepayments	6,909,064	7,475,680	41,079	48,250
Other receivables	9,758,684	9,238,398	58,026	59,628
Short-term investments	124,220	6,316,620	739	40,769
Cash and bank balances	16,017,075	11,464,808	95,232	73,998
Total Current assets	<u>50,245,748</u>	<u>61,250,318</u>	<u>298,750</u>	<u>395,329</u>
TOTAL ASSETS	<u>292,637,838</u>	<u>298,799,297</u>	<u>1,739,934</u>	<u>1,928,546</u>
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Issued, subscribed and paid-up share capital	52,345,110	52,345,110	311,227	337,852
Reserves	13,926,674	11,542,616	82,803	74,500
Surplus on revaluation of property, plant and equipment - net	97,369,097	91,907,902	578,925	593,203
Accumulated losses	(527,801,970)	(488,695,707)	(3,138,139)	(3,154,198)
Attributable to the Holding Company's shareholders	(364,161,089)	(332,900,078)	(2,165,184)	(2,148,643)
Non-controlling interest	3,502,241	3,327,482	20,823	21,477
TOTAL EQUITY	<u>(360,658,848)</u>	<u>(329,572,596)</u>	<u>(2,144,361)</u>	<u>(2,127,166)</u>
NON-CURRENT LIABILITIES				
Long-term financing	8 260,345,326	211,433,288	1,547,929	1,364,658
Lease Liabilities	9 11,086,279	15,539,905	65,915	100,300
Long-term advances and deposits	167,188	155,223	994	1,002
Derivative	175,224	161,934	1,042	1,045
Deferred taxation	36,280,325	33,549,370	215,711	216,538
Deferred liabilities	41,432,041	39,465,802	246,341	254,725
Total Non current liabilities	<u>349,486,383</u>	<u>300,305,522</u>	<u>2,077,932</u>	<u>1,938,268</u>
CURRENT LIABILITIES				
Trade and other payables	10 196,695,821	193,867,031	1,169,489	1,251,280
Unclaimed dividend - Preference shares	3,297	3,297	26	21
Accrued interest	22,593,293	21,208,200	134,332	136,884
Provision for taxation	483,830	516,325	2,877	3,332
Short-term borrowings	12 30,781,227	31,580,219	183,015	203,829
Current maturity of non - current liabilities	13 53,252,835	80,891,299	316,624	522,098
Total current liabilities	<u>303,810,303</u>	<u>328,066,371</u>	<u>1,806,363</u>	<u>2,117,444</u>
TOTAL LIABILITIES	<u>653,296,686</u>	<u>628,371,893</u>	<u>3,884,295</u>	<u>4,055,712</u>
TOTAL EQUITY AND LIABILITIES	<u>292,637,838</u>	<u>298,799,297</u>	<u>1,739,934</u>	<u>1,928,546</u>

CONTINGENCIES AND COMMITMENTS

14

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Executive Officer

Director

Chief Financial Officer

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Note	Six months period ended		Quarter Ended		Six months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		Rupees in '000				US\$ in '000	
REVENUE - NET	15	55,228,827	73,707,715	16,252,069	40,279,238	341,842	493,067
COST OF SERVICES							
Aircraft fuel	16	(14,657,370)	(22,480,492)	(2,350,806)	(12,196,156)	(90,723)	(150,383)
Others		(43,694,712)	(48,551,743)	(18,499,727)	(25,156,511)	(270,451)	(324,787)
		(58,352,082)	(71,032,235)	(20,850,533)	(37,352,667)	(361,174)	(475,170)
GROSS PROFIT		(3,123,255)	2,675,480	(4,598,464)	2,926,571	(19,332)	17,897
Distribution costs		(3,150,145)	(3,522,400)	(1,461,064)	(1,999,672)	(19,498)	(23,563)
Administrative expenses		(6,427,276)	(6,672,443)	(3,114,257)	(4,101,866)	(39,782)	(44,635)
Other provisions and adjustments		(826,698)	(1,031,449)	(581,126)	(412,302)	(5,117)	(6,900)
Other income		931,295	1,316,203	403,766	1,238,924	5,764	8,805
		(9,472,824)	(9,910,089)	(4,752,681)	(5,274,916)	(58,633)	(66,293)
LOSS FROM OPERATIONS		(12,596,079)	(7,234,609)	(9,351,145)	(2,348,345)	(77,965)	(48,396)
Exchange Loss - net		(9,756,973)	(14,591,353)	(3,630,136)	(14,347,181)	(60,391)	(96,695)
LOSS BEFORE INTEREST AND TAXATION		(22,353,052)	(21,825,962)	(12,981,281)	(16,695,526)	(138,356)	(145,091)
Finance costs	17	(17,527,337)	(16,381,090)	(7,640,009)	(9,161,523)	(108,487)	(109,581)
Share of loss from associated Holding Company		-	(572)	-	(157)	-	(4)
LOSS BEFORE TAXATION		(39,880,389)	(38,207,624)	(20,621,290)	(25,857,205)	(246,843)	(254,676)
Taxation	18	(12,892)	(355,032)	(8,871)	(200,796)	(80)	(2,375)
LOSS FOR THE PERIOD		(39,893,281)	(38,562,656)	(20,630,161)	(26,058,002)	(246,923)	(257,051)
Attributable to:							
Equity holders of the Holding Company		(39,795,888)	(38,561,360)	(20,568,288)	(26,055,817)	(246,320)	(257,042)
Non-controlling interest		(97,393)	(1,296)	(61,873)	(2,185)	(603)	(9)
		(39,893,281)	(38,562,656)	(20,630,161)	(26,058,002)	(246,923)	(257,051)
LOSS PER SHARE - BASIC AND DILUTED							
		Rupees				US\$	
Loss attributable to:							
- "A" class Ordinary shares of Rs 10 each		(7.62)	(7.37)	(3.94)	(4.98)	(0.05)	(0.05)
- "B" class Ordinary shares of Rs 5 each		(3.81)	(3.69)	(1.97)	(2.49)	(0.02)	(0.02)

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Executive Officer

Director


Chief Financial Officer

Chief Financial Officer

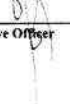
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Six months period ended		Quarter Ended		Six months period ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	Rupees in '000				US\$ in '000	
Loss for the period	(39,893,281)	(38,562,656)	(20,630,162)	(26,058,002)	(246,923)	(257,965)
Other comprehensive income						
Unrealised gain on re-measurement of available for sale investments	(2,144)	(6,917)	(67)	20,317	(13)	(46)
Exchange differences on translation of foreign operations	2,661,610	3,979,836	1,567,960	1,049,896	16,474	26,623
Loss on re-measurement of derivative - net of tax	(4,986)	-	(4,986)	-	(31)	-
Total comprehensive income	<u>(37,238,801)</u>	<u>(34,589,737)</u>	<u>(19,067,255)</u>	<u>(24,987,789)</u>	<u>(230,493)</u>	<u>(231,388)</u>
Attributable to:						
Equity holders of the Holding Company	(37,413,560)	(35,003,040)	(19,034,306)	(24,982,431)	(231,574)	(234,153)
Non-controlling interest	174,759	413,303	(32,949)	(5,358)	1,082	2,765
	<u>(37,238,801)</u>	<u>(34,589,737)</u>	<u>(19,067,255)</u>	<u>(24,987,789)</u>	<u>(230,493)</u>	<u>(231,388)</u>

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Note	Six months period ended		Six months period ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
		----- Rupees in '000 -----		----- US\$ in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	19	9,652,556	13,340,095	59,745	89,238
Profit on bank deposits received		62,829	36,976	388	248
Finance costs paid		(16,142,245)	(13,899,262)	(99,913)	(92,979)
Taxes paid		(45,387)	(289,633)	(281)	(1,937)
Staff retirement benefits paid		(692,213)	(346,714)	(4,284)	(2,319)
Long-term deposits and prepayments - net		(1,365,538)	1,174,340	(8,452)	7,856
Net cash (used in) / generated from operating activities		(8,529,998)	15,802	(52,797)	106
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(966,808)	(6,414,059)	(5,988)	(42,908)
Purchase of Intangibles		(565,403)	(703,961)	(3,500)	(4,709)
Proceeds from sale of operating fixed assets		-	36	-	0
Net cash used in investing activities		(1,532,211)	(7,117,984)	(9,488)	(47,617)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(16,791,717)	(23,512,051)	(103,933)	(157,284)
Proceeds from long-term financing		37,442,598	39,731,798	231,753	265,786
Repayment of term finance certificates		(7,199,272)	(4,883,096)	(44,560)	(32,665)
Short term borrowing - net		-	274,940	-	1,839
Repayment of lease liabilities		(4,724,914)	(320,937)	(29,245)	(2,147)
Net cash generated from financing activities		8,726,695	11,290,654	54,015	75,530
Increase in cash and cash equivalents		(1,335,514)	4,188,472	(8,270)	28,019
Cash and cash equivalents at the beginning of the period		16,041,989	3,644,704	99,295	24,381
Currency translation		389,373	-	2,412	-
Cash and cash equivalents at the end of the period		15,095,848	7,833,176	93,437	52,400
Cash and Cash equivalents					
Cash and bank balances	7	16,017,075	11,312,409	99,139	75,674
Running finance under mark-up arrangements		(921,227)	(3,479,233)	(5,702)	(23,274)
		15,095,848	7,833,176	93,437	52,400

The annexed notes 1 to 22 form an integral part of these consolidated condensed interim financial statements.


Chief Executive Officer


Chief Executive Officer


Director


Chief Financial Officer


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2020

	Attributable to the Holding Company's shareholders						
	Issued, subscribed, and paid-up capital	Surplus on revaluation of property, plant and equipment- net	Capital reserves	Retained earnings	Foreign currency translation reserves	Legal reserve	Sub Total
Balance as at January 01, 2019	52,345,110	87,866,084	2,501,038	1,779,674	5,832,062	47,330	9,467,597
Total comprehensive income for the period	-	-	-	-	-	-	-
- Loss for the period	-	-	-	-	-	-	-
- Other comprehensive income for the period:	-	-	-	-	-	-	-
- Currency translation differences	-	10,763,912	-	(17,394)	3,564,564	7,198	3,542,388
- Unrealised gain on re-measurement of investments	-	-	-	(8,972)	-	-	(8,972)
Total comprehensive income for the period transferred to equity	-	10,763,912	-	(17,394)	3,564,564	7,198	3,542,388
Surplus on revaluation of property, plant and equipment realized during the quarter ended June 30, 2019 on account of non-monetary depreciation brought forward net of tax	-	(532,340)	-	-	-	-	(532,340)
Dividend paid to Non-controlling interest	-	-	-	-	-	-	-
Balance as at June 30, 2019	52,345,110	98,106,656	2,501,038	1,779,674	9,396,626	54,528	13,815,148
Balance as at January 01, 2020	52,345,110	91,907,902	2,501,038	1,779,674	10,151,148	52,784	11,542,616
Total comprehensive income for the period	-	-	-	-	-	-	-
- Loss for the period	-	-	-	-	-	-	-
- Currency translation differences	-	-	-	-	-	-	-
- Loss on re-measurement of investments	-	-	-	(2,146)	-	-	(2,146)
- Loss on re-measurement of derivatives - net of tax	-	-	-	(4,080)	-	-	(4,080)
Total comprehensive income for the period transferred to equity	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realized during the quarter ended June 30, 2020 on account of non-monetary depreciation charged between net of tax	-	6,150,819	-	(2,786)	2,387,434	4,316	2,382,228
Surplus on revaluation of property, plant and equipment realized during the year on account of air fleet retired / written off / disposed off - net of tax	-	(342,257)	-	-	-	-	-
Balance as at June 30, 2020	52,345,110	97,969,897	2,501,038	1,779,674	12,543,860	57,100	13,926,674

The annexed page 1 to 12 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer
Chief Financial Officer

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 The "Group" consists of Pakistan International Airlines Corporation Limited, i.e. the Holding Company, its subsidiaries and an associate.

Pakistan International Airlines (the "Holding Company")

Pakistan International Airlines Corporation Limited (the "Holding Company") was incorporated on January 10, 1955 under the Pakistan International Airlines Company Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Company Act, 1956. With effect from April 19, 2016, the Holding Company has been converted from a statutory company into a public limited company by shares, through Act No. XV of 2016 'The Pakistan International Airlines Company (Conversion) Act, 2016' (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Company Act, 1956 and the Holding Company is now governed under the Companies Act, 2017 (the Act). According to the Conversion Act, all assets, rights, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Holding Company and the Holding Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of provisions of the Act.

The principal activity of the Holding Company is to provide commercial air transportation, which includes passenger, cargo and postal carriage services. Other activities of the Holding Company include provision of engineering and allied services. The head office of the Holding Company is situated at PIA Building, Jinnah International Airport, Karachi.

1.2 The Business Units of the Holding Company include the following:

Subsidiaries

PIA Investments Limited (PIAIL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates, as a limited liability Company under a decree issued by H.H. The Ruler of Sharjah and is currently registered in British Virgin Islands. During 1986 PIAIL was registered under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act, 2012) as a Company limited by shares. The principal activities are to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world. The Company's controlling interest in PIAIL is 100% (December 2016: 100%). The registered office of PIAIL is situated at Citco Building, Wickham Cay, Road Town, Tortola, British Virgin Islands.

Following are the details of PIAIL's subsidiaries:

	Place of incorporation	Nature of business	Effective ownership and voting power of PIAIL (%)	Effective ownership and voting power of the Holding Company (%)
• Roosevelt Hotel Company, N.V. (RHC)	Netherlands - Antilles	See note (A) below	100	100
• RHC Operating LLC	State of Delaware, USA	Owner of Roosevelt Hotel, New York	100	100
• Minhal France S.a.r.l.	Luxembourg	See note (B)	100	100
• Minhal France B.V.	Netherlands	See note (B)	100	100
• PIA Hotels Limited	British Virgin Islands	See note (B)	100	100
• PIA Aviation Limited (PAL)	British Virgin Islands	See note (B)	100	100
• Avant Hotels (Private) Limited	Pakistan	See note (C)	62.5	62.5
• Minhal France S.A. (MFSA)	France	See note (D)	90	90

Note (A): Roosevelt Hotel Company N.V. (RHC) is the intermediary Company and a sole member of RHC Operating LLC, a Company which owns the Roosevelt Hotel, New York. During the year 2004, to comply with the requirements of the outstanding loans, RHC transferred the net operating assets of the Roosevelt Hotel to RHC Operating LLC.

Note (B): These companies are intermediary companies except PIA Hotels Limited and PAL which are dormant companies.

Note (C): Avant Hotels (Private) Limited (Avant) is a joint venture between PIAIL and Pakistan Cricket Board (PCB), being subscribers to 62.5% and 37.5% respectively of Avant's shares. However, Avant is at its planning phase and has not started its commercial activities.

Note (D): Minhal France SA is a subsidiary of Minhal France BV, whose registered office is in Rotterdam, Netherlands. MFSA's activities are principally in the hotel and restaurant sector. MFSA also earns rental income from leasing shop space. The management of the hotel is undertaken by ACCOR with the assistance of PIACL.

PIAIL has been consolidated in these consolidated condensed financial information on the basis of its consolidated financial statements for the period ended June 30, 2020.

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited Company under the Companies Act, 1913 (now repealed Companies Ordinance, 1984). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been consolidated on the basis of its management accounts for the period ended June 30, 2020 as the same is not considered to be material to these consolidated condensed interim financial information.

Sabre Travel Network Pakistan (Private) Limited (Sabre) was incorporated in Pakistan on October 12, 2004 as a private Company limited by shares, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Sabre markets and distributes a computer reservation system to subscribers in Pakistan, under a sub-distribution agreement with Sabre Asia Pacific (Pte) Limited (Sabre TN APAC) (an associated Company and joint venture partner), that incorporates a software package which performs various functions including real-time airlines seat reservations, schedules, bookings for a variety of air, car and hotel services, automated ticketing and fare displays. The Company's controlling interest in Sabre is 70%. Sabre has been consolidated on the basis of its unaudited financial statements for the year ended December 31, 2019 as the same is not considered material to these consolidated condensed interim financial information.

The other subsidiaries of the Holding Company, PIA Holding (Private) Limited, Midway House (Private) Limited, PIA Shaver Poultry Breeding Farms (Private) Limited and PIA Hotels Limited, had applied under the 'Easy Exit Scheme' announced by the Securities and Exchange Commission of Pakistan (the SECP) for voluntary winding up. Assets and liabilities of these subsidiaries were taken over by the Holding Company, and, accordingly, have not been consolidated in these consolidated condensed interim financial information.

The Special Purpose Entities (SPE) formed for acquiring aircrafts have not been consolidated in these consolidated condensed interim financial information as the shareholding, controlling interest and risk and rewards of SPE rests with the trustees representing foreign banks.

Associate

Minhal Incorporated (Minhal), Sharjah was incorporated on January 1, 1977 in Sharjah, United Arab Emirates as a limited liability Company and is currently registered in British Virgin Islands. The principal activities of Minhal are to carry on business as promoters and the managers of projects related to construction, development and operation of hotels, restaurants and clubs throughout the world. The Holding Company's interest in Minhal is 40%.

- 1.3 During the current period, the Holding Company incurred a net loss of Rs.39,893.281 million (June 30, 2019: Rs. 38,562.656 million) resulting in accumulated losses of Rs. 527,899.365 million as of June 30, 2020 (December 31, 2019: Rs. 488,695.707 million). Further, as of June 30, 2020, current liabilities of the Holding Company exceeded its current assets by Rs. 253,564.556 million (December 31, 2019: Rs. 266,816.053 million).
- 1.4 The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Holding Company has also been impacted by the evolving situation surrounding COVID-19 and the unprecedented travel bans imposed by various governments. Though the financial results of the Holding Company are encouraging in the first quarter of the year 2020, the resultant suspension of operations due to COVID-19 from March 2020 has slowed down the Holding Company's progress. However the Holding Company is closely monitoring the situation and to counter the above adverse impact has taken several cost cutting measures including voluntary reduction in employees' salaries, rationalization of capacity and greater focus on cargo operations during COVID-19. Furthermore, as an initiative to support local industries, State Bank of Pakistan (SBP) has announced deferral in principal repayments and reduction in policy rate which are expected to off-set adverse impacts of COVID-19.

In view of the situation described above, the management has made an assessment of the Holding Company's ability to continue as a going concern and based on the below mitigating factors, the management believes that though the sustainability of the future operations of the Holding Company is materially dependent on the support of the Government of Pakistan (GoP), no material uncertainty exists and going concern assumption is appropriate. Accordingly, this consolidated condensed interim financial information is prepared on a going concern basis.

- a) GoP, being the major shareholder of the Holding Company, through its finance division's letter dated September 02, 2008 communicated that it would extend all maximum support to maintain the Holding Company's going concern status. Since then it has been extending support to the Holding Company through following measures to ensure that the Holding Company continues and sustains in the long term as a viable business entity:
 - long-term financing to meet working capital requirements of the Holding Company;
 - issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Holding Company to raise / rollover funds;
 - approval for extending repayment period of the term finance certificates;
 - provided funds for acquisition of narrow body aircraft on dry lease, and
 - reimbursement of financial charges on term finance and sukuk certificates.
- b) In a meeting with the Honorable Prime Minister (PM) of Pakistan on December 30, 2017, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19 and 2019-20, Rs. 16,019 million and Rs. 27,680 million (till June 2020) respectively have been provided by the GoP in respect of markup support.
- c) In a meeting with the Honorable PM on April 4, 2019, the Holding Company presented its strategic business plan 2019-23 which was approved and during that meeting PM assured GoP's full support to the Holding Company in terms of provision of funds / equity in order to increase its potential to compete in the Aviation market.
- d) Further, through a letter dated March 04, 2020, GoP has re-iterated its maximum support to maintain the Holding Company's going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This consolidated condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provisions of and directives issued under the Act.

Where the provisions of and directives issued under the Act differ with the requirements of IAS 34, the provisions of and directives issued under the Act have been followed.

2.2 Basis of measurement

The consolidated condensed interim financial information have been prepared under the historical cost convention except that:

- certain items of property, plant and equipment are stated at revalued amount;
- certain financial assets are carried at fair value;
- liability on account of frequent flyer programme is recognised at fair value;
- defined benefit obligations are stated at present value; and
- provision for redelivery cost of aircrafts and engines are stated at present value.

2.3 Functional and presentation currency

The consolidated condensed interim financial statements are presented in Pakistani Rupees, which is the Holding Company's functional and presentation currency.

The US \$ amounts reported in the consolidated condensed interim statement of financial position, consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of this consolidated condensed interim financial information. The US \$ amounts in the consolidated condensed interim statement of financial position, have been translated into US \$ at the rate of Rs. 168,1895 = US \$ 1 (December 31, 2019; Rs. 154,935 = US \$ 1). The US \$ amounts in consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been translated into US \$ at the rate of Rs. 161,56225 = US \$ 1 (June 30, 2019; Rs. 149,4881 = US \$ 1).

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Holding Company for the year ended December 31, 2019, except for the following amendments to accounting standards which became effective during the current period:

IAS 1 – Presentation of Financial Statements – (Amendments)

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)

However, these do not have any significant impact on the Holding Company's financial reporting.

- 3.2 The Holding Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements for the year ended December 31, 2019.

Estimates and judgments made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Holding Company for the year ended December 31, 2019.

		June 30, 2020	December 31, 2019
	Note	(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- Owned	4.1	211,255,574	202,773,719
- Right of use asset		12,790,487	16,807,842
		<u>224,046,061</u>	<u>219,581,561</u>
Capital work-in-progre		4,564,750	6,151,181
		<u>228,610,811</u>	<u>225,732,742</u>

4.1 Include herein are the following additions/ transfers and deletions of Holding Company during the current period.

	June 30, 2020 (Un-Audited)	June 30, 2019 (Un-Audited)
	Rupees in '000	
Owned		
Building owned Renovation and improvements	136	13,892
Aircraft fleet	2,649,201	1,974,452
Furniture, fixtures and fittings	8,892	-
Office equipment	9,571	55,237
Computer and office automation	13,585	13,943
Capital spares	69,399	168,231
	<u>2,750,784</u>	<u>2,225,756</u>
Deletions / Write offs at net book value		
Aircraft fleet	859,699	-

4.1.1 In July 2019, ATR42-500 was involved in a runway excursion incident at Gilgit airport whereby, following landing the airframe fitted with two engines, left the runway causing damage to the aircraft. Out of these, one engine was leased from Acia Aero Leasing (Ireland) Limited (ALL). During the period, as a consequence of the damage sustained to the aircraft in the accident, insurers declared the aircraft to be a constructive total loss, and agreed to pay a settlement amount of USD 7.15 million after deducting a salvage sum of USD 0.65 million for the wreckage of the airframe along with the fitted engines which are remained to be in use by the Holding Company. The Holding Company is in the process of swapping one owned engine against the leased engine which was fitted in the damaged aircraft with ALL, to establish complete ownership of the wreckage which will then be used in settlement for insurance. The financial effect of the above is as follows:

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Rupees in '000	
- written down value	(859,699)	-
- insurance claim receivable	1,191,931	-
- gain on disposal recognized in other income	-	-
	<u>332,232</u>	<u>-</u>

4.2.1 During the period, Airbus A-320-214 crashed in an accident on May 22, 2020. The said aircraft was included in the fixed assets of the Holding Company as Right of Use Asset (RoUA) in accordance with IFRS 16 "Leases". The management determined that there is no significant financial exposure to the Holding Company as a result of the above incident as the above aircraft was on dry lease from GE Capital Aviation Services (GECAS). As per the agreement, insurance for the aircraft was carried out by the Holding Company, however, the settlement of the insurance amount will be directly between the insurance company and GECAS with no significant financial exposure to the Holding Company. Accordingly, the Holding Company has derecognized the RoUA and its corresponding liability amounting to Rs. 155.777 million and Rs. 329.629 million respectively and the remaining balance (gain of Rs. 173.852 million) is credited to statement of profit or loss on termination of lease.

Furthermore, the Holding Company has obtained insurance passenger insurance and all the deceased passengers were eligible for a compensation from the insurance company and the Holding Company is not liable for any further claims of the same.

		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
		Rupees in '000	
5 OTHER RECEIVABLES			
Considered good			
Claims receivable	5.1	1,347,449	52,871
Excise duty		100,000	100,000
Sales tax receivable		5,117,229	5,033,760
Rental income		275,889	254,147
		<u>6,840,568</u>	<u>5,440,778</u>
- other than related parties			
Lessor	5.2	1,936,641	2,440,782
Others		981,475	1,356,838
		<u>9,758,684</u>	<u>9,238,398</u>
Considered doubtful			
Less: Allowance for expected credit loss		<u>337,431</u>	<u>337,431</u>
		<u>(337,431)</u>	<u>(337,431)</u>
		<u>-</u>	<u>-</u>
		<u>9,758,684</u>	<u>9,238,398</u>

5.1 Includes insurance claim receivable of Rs. 1,191.931 million on account of ATR42-500 (see note 4.1.1).

5.2 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2019: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Holding Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

However, the Holding Company in consultation with its tax advisor, believes that apportionment rule is not applicable in the subject case inter alia, at first instance, no sales tax was required to be collected at import stage on capital goods (spares / engines / aircraft) in view of the exemption available under entry No. 16 of SRO 575(1)/2006, which is applicable to the Holding Company being registered as a Service Provider in transportation business and registered as service provider under the Sales tax Act. The management has represented its view to the tax authorities and is confident that sales tax was not payable on such imports and the amounts collected from the Holding Company at the import stage shall be eventually recovered / adjusted.

5.3 This represents receivable from lessor in respect of overhauling incurred by the Holding Company on leased aircrafts.

6 SHORT-TERM INVESTMENTS

SHORT-TERM INVESTMENTS		June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Note	Rupees in '000	
Fair value through other comprehensive income - unquoted			
SITA INC N.V.			
Equity shares 325,491 (2019: 325,491)		19,220	19,220
Amortised cost			
Term deposit receipts (TDR)		105,000	6,297,400
		124,220	6,316,620

7 CASH AND BANK BALANCES

In hand		17,041	28,444
In transit		225	15,210
		17,266	43,654
With banks:			
Restricted cash		1,581,991	-
- in current accounts	7.1	9,296,135	6,265,459
- in savings accounts	7.2 & 7.3	5,121,683	5,155,695
		15,999,809	11,421,154
		16,017,075	11,464,808

7.1 These have been adjusted by an aggregate amount of Rs. 846.748 million (2019: Rs. 930.657 million), representing book overdrafts.

7.2 These carry interest ranging from 0.1% to 7.5% (2019: 0.1% to 7.5%) per annum.

7.3 These include balance of BDT 673.18 million (Rs. 1,330.16 million) held at National Bank of Pakistan, Dhaka and Habib Bank Limited, Dhaka. The management of the Holding Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Holding Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.

7.4 Cash and bank balances have increased due to markup reimbursement of Rs. 6,751.153 million received from GoP on 29th and 30th June 2020 and subsequently paid to the lenders.

8 LONG-TERM FINANCING

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Rupees in '000	
Opening	273,866,841	214,992,167
Additions during the period	37,442,598	120,089,761
Repayment during the period	(16,791,717)	(63,036,662)
Exchange loss	8,422,884	1,821,576
	302,940,606	273,866,841
Less: Current maturity	(42,595,279)	(62,433,553)
Closing balance	260,345,326	211,433,288

8.1 During the period, the SBP introduced revision in regulation R-8 of prudential regulation through its circular BPRD No. 13 of 2020 to relieve the stress on the corporate / commercial sector arising due to COVID 19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal amount by 6 to 12 months from the date of original maturity, provided that the Holding Company will continue to service the markup amount as per agreed terms and conditions. As a result of this, these loans are repayable starting earliest from October 2020 and ending by April 2021. However, the Holding Company has option to prepay these amount without any penalty. Out of these principal payments deferred, Rs 28,020.079 million has been classified as non current based on unconditional right to defer repayments of these as their revised maturity dates fall beyond the 12 months period.

9 LEASE LIABILITIES

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
----- (Rupees in '000) -----		
Present value of minimum lease payments		
- Aircraft fleet including engines	20,390,059	25,184,821
- Buildings	1,229,102	1,420,691
	21,619,161	26,605,512
Technical ground equipments	124,674	192,867
	21,743,835	26,798,379
Less: Current maturity of lease liabilities	(10,657,556)	(11,258,474)
	11,086,279	15,539,905

10 TRADE AND OTHER PAYABLES

	Note	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----			
Trade creditors			
Goods		20,246,527	20,658,093
Services		19,344,578	14,564,518
Airport related charges		40,741,287	38,830,340
		80,332,392	74,052,951
Other Liabilities			
Accrued liabilities	10.1	13,895,202	11,003,793
Advance against transportation (unearned revenue)		10,456,711	16,442,379
Obligation for compensated absences- Holding Company		7,830,988	7,657,683
Unredeemed frequent flyer liabilities		648,127	648,127
Advance from customers		2,012,386	2,946,455
Payable to Holding Company employees' provident fund	10.2	9,051,653	9,860,481
Federal excise duty - International travel		11,194,977	10,571,782
Collection on behalf of others		56,411,494	54,604,465
Customs and federal excise duty		2,147,865	2,062,055
Income tax deducted at source		1,596,233	1,214,161
Short-term deposits		935,244	812,494
Others		182,548	1,990,205
		196,695,821	193,867,031

10.1 These include management fee amounting to Rs. 165,812 million (December 31, 2019: Rs. 147,308 million) payable to PIA Investments Limited, a subsidiary company.

10.2 This represents amount deducted from employees on account of contribution to Provident Fund, the Holding Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund, which could not be paid within 15 days as required by Section 218 of the Act due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the SBP upto April 19, 2016 and thereafter based on 1 month KIBOR.

11 ACCRUED INTEREST

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
----- Rupees in '000 -----		
Mark-up / profit / interest payable on:		
- Long-term financing	10,105,688	10,079,285
- Loan from GoP against markup	3,933,518	2,096,641
- Term finance certificates	-	390,194
- Sukuk certificates	-	330,457
- Lease liabilities	612	1,423
- Short-term borrowings	959,405	1,254,381
- Provident fund	7,594,070	7,055,819
	22,593,293	21,208,200

	June 30, 2020 (Un-Audited)	December 31, 2019 (Audited)
	Rupees in '000	
12 SHORT-TERM BORROWINGS		
Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	921,227	1,720,219
	<u>30,781,227</u>	<u>31,580,219</u>

12.1 During the period, no fresh short term borrowing was availed by the Holding Company, however certain agreements were matured and renewed on their respective maturity date.

	June 30 2020 (Un-Audited)	December 31 2019 (Audited)
	Rupees in '000	
13 CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long-term financing	42,595,279	62,433,553
Term finance and sukuk certificates	-	7,199,272
Lease liabilities	10,657,556	11,258,474
	<u>53,252,835</u>	<u>80,891,299</u>

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

The status of contingencies as at June 30, 2020 is same as reported in the annual financial statements of the Holding Company for the year ended December 31, 2019, except for the amounts claimed by the Civil Aviation Authority which are not acknowledged by the Holding Company amounting to Rs. 31,923 million as of June 30, 2020 (December 2019: 30,982 million).

The aggregate amount of the contingencies including tax matters as of June 30, 2020 is Rs. 58,986 million (December 2019: 58,047 million).

14.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 16,594 million (2019: Rs. 44,999 million).
- b) Outstanding letters of guarantee amounted to Rs. Nil (December 31, 2019: Rs. 216,450 million).
- c) The Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527,904 million (December 31, 2019: US\$ 1,527,904 million) equivalent to Rs. 256,977,410 million (December 31, 2019: Rs. 236,725,843 million) based on catalogue prices. The Holding Company has not made certain payments on its due dates as per the terms of the agreement.

	Six months period ended		Quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	(Un-Audited)			
	Rupees '000			
15 REVENUE - Net				
Passenger	45,856,689	59,131,108	13,494,034	30,758,489
Cargo	1,744,278	2,373,469	694,167	1,234,958
Charter services	1,590,054	896,687	784,692	870,254
Room, food and beverages sales	2,937,934	6,317,218	1,056,228	4,245,009
Others	3,099,871	4,989,233	222,948	3,170,528
	<u>55,228,827</u>	<u>73,707,715</u>	<u>16,252,069</u>	<u>40,279,238</u>

16 COST OF SERVICES - Others

Salaries, wages and allowances	8,727,921	10,236,428	3,415,143	5,172,216
Welfare and social security costs	811,188	973,459	364,269	552,194
Retirement benefits	1,469,921	1,730,672	734,400	866,836
Compensated Absences	109,305	500,087	58,995	249,719
Legal and professional charges	12,789	21,931	6,730	10,735
Stores and spares consumed	1,226,397	1,709,486	704,571	1,574,945
Repair, Maintenance and overhaul	8,278,329	7,413,625	4,194,039	3,168,731
Flight equipment rental	850,071	1,414,458	421,172	777,158
Landing and handling	8,468,004	10,061,399	2,684,328	5,375,891
Passenger services	1,424,124	1,572,615	428,473	646,190
Crew layover	938,436	1,805,662	357,782	886,037
Staff training	5,597	15,295	2,504	9,891
Food cost	131,845	312,249	11,736	190,088
Utilities	56,257	41,661	14,675	33,917
Communication	954,195	1,233,426	298,560	578,940
Insurance	1,559,516	979,346	782,856	494,900
Rent, rates and taxes	376,408	194,422	180,537	75,171
Printing and stationery	180,005	124,290	132,332	71,749
Depreciation	7,576,299	7,274,376	3,618,261	3,852,606
Amortization	6,940	4,529	4,234	2,750
Others	531,163	932,328	84,128	565,847
	<u>43,694,712</u>	<u>48,551,743</u>	<u>18,499,727</u>	<u>25,156,511</u>

	Six months period ended		Quarter ended	
	June 30,	June 30,	June 30,	June 30,
	2020	2019	2020	2019
Note	(Un-Audited)			
	Rupees'000			
17 FINANCE COSTS				
Mark-up on:				
- long-term financing	11,421,929	10,853,022	4,882,471	5,845,821
- Markup on Loan from GOP	1,836,877	533,782	820,118	860,373
- Return on term finance certificates	226,704	624,178	51,627	302,741
- short-term borrowings	2,103,603	2,039,221	902,369	474,515
	15,589,112	14,050,204	6,656,586	7,483,449
Profit on sukuk certificates	94,461	407,634	20,900	215,148
Lease Liabilities	783,520	1,017,618	386,521	1,017,618
Interest on pension / provident fund	538,251	619,473	220,307	317,120
Discounting Income on deposits	(28,365)	(30,001)	(28,365)	(30,001)
Arrangement, agency and commitment fee	498,135	225,957	376,942	125,816
Amortisation of prepaid exposure fee	5,658	22,065	-	5,658
Bank charges, guarantee commission and other related charges	46,565	68,140	7,117	26,715
	17,527,337	16,381,090	7,640,009	9,161,523

18 TAXATION

Current - for the period	12,892	355,032	8,871	200,796
--------------------------	--------	---------	-------	---------

18.1 Upto the half year ended 30 June 2019, the Holding Company recognised income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance, 2001. However, during the period the Holding Company has not recognised minimum tax amounting to Rs. 1,506.646 million, based on the management's interpretation that Section 113 is not to be levied on the Holding Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these do not fall under the ambit of "gross fees for rendering of services" as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation is in line with the recent decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company, holding that the above mentioned revenues generated by the Company does not fall under the ambit of turnover as defined in section 113 of Income Tax Ordinance, 2001. Accordingly, the management, based on consultation with its tax advisor is confident that the minimum tax levied under Section 113 is not applicable to the Holding Company. The Holding Company is also in the process of revising its income tax returns for tax year 2015 to 2019.

18.2 There has been no material change in the status of tax contingencies as disclosed in notes 31 to the consolidated financial statements for the year ended December 31, 2019.

	Six months period ended	
	June 30,	June 30,
	2020 (Un-Audited)	2019 (Un-Audited)
	Rupees in '000	
19 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES		
Loss before taxation	(39,880,389)	(38,207,623)
Adjustments for non cash items:		
Depreciation	7,875,896	7,729,895
Gain on disposal of property, plant and equipment	-	(36)
Amortization	69,249	46,568
Provision for slow moving stores and spares	52,626	69,303
Provision for employees' benefits	2,658,452	3,643,646
Provision for doubtful debts	184,604	76,012
Finance costs	17,527,337	16,381,090
Unrealised Exchange Loss	8,422,884	10,326,956
Share of loss / (profit) from associates	-	572
Profit on bank deposits	(62,829)	(36,976)
Cash generated from operations before working capital changes	(3,152,170)	29,408
Working capital changes:		
Decrease in stores and spare parts	544,774	502,060
Decrease in trade debts	7,533,609	60,133
Decrease / (Increase) in advances	1,002,493	(2,787,115)
Decrease / (Increase) in trade deposits and prepayments	566,616	(303,055)
Decrease / (Increase) in other receivables	671,645	528,122
Increase in trade and other payables	2,485,587	15,310,541
	12,804,725	13,310,687
Cash generated from operations after working capital changes	9,652,556	13,340,095

20 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprise of subsidiaries, profit oriented state-controlled entities, directors, key management personnel and employee benefit funds. The Company in the normal course of business carries out transactions with various related parties. The transactions with related parties, other than those relating to issuance of tickets at concessional rates to employees and directors according to the terms of employment / regulations and those not mentioned elsewhere in this unconsolidated condensed interim financial information is as follows:

Name of Related Parties and relationship with the Holding	Nature of transactions	June 30, 2020 (Un-Audited)	June 30, 2019 (Un-Audited)
		-----Rupees in '000-----	
Retirement funds			
	Contribution to provident Fund and other	1,175,217	1,169,756
	Interest on Loan from pension / provident fund	538,251	619,473
Profit oriented state-controlled entities - common ownership			
	Purchase of Fuel	8,608,875	12,828,611
	Insurance premium	1,362,335	968,091
	Late payment interest	548,666	887,000
	Airport Related charges	4,525,315	6,597,358
GoP - Major shareholder	Finance cost charged	2,234,691	930,494
National Bank of Pakistan (NBP)	Finance cost charged	2,719,198	2,856,947
Key management personnel			
	Salaries, wages and other benefits	88,128	56,714

Following are the related parties with whom the Holding Company entered into transactions or agreements and / or arrangements in place during the period:

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAIL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities		
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
Amir Ali	-	Key management personnel
Younus M Khan	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Nayyar Hayat	-	Key management personnel
Omer Razaq	-	Key management personnel
Aijaz Mazhar	-	Key management personnel
Avm Soban Nazir Syed	-	Key management personnel
Avm Noor Abbas	-	Key management personnel
Muhammad Shuaib	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
Air Commodore Khalid Ur Rehman	-	Key management personnel
Air Commodore Jibran Saleem Butt	-	Key management personnel
Air Commodore Jawad Zafar Chaudhry	-	Key management personnel
Air Commodore Shahid Qadir	-	Key management personnel
Khalilullah Shaikh	-	Key management personnel
Air Commodore Aamer Altaf	-	Key management personnel
Arshad Akram Khan	-	Key management personnel

21 IMPACT OF COVID - 19

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Holding Company has also been adversely affected by the evolving situation surrounding COVID-19 and the unprecedented travel bans imposed by various governments. The resultant suspension of operations due to COVID-19 from March 2020 and onwards has slowed down the Holding Company's progress. As a result thereof, the Holding Company suspended its flight operations, resulting in significant disruption in the Holding Company's business.


As compared to budget, financial impacts resulting from the COVID-19, including the mitigating factors have been described as follows:

- The Holding Company's core passenger and cargo revenue (including excess baggage and handling and related services) reduced by 44.0% resulting from reduced passenger capacity and traffic. However, during the period, charter revenue of the Holding Company increased by 98.7% due to the special cargo charter flights run by the Company on behalf of the GoP.
- Aircraft fuel remained single largest element of total cost at 23.5%, and its cost, during the period, decreased by 52.9% mainly due to lower fuel uplift on account of less number of flights amid pandemic situation. Further, direct expenses related to handling and passenger have been decreased by 34.1%.


The management decided voluntary reduction in employees' salaries that resulted in reduction of salaries expenses by Rs. 324.99 million. The Holding Company opted to defer the repayment of long term loans in pursuance of SBP circular BPRD No. 13 of 2020 that resulted in deferral of cash outflows amounting to Rs. 8,494,277 million.

22 DATE OF AUTHORISATION FOR ISSUE BY THE BOARD OF DIRECTORS

These consolidated condensed interim financial information were authorized for issue by the Board of Directors of the Holding Company in their meeting held on November 5, 2020.



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer



Company Secretary

PIA Headquarters,
Jinnah International Airport,
Karachi - 75200, Pakistan.
UAN: 111-786-786 / 111-FLY-PIA

www.piac.com.pk