

FORM – 5

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

CS/S&T/FT/PSX/AR-20/21

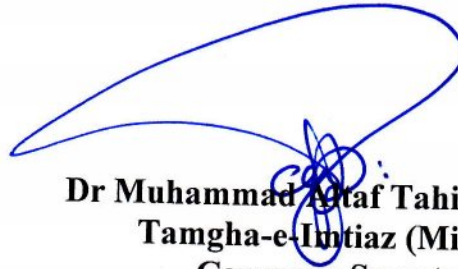
16th April, 2021

**TRANSMISSION OF ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2020**

Dear Sir,

1. We have to inform you that the Annual Report of the Company for the year ended December 31, 2020 has 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,



**Dr Muhammad Ataf Tahir Lt Col (r)
Tamgha-e-Imtiaz (Military)
Company Secretary**

Rising & Reviving!



ANNUAL
REPORT **2020**





LET'S FLY TOGETHER



 **PAKISTAN**
International Airlines
Great People to Fly With

www.piac.com.pk

 /PakistanIntAirlines  /Official_PIA

UAN: 00-92-21-111-786-786

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VISION

PIA's vision is to be a world class profitable airline meeting customer expectations through excellent services, on-time performance, innovative products and absolute safety.

MISSION

Employee teams will contribute towards making PIA a global airline of choice through:

- Offering quality customer services and innovative products
- Using state-of-the-art technologies
- Ensuring cost-effective measures in procurement and operations
- Developing Safety Culture

A black and white photograph of the Elizabeth Tower (Big Ben) in London. The tower is the central focus, showing its intricate Gothic Revival architecture and the clock face. In the foreground, a double-decker bus is blurred horizontally, indicating motion. To the right, the Palace of Westminster is partially visible. The sky is filled with soft, wispy clouds. The word "London" is written in a large, elegant, cursive script across the middle of the image.

London



CORE VALUES

Customer Expectations

(Convenience, Care, Affordability)

Service

(Personalized, Courteous, Passionate)

Innovation

(New Ideas, Products, Value Added Services)

Cohesiveness

(Respect for Individuals, Teamwork, and Effective Communication)

Integrity

(Business Ethics, Accountability, and Transparency)

Reliability

(Loyalty and Consistency)

Safety

(Passengers, Employees, Environment)

Social Responsibility

(Welfare, Health, Education)

NOTICE OF FIFTH ANNUAL GENERAL MEETING

Notice is hereby given that 5th Annual General Meeting of the Shareholders of Pakistan International Airlines Corporation Limited (PIACL) will be held at 10:00 a.m. on Friday, April 30, 2021, through Video Conferencing to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended December 31, 2020 together with the Auditors' and Directors' Reports.
2. To appoint External Auditors for FY 2021 and fix their remuneration.
3. To transact any other business with the permission of the Chair.

By order of the Board

Karachi
April 08, 2021

Muhammad Shuaib
Company Secretary

NOTES:

1. The Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to Shares Registrar/Transfer Agent, are once again reminded to send the same at the earliest directly to CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please give Folio Number/CDC Account Number with the copy of CNIC /NTN details. Reference is also made to the SECP Notification which mandate that the dividend warrants should bear CNIC number of registered Shareholder or authorized person, except in case of minor(s) and Corporate Shareholders.
2. Share Transfer Books will be closed from Thursday, April 22, 2021 to Friday, April 30, 2021 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of PIACL's Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi up to 05:30 P.M. on Wednesday, April 21, 2021, will be treated in time for the purpose of exercising the right to vote.
3. Shareholder may appoint another Shareholder as proxy to attend and vote in respect of him/her. Duly completed instrument of proxy must be lodged with the Company Secretary at the Registered Office PIA Building, Jinnah International Airport, Karachi-75200, Pakistan, through courier or through email on the address secretary@piac.aero, at least forty-eight (48) hours before the time of the meeting.
4. In pursuance of Section 242 of Companies Act, 2017, all Shareholders are notified that details of bank accounts for transmission of any dividend should be registered with our Share Registrar / Transfer Agent, CDC Share Registrar Services Limited (CDCSR). Subsequently no dividend payment through other means, except electronic mode directly into bank account designated by the Shareholders, shall be made.
5. Any change of address of Shareholders should be immediately notified to the Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.
CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the SECP.

Participation of Shareholders through Electronic means:

6. In wake of the prevalent COVID-19 pandemic situation and resultant restriction on public gathering imposed by Government and in light of the relevant guidelines issued by Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited, vide Circular No 6 of 2021 dated March 03, 2021 and Notice No PSX/N-221 dated February 15, 2021 respectively, the Shareholders are encouraged to participate in the General Meeting through electronic facility organized by PIACL.
7. In order to attend the AGM through electronic facility, the Shareholders are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at secretary@piac.aero
8. The shareholders are required to provide the information as per below format:

Folio / CDC A/c #	Company	Name of Shareholder	CNIC #	Cell #	Email address
	Pakistan International Airlines Corporation Limited				

9. The details of the electronic facility will be sent to the Shareholders on the email address provided by them.
10. The login facility will be opened at 09:30 a.m. on April 30, 2021 enabling the participants to join the proceedings which will start at 10:00 a.m. sharp.

Deposit of Physical Shares in CDC Account:

11. As per Section 72 of the Companies Act, 2017 every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act, i.e., May 30, 2017.
12. The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip-less form.

For Attending the Meeting through Proxies:

13. In case of individual, the account holder or sub-account holder, their registration details are uploaded as per the Regulations, shall submit the proxy form accordingly.
14. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
15. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
16. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
17. In case of corporate entity, the Board of Directors' Resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.



CORPORATE PROFILE

As at April 06, 2021

BOARD OF DIRECTORS

Mr Kamran Ali Afzal
Secretary Finance Division

Mr Noor Ahmed
Secretary Economic Affairs

Mr Shoukat Ali
Secretary Aviation Division

Mr Atif Aslam Bajwa

Mr Zahid F Ebrahim

Syed Muhammad Ali Gardezi

Dr Jawaid Ghani

Mr Aslam R Khan

Air Marshal Arshad Malik
Chief Executive Officer

Mr Navaid H Malik

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 Chaudhary
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
UAN: 111-786-786
Web: www.piac.com.pk



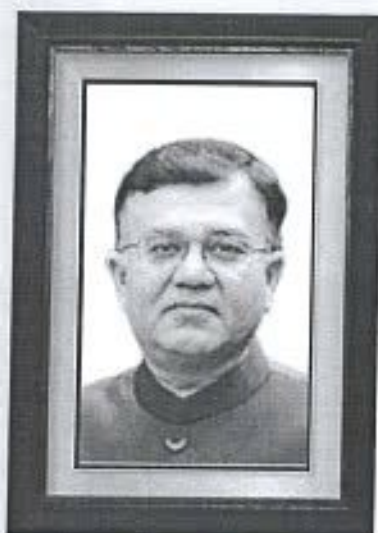
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ANNUAL REPORT 2020



PAKISTAN
International Airlines
Great People. Great Flights.

BOARD OF DIRECTORS



Mr Kamran Ali Afzal

Secretary Finance Division

Mr Kamran Ali Afzal, Secretary Finance Division is a nominated Director on PIACL Board since December 24, 2020. He holds PhD in Political Economy and Masters in Public Policy and Management from the University of Melbourne, Australia. He received Bachelor and Master Degrees from Government College Lahore. He studied at Atcheson College, Lahore where he completed his A-Levels.

Mr Afzal is a civil servant and has held a range of administrative and policy making positions over the past twenty seven years, including assignments with the provincial finance, local government and planning & development departments as well as with the Prime Minister's Office. Prior to his appointment as Finance Secretary, he has held the positions of Special Secretary Finance, Additional Secretary (External Finance), Additional Secretary (Internal Finance), and Joint Secretary (Budget) in the Finance Division.

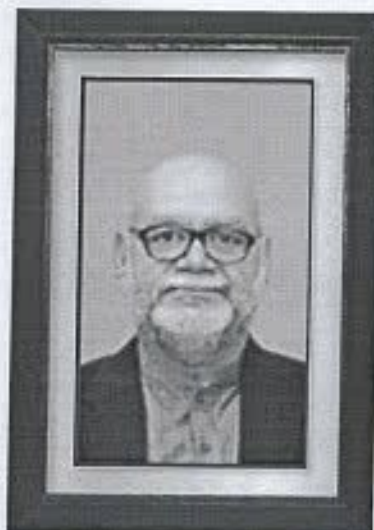


Mr Noor Ahmed

Secretary Economic Affairs Division

Mr Noor Ahmed, Secretary Ministry of Economic Affairs Division is nominated Director on PIACL Board since October 20, 2020. He holds a Masters Degree in Development Studies with a specialization in Public Policy from the Institute of Social Studies, Netherlands. Prior to his current assignment, he has served as Special Secretary Finance focusing on fiscal, monetary and treasury management and Additional Secretary External Finance managing the external account of the government. Mr Noor Ahmed has also served as Additional Secretary of External Finance; Regulations, and Inter-Governmental Finance (IGF) as well as Corporate Finance in Finance Division. He remained Director General at Privatization Commission, Chief FBR, and Joint Secretary to the Prime Minister. Mr Noor Ahmed has worked at Khushali Bank and has also served as Vice President, SME Bank (formerly SBFC)

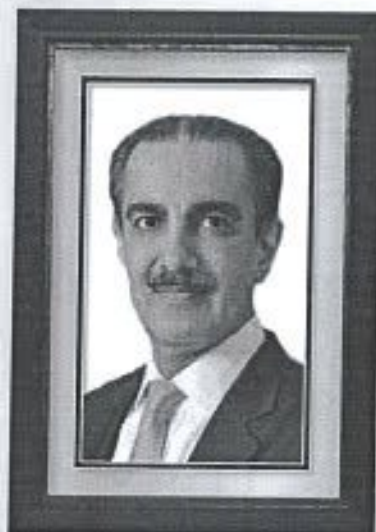
BOARD OF DIRECTORS



Mr Shoukat Ali
Secretary Aviation Division

Mr Shoukat Ali Secretary Aviation Division is a nominated Director on PIACL Board since December 04, 2020. Mr. Shoukat Ali is an Officer of Pakistan Administrative Service (PAS). He joined service in 1991 and has served in different positions in the provinces of Punjab, KPK and Baluchistan.

He has served in District Administrations in the provinces, in different capacities as DC, DCO and Commissioner. He has also remained Provincial Secretary in Home, Transport, Finance etc. Before joining his current assignment he was Additional Chief Secretary, S&GAD in Punjab.



Mr Atif Aslam Bajwa

Mr Atif Aslam Bajwa is a nominated Director since October 20, 2020. Mr Bajwa is currently Chief Executive Officer of Bank Alfalah. Mr Bajwa received his education at Columbia University, New York. He has an extensive international career spanning 38 years of the executive leadership role in banking and of multiple Board and public interest positions. Having started his professional journey by joining Citibank in 1982, he has since held numerous senior positions in large local and multiple national banks, which include President/CEO of Bank Alfalah, ABN AMRO Bank, MCB Bank Limited and Soneri Bank Limited, Regional Head for City group for Central and Eastern Europe, Head of Consumer Banking for ABN AMRO's Asia Pacific region and Country Manager for ABN AMRO Pakistan.

Mr Bajwa has been active in business, social and public interest areas and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as Chairman of Pakistan Business Council (PBC) and the President of Overseas Investors Chamber of Commerce and Industry (OICC). He has served as Director of various private and public sector companies. Mr Bajwa also serves on the Board of PIA Investments Limited. He is Chairman Board Audit Committee (BAC).

BOARD OF DIRECTORS



Mr Zahid F Ebrahim

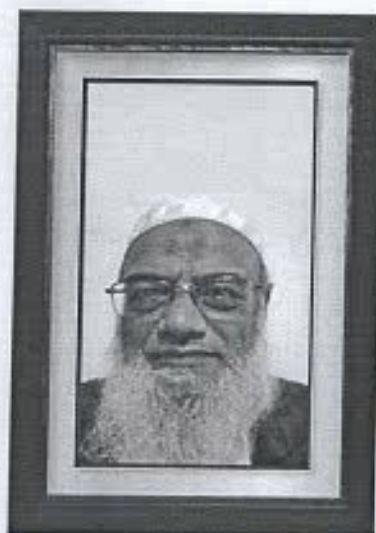
Mr Zahid F Ebrahim is a nominated Director since October 20, 2020. Mr Zahid F. Ebrahim is a Senior Partner at the law firm of FGE Ebrahim Hosain. He holds a master degree in International Law from the Prestigious Fletcher School of Law & Diplomacy, Tufts and Harvard University where he was the Henry L. Cabot Scholar. He is also a graduate of the S.M. Law College, University of Karachi and Carlson School of Management, University of Minnesota. He is on the panel of arbitrators for the Singapore International Arbitration Centre and the Hainan International Arbitration Court. He has also served as the Additional Attorney General of Pakistan and taught law courses at the IBA and the S.M. Law College. Mr Ebrahim also serves as Director/Trustee at the Kidney Foundation, the Akram Foundation and the Quaid-e-Azam Aligarh Scholarship Trust. He is Chairman PIACL Board HR and Nomination Committee (BHRNC).



Syed Muhammad Ali Gardezi

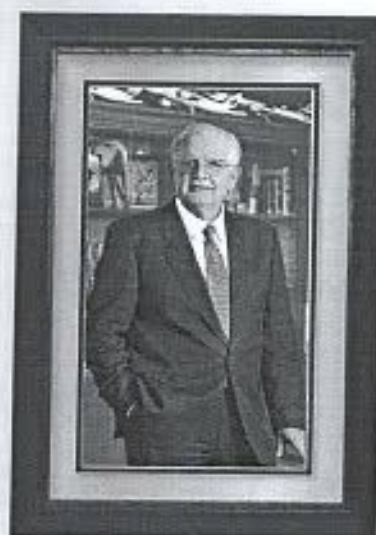
Syed Muhammad Ali Gardezi is a nominated Director since October 20, 2020. He is retired from Pakistan Army as Captain, and also from Pakistan Administrative Services as Federal Secretary in 2016. He served in three provinces namely Sindh, Baluchistan and Punjab apart from serving abroad as Commercial Secretary in Embassy of Pakistan Budapest. He served for ten years in Sindh with his last appointment being Deputy Commissioner Shikarpur. In Punjab, he remained on various appointments including MD Punjab Small Industries, Secretary Labour and Commissioner Multan. In Baluchistan, he remained as Commissioner Sibi Division and Principal Secretary to Governor Baluchistan. While serving in Federal Government, he remained Secretary of three ministries namely Climate Change, Aviation Division and IPC. He also remained Chairman of National Highway Authority, PIA, Civil Aviation Board and PIA-IL. He did several training courses within the country and abroad including Human Resource Development in the USA and Executive Leadership Development Program at Harvard University USA. He is a member of the Board Procurement Committee (BPC).

BOARD OF DIRECTORS



Dr Jawaid Ghani

Dr Jawaid Abdul Ghani is a nominated Director since October 20, 2020. He holds PhD from the University of Pennsylvania USA with a major in Management Information Systems. Dr Jawaid Ghani is a Professor at Karachi School of Business and Leadership (KSBL). He completed his BS in Electrical Engineering and Management Science from MIT in 1975. Prior to KSBL, he was a Professor at LUMS and served as Dean of the Suleman Dawood School of Business. He has also held faculty positions at Sloan School of Management MIT, King Fahad University of Petroleum & Minerals and Western Michigan University. He was the Founder Director of Gallup Research Institute (Pakistan). He is the founding Chairman of the Punjab Information Technology Board. Dr Jawaid is a Member of the Board Audit Committee (BAC) and Chairman PIACL Board Procurement Committee (BPC).



Mr Aslam R Khan

Mr Aslam R Khan is a nominated Director on PIACL Board since October 20, 2020. Earlier he remained Chairman PIACL Board. He is a corporate aviation veteran with over three decades of multi-faceted airline experience. He started his career with Lufthansa and then moved to PIACL. In the National Carrier, he held senior positions both in Pakistan and abroad. He held the important positions of Managing Director of PIA and Chairman PIACL Board. He was also the Managing Director of PIA Investments Limited for fourteen years, with the achievement of 700 million dollars successful turnaround of the Roosevelt Hotel in New York City, transforming it into a highly profitable asset.

A keen sportsman and an avid Golfer, he was the President of the Sindh Golf Association and Vice President of the Pakistan Golf Federation. Mr Aslam R. Khan is also the recipient of the Italian civil award "CAVALIERE".

BOARD OF DIRECTORS



Air Marshal Arshad Malik
Chief Executive Officer

Air Marshal Arshad Malik is a nominated Director since October 20, 2020. He was elected as acting CEO on October 26, 2018, and appointed as Chief Executive Officer PIACL on April 26, 2019. Before joining PIA, Air Marshal Malik was Vice Chief of the Air Staff (VCAS) of Pakistan Air Force (PAF). During his career in PAF, he has flown various trainer and fighter aircraft and commanded a fighter squadron, a flying wing, an operational Air Base and a regional air command. He has also overseen and coordinated the development and manufacturing of JF-17 Thunder fighter aircraft, induction of transport aircraft like IL-78 and C-130. He has led the sale of JF-17 aircraft and Super Mashak aircraft. Air Marshal Malik has served as Board Chairman of Pakistan Aeronautical Complex, Kamra. His staff appointments include Personal Staff Officer to Chief of the Air Staff, Director Operations Project, Director Operational Requirement and Development, Assistant Chief of Air Staff (OR&D), Chief Project Director JF-17 and Deputy Chief of the Air Staff (Personnel) at Air Headquarters. He is a graduate of Combat Commanders' School, Air War College, National Defense University and Air Command and Staff College, United States of America. In recognition of his meritorious services, he had been awarded Hilal-i-Imtiaz (Military), Sitara-i-Imtiaz (Military) and Tamgha-i-Imtiaz (Military). Air Marshal Malik is ex-officio Chairman of PIA subsidiaries viz PIA Investments Ltd and Skyrooms (Pvt.) Ltd. Air Marshal Malik is Member CAA Board. He is also Chairman Al-Shifa Trust- the flagship CSR setup of PIACL. He is a member of the Board Procurement Committee (BPC) and the Board HR & Nomination Committee (BHRNC).



Mr Navaid H. Malik

Mr Navaid H. Malik is an elected and independent Director since November 28, 2020. He obtained his Bachelor Degree from FC College, Lahore and did varied courses in Hotel Management and Aviation Management from the USA. Mr Malik has extensive Senior Management experience in Airline Catering and in the Hospitality industry. He remained President of the renowned Maxim de Paris of France. He has vast experience in the Airline industry and has done stints with Pan-Am, Air Malta, Caledonian Airlines, Emirates Airline and Singapore International Airlines, where he has also served on the Boards of its Joint Ventures. He was a Principal Advisor to one of the largest investment and Asset Management Companies in the Middle East. Mr Malik has served as Advisor for Tourism to the Government of Pakistan. He was on the Advisory Committee of the International Hotel Association (IHA) as well as an International Associate of the American Hotel and Motel Association (AH&MA). He has served as a council member of the World Tourism Organization (WTO); Committee member of the International Hospitality and Leisure Association (IHLA). He keenly takes part in communal philanthropic activities.

BOARD OF DIRECTORS



Dr Zeelaf Munir

Dr Zeelaf Munir is a nominated Director since October 20, 2020. Dr Zeelaf is Chief Executive Officer and Managing Director of English Biscuit Manufacturers (EBM), the largest Biscuit Manufacturing and Distribution Company of Pakistan. She is trained as a Physician and Management professional with 20 years of leadership and administrative experience. Dr Zeelaf Munir continues to find ways to power English Biscuit Manufacturers to the next level, whether it is the company's flagship brands or her proclivity for setting and achieving exciting and new goals for the organization and her team. Dr Munir's dynamism, work ethic and personality shine through every aspect of her career. She is a member of the Board HR and Nomination Committee (BHRNC) and Board Audit Committee (BAC).

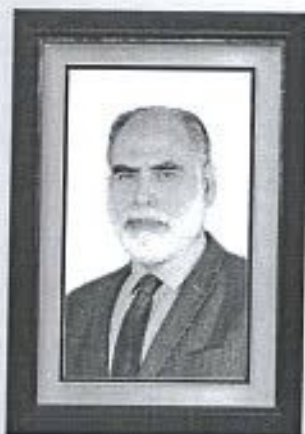


REGULATORY APPOINTMENTS



Mr Khalilullah Shaikh
Chief Financial Officer

Mr Khalilullah Shaikh is a Fellow Chartered Account. Prior to joining PIA as Chief Financial Officer in June 2019, he remained associated with K-Electric Limited, a vertically integrated power utility for 12 years in various roles- as Director Finance, Head of Supply Chain and as Chief Internal Auditor. He was part of the K-Electric turn-around team which transformed the utility into a successful, customer-centric and profitable entity. Mr Shaikh started his career with A.F. Ferguson & Co, a member firm of PwC. He also worked for a Shell group refinery in Pakistan as Head of Treasury & MIS. Mr Shaikh has been serving as an elected Council member of the Institute of Chartered Accountants of Pakistan (ICAP) for last six years. He has served as Vice President of ICAP and chaired various Committees and Task Forces of the Institute. Mr Shaikh is also a member of global Professional Accountants in Business (PAIB) Committee of International Federation of Accountants (IFAC). He is ex-officio Director of PIA subsidiaries viz Skyrooms (Pvt) Ltd and Sabre TN Pakistan (Pvt) Ltd. He is also ex-officio Trustee of Al-shifa Trust.



Mr Muhammad Shuaib
Company Secretary

Mr Muhammad Shuaib is Company Secretary of PIACL since January 13, 2017. Besides first class first MBA, he holds an LLB degree. He is a Certified Director from Pakistan Institute of Corporate Governance. He participated in various conferences, and workshops held in Pakistan and abroad. During 2008 to 2012, Mr Shuaib had served as Corporate Secretary of PIAC- the erstwhile statutory corporation under PIAC Act. As General Manager, he has headed various Divisions in PIA including Industrial Relations, HR Management, Economic Planning, Food Services, and HR Projects. Mr Shuaib has voluntarily served as President PIA Cricket Academy, elected International Commissioner Pakistan Boy Scouts Association and Provincial Commissioner of PIA Boy Scouts Association of which, he is currently the Patron. Mr Shuaib is President of Al-Shifa Trust - and for the second stint, the Chairman of Institute of PIA Planetaria. He is ex-officio Secretary of Board Committees, CSR Committee and Council of Chiefs.



Mr Muhammad Javed Jameel
Acting Chief Internal Auditor

Mr. Muhammad Javed Jameel is Acting Chief Internal Auditor of PIACL since July 2019. He is an MBA (Finance) and Certified Internal Control Auditor (CICA) from the Institute of Internal Controls, USA. He has been associated with PIA since 2003. His prior experience of 5 Years including working in Banking as well as Ports & Shipping Sectors. He had more than 18 years of Aviation experience in the areas of Finance, Internal Audit, Supply Chain Management and Human Resources Department. He also worked as Deputy General Manager (Coordination) to President & Chief Executive Officer and later as Acting General Manager HR Governance. Mr. Jameel is also a Certified Forensic & Audit Analyst (CFrA) from Certified Forensic Practitioners Institute, USA.

BOARD COMMITTEES

As at April 06, 2021

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Dr Zeelaf Munir Dr Jawaid Ghani	Chairman Member Member
Board HR & Nomination Committee (BHRNC)	Mr 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

DIRECTORS' REPORT FOR THE YEAR ENDED DECEMBER 31, 2020

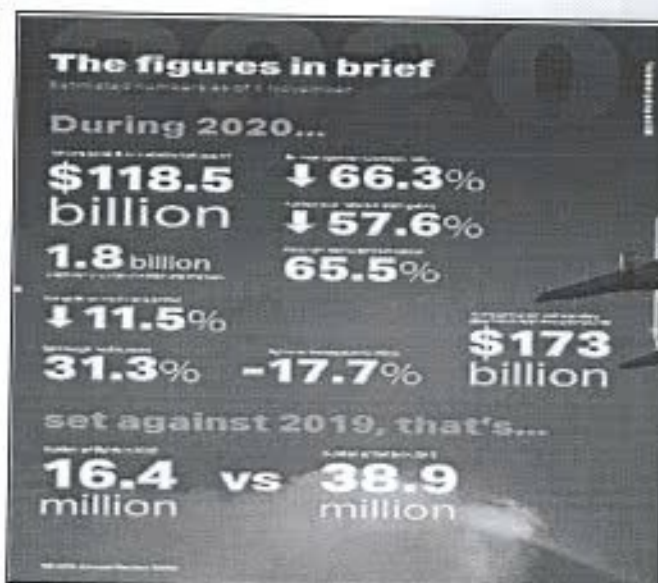
Dear Shareholders

The Directors of Pakistan International Airlines Corporation Limited (PIACL) are to present the Annual Report 2020 of PIACL along with Financial Statements for the Year ended December 31, 2020.

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 pandemic and the 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, the COVID-19 pandemic delivered the largest shock to air travel and the aviation industry since the Second World War. Even the 9-11 tragedy and the 2007-08 global financial crisis did not have an impact that compares with what is estimated to be a 66% decline in global revenue passenger kilometers (RPKs) in 2020. Financially, 2020 will go down as one of the worst years in the history of aviation.

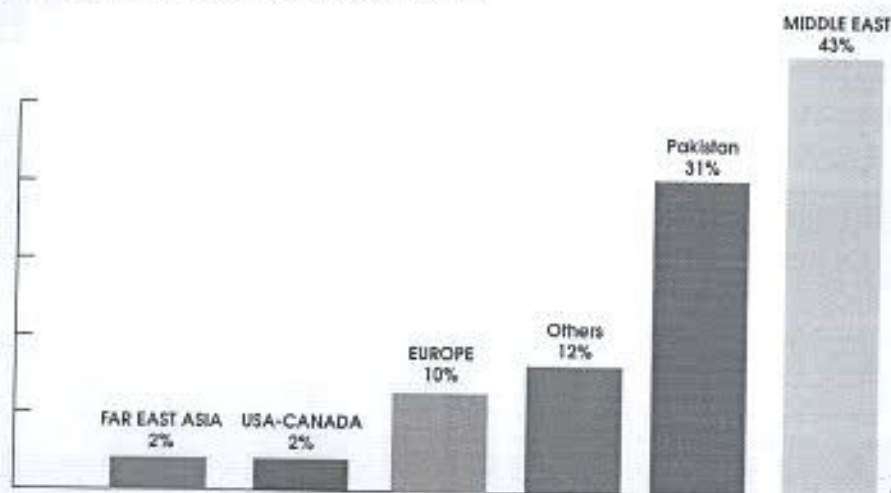
Second and third waves of COVID-19 have reversed air travel recoveries in many markets. The disappointing progress in controlling COVID-19 in most countries has been the principal factor shaping air travel in 2020. Domestic air travel, was largely affected by China's control of cases and by the second and third waves of cases in the United States. It is in Europe where a surge of second-wave cases is so damaging for a nascent revival of international air travel.



BUSINESS REVIEW

Despite extremely challenging environment due to Covid-19, PIA has attained a Gross Profit of Rs. 2.4 billion and Operating Loss of Rs. 680 million in the period ended December 31, 2020. The Company managed to reduce its Net Loss by 34 percent with Net Loss of Rs. 34.6 billion during 2020 as compared to Rs 52.6 billion Net Loss during 2019.

Business in terms of geographical segments (PAX) during 2020 is shown in following chart:



These encouraging results in such difficult times are the outcome of concerted efforts of the Management, for enhancing customer experience, improving safety culture, and focusing on revenue optimization and cost reduction. PIA Management took immediate operational and cash management measures to deal with COVID-19 situation, which included voluntary reduction in salaries, repatriation flights to bring stranded Pakistanis back, return of some leased engines, negotiations with financial institutions for rescheduling of loans etc.

Even though the Company's performance was well ahead of budget in the first two months of the year 2020, but from March 2020, the pandemic slowed down Company's progress. Many routes remained closed fully/ partially for several months in 2020 and the Company missed its key Umrah and Hajj operations as well.

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, handling and related services) reduced significantly due to lower passenger capacity and traffic. However, during COVID-19 period, charter revenue of the Company increased significantly due to special charter flights operated by the Company.

Aircraft fuel remained single largest element of total cost at 19.5%, and, during the period, fuel cost decreased mainly due to lower fuel uplift on account of less number of flights. Further, direct expenses related to handling and passenger services also decreased by 50.9%.

The Operating environment for PIA remains very challenging due to COVID-19. 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.

TRAGIC ACCIDENT OF FLIGHT PK-8303

Pakistan International Airlines Flight PK 8303 was a scheduled domestic flight from Allama Iqbal International Airport Lahore to Jinnah International Airport Karachi. On 22 May 2020, the Airbus A320 in use crashed in Model Colony, a densely populated residential area of Karachi a few kilometers from the runway, while on a second approach after a failed landing. Of the 91 passengers and 8 crew on board the aircraft (99 total on board), 97 lost their lives and two passengers survived with injuries. Eight people on the ground were also injured in the accident, one of them later succumb to her injuries. We express our deep sorrow and grief over this tragic incident and stand firmly with the families of the deceased passengers. Immediately Emergency Response Center (ERC) and Station Emergency Coordination Room (SECR) were activated and Emergency Response Planning (ERP) Volunteers as well as PIA Scouts were deployed to provide all possible assistance to the grieving families.

FINANCIAL SNAPSHOT

Revenue in 2020 was 94.98 billion vs Rs 147.5 billion in 2019 resulting 35.6% reduction due to COVID-19.

Profit & Loss Statement	Year Ended December 31st	
	2020	2019
	(PKR in Millions)	
Revenue	94,989	147,500
Cost of Services		
Fuel & Oil	(21,154)	(50,059)
Others	(71,375)	(89,925)
Gross Profit / (Loss)	2,461	7,516
Other Operating Expenses	(14,376)	(15,749)
Other Income	11,235	2,102
Loss from Operations	(680)	(6,130)
Exchange Loss	(4,949)	(11,694)
Finance Cost	(29,725)	(35,537)
Loss before Taxation	(35,354)	(53,361)
Taxation	711	760
Loss after Taxation	(34,643)	(52,602)



FINANCIAL STATEMENTS

As highlighted earlier, the outbreak of COVID-19 since January 2020 resulted in challenging operational environment for Airlines around the globe. The Company was also impacted by the evolving situation surrounding COVID-19 coupled with suspension imposed by European Air Safety Agency (EASA) on June 30, 2020 effective from July 1, 2020. Though the financial results of the Company were encouraging in the first quarter of the year 2020, yet the resultant suspension of operations due to COVID-19 from March 2020 slowed down the Company's operations. To counter the above adverse impacts, the Company took several cost cutting measures including voluntary reduction in employees' salaries, rationalization of capacity and greater focus on cargo/charter operations during COVID-19.

VOLUNTARY SEPERATION SCHEME

During the year, the Company announced Voluntary Separation Scheme for its permanent employees, as part of HR restructuring. Under the scheme, over 1,900 employees opted for voluntary separation. GoP sanctioned grant to pay off the amounts due to the outgoing employees and an assignment account has been opened in National Bank of Pakistan in this respect. To the extent of amount payable, the grant has been recorded as other income in the financial statements.

CHANGE IN ACCOUNTING POLICY

During the year, the Company has changed its accounting policy in respect of subsequent measurement of aircraft fleet. These are now being carried at cost less accumulated depreciation and impairment, if any. Previously, these assets were carried at revalued amount less accumulated depreciation and impairment, if any. The management believes that the new policy provides reliable and more relevant information to the user of the unconsolidated financial statements as this change aligns the Company's accounting policy with the leading global airlines.

PRINCIPAL RISKS & UNCERTAINTIES

Aviation industry has always been exposed to various risks, both internal and external. These risks are due to the complexities inherent in the business and the high level of regulations prevalent in different countries. We believe that our survival depends on how effectively and efficiently we are able to manage our risks. Our objective is to set in place a robust system of risk management that ensures continuity of airline operations in the long term. The Company has adopted a proactive approach towards managing key business, strategic, operational and financial risks.

FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company's senior management carries out financial risk management under governance approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks, wherever necessary.

IT SOLUTIONS

Information & Communication Technology (ICT) department aims to build technologically advanced and resilient structure for national carrier to ensure secure, uninterrupted, and user-friendly experience across the board. ICT department has developed an IT strategic framework for growth with following four key strategic parameters including:

- Digitization: Business Process Digitalization and institutionalization of the new systems in the organization.
- Cost Cutting: Reducing cost of operations and also finding cost effective alternatives without compromising the efficiency and effectiveness of operations.
- Information Security: Information Security Resilience to be pursued and assurance of PIA Information assets will be enhanced and Security Operations Controls to be setup.
- Integration: Facilitating integrations between PIA and its partners & collaborators.
- Internal Capacity: ICT shall shift the focus from external reliance to internal capacity building and also on collaborations. Additionally to acquire specific technical services, industry partners will be engaged rather than hiring staff on permanent basis.

During the last year, ICT department achieved major milestones on the way to its digital transformation journey; some key achievements are:

IT Governance and Information Security

- **IT Policy Framework:** ICT department has devised and implemented the new IT Policy, which has been revised after 13 years. The policy has also been evaluated by internal and external auditors to ensure the compliance of the IT Framework established within the organization.
- **Information Security:** Due to prevailing cyber security environments and in response to consistent cyber-attacks on national assets, PIA has revived its information security structure. We have strengthened the backend and end point security as well as have started to establish Security Operation Center (SOC) in coordination with industry experts.
- **Establishment of IT Steering Committee:** An IT Steering Committee with executive representation of management including user departments has been established to provide strategic direction and management support of IT initiatives.
- **Business Continuity Planning (BCP):** As part of Business Continuity Planning (BCP), ICT has started to develop its own Disaster Recovery (DR) Site at Rawalpindi Office, where all civil and power work is complete and new DR site will be operational in 2021.

IT Systems and Solutions

- **Management Dashboard:** ICT department has developed Management Dashboard updated to last 12-24 hrs, providing actual and current insight to the business for better decision making and strategic pivot.
- **Safety Management System (SMS):** ICT has developed an in-house Safety Management System (SMS) Dashboard, that provides management oversight using real-time Safety Indices, record keeping of reports from all sources, tracks corrective action plan and their effective implementation, highlights trends vs safety targets and also generates alerts for call of actions and proactive safety measures. The system is continuously evolving and helping in building safety culture in PIA.
- **Migration of New Email System:** PIA has replaced co-located and end-of-support email system with open source, internally hosted Email System to ensure compliance, security, high availability and better user experience.
- **Website & Mobile App:** Website and Mobile app have been revamped for better user experience and to promote direct sales. For the first time, PIA mobile app is now available for all mobile platforms i.e. Android, Apple & Huawei app galleries.
- **Distribution Network - GDS:** One of the key objectives of IT is to assist all departments of PIA in their efforts to improve respective business processes. Therefore, in year 2020, ICT facilitated Commercial department in signing contract with Amadeus GDS Network - the biggest GDS network in commercial distributions, enabling Commercial department to sell PIA inventory on all major GDSs in the world.
- **Integration for Commercial Collaboration:** PIA ICT department has supported for integrations of Code Share and Interline collaborations with partner airlines as well as integrations with commercial partners including Askari Bank for cobranding cards, IHIG for Hotels and ARY for passengers' promotional campaigns.
- **Automated Verification of GDS Invoices:** PIA IT facilitated Commercial and Finance Department by integrating revenue accounting systems and reservations and distribution systems. With the help of this integration, all invoices of GDSs are being reconciled regularly. In case of any violation, auto Debit Memos can be issued to agents.
- **Up gradation of AIMS Crew Management System:** Previously PIA was using version 2013 of Crew Schedule Management System (AIMS), that has now been upgraded to version 2016, which will enable better OEM support and further upgrade to latest versions.

ICT Infrastructure Upgrade

- **Up gradation of IT Core Network System:** ICT department has migrated the outdated PIA core Network infrastructure to latest Network that has not only upgraded our network technology but also is cost effective and scale able to cope up current and future network challenges. The new core network will ensure maximum uptime, increased throughput and strong cyber security.
- **Revamping of Primary Data Centre:** ICT department has revamped and upgraded its primary data center and have ensured improved standards of Power, HVAC and security. This upgrade has physically shrunken the space so as to better manage environment, cooling and save power.
- **Architecture upgrade of Data/ Internet links:** PIA local and globally distributed offices have been now upgraded to new architecture of network which has enhanced the interconnectivity between offices and has also improved the security of the network.
- **Virtualization:** Virtualization of IT services has been done to minimize the physical servers and space utilization in the data center which has improved availability, efficiency and utilization of servers and the data center environment.



- **Data Backup System Up gradation:** New data backup system was introduced and implemented to back up the virtualized systems.
- **Improved Cyber security and Response:** All unsupported operating systems and core network devices have been upgraded to prevent cyber-attacks. This includes upgrading of operating systems, End Point Protection and firewalls.
- **Communication Infrastructure:** ICT has now focused towards utilization of VoIP infrastructure. In first pilot phase, north region has been completely migrated to VoIP network successfully.
- **Wireless Infrastructure:** To ensure the Air- Ground communication within Pakistan, multiple VHF/AM systems have been upgraded across the country to connect and facilitate monitoring of air traffic in Pakistan.

CHANGE IN BOARD OF DIRECTORS

Since the publication of PIA's Annual Report-2019, following changes in the Board of Directors were made:

Nominated	Re-Nominated / Elected	Relinquished
Mr Zahid F Ebrahim Oct.20, 2020	Mr Aslam R Khan Oct. 20, 2020	Mr Aslam R Khan Aug. 6, 2020
Syed Muhammad Ali Gardezi Oct.20, 2020	Mr Noor Ahmed Secretary Economic Affairs Division Oct. 20, 2020	Mr Noor Ahmed Secretary Economic Affairs Division Aug. 6, 2020
Dr Jawaid Ghani Oct. 20, 2020	Mr Alif Aslam Bajwa Oct. 20, 2020	Mr Alif Aslam Bajwa Aug. 6, 2020
Dr Zeelaf Munir Oct. 20, 2020	Mr Navaid H Malik Nov. 28, 2020	Mr Naveed Kamran Baloch Secretary Finance Division Dec. 24, 2020
Mr Shaukat Ali Secretary Aviation Division Nov. 30, 2020	Mr Hassan Nasir Jamy Secretary Aviation Division Oct. 20, 2020	Mr Hassan Nasir Jamy Secretary Aviation Division Nov. 30, 2020
Mr Kamran Ali Afzal Dec.24, 2020		Mr Farukh H Khan Aug. 6, 2020
		Mr Tariq Kirmani Aug. 6, 2020
		Mr Navaid H Malik Aug. 6, 2020
		Mr Haque Nawaz Aug. 6, 2020

The Board wishes to record appreciation for the valuable services rendered by the outgoing directors.

PIA TRAINING CENTER

PIA Training Center (PTC) is imparting training in all disciplines of aviation industry. It has approvals of Pakistan Civil Aviation Authority, for all regulatory trainings. PIA Training Center is also IATA authorized training & examination center. Besides, it carries ISO 9001:2015 certification. PIA Training Center is imparting training in following disciplines:

1. Engineering (B1/B2 Basic & Type Trainings / Mandatory Training)
2. Flight Operations
3. Flight Services
4. Passenger Services
5. Marketing
6. Management Soft Skills Trainings
7. Computer Based Trainings

Currently, PIA Training Center is operating with 85 Faculty members. PTC is not only contributing by providing training to its valuable customers with capacity of above 10,000 trainees per annum but also making its best efforts to earn cash flow through self-financed training programs. It is worth mentioning that during 2020 PTC has acquired Approval of Training Organization from PCAA. Moreover, PTC has developed ATR Mockup facility for the trainees and engineering workshop facilities have also been extended up to PTC Lahore and PTC Islamabad.

NEW CO-BRANDING STRATEGY

- The Askari Bank Co-Brand Credit Card was launched with unique features and benefits for PIA and Askari Bank Customers.
- M/S Reliance Industries provided high-quality sanitizers to PIA passengers (international & domestic) in an initiative to fight against COVID-19.
- PIA signed MoU with Bank Islami for in-flight branding in which, Bank Islami made arrangements of head rest covers and pillow covers on board, to be used on PIA Fleet.
- M/s HBL & Hotel Scribe arranged to provide 5000 each Co-Branded blankets for use of PIA guests on board.
- Hamdard Laboratories Pakistan presented Doodh Rooh Afza during Ramadan for a new In-Flight experience as a gift to PIA guests.
- PIA also became partner with ARY Gold Sahulat Card. Through this alliance, every PIA passenger who travels and becomes member of ARY Sahulat Card, will get 3% Gold on Domestic & 5% Gold on International value of the ticket.



PIA & Askari Bank Co-Brand Credit Card



PIA and Reliance Sanitizer MOU Signing Ceremony



CEO PIA, Air Marshal Arshad Malik with Bilal Eksi, CEO Turkish Airlines at Istanbul.



Group Photograph:
CEO PIA along with PIA and ICSA audit officials at the airline's Head Office on completion of the extensive audit

PIA SATISFIES IOSA AUDIT TEAM

The IATA Operational Safety Audit (IOSA) team expressed satisfaction on the interim report of the Pakistan International Airlines after completing its audit. On 22 September, 2020, a team of operational safety auditors from International Air Transport Association (IATA) paid a five-day visit to Pakistan to scrutinize safety parameters of the national carrier. The team observed improvements in PIA operational safety measures as compared with the audit report compiled in 2018. According to the interim Audit Report, PIA has completed 98.5 percent compliance parameters. The IOSA auditors scrutinized all departments including Flight Operations, Passenger Services, Safety & QA, Security and Engineering for measuring the qualitative safety measures of travelers and aircraft. The audit is essential after every two years for the airlines to scrutinize the safety standards for the commercial aviation activities under the International Air Transport Association (IATA).

PIA SIGNS MOU WITH HASHOO GROUP TO PROMOTE DOMESTIC TOURISM

Air Marshal Arshad Malik, CEO, on the occasion said that the joint venture, in line with the vision of the Prime Minister of Pakistan, is expected to promote domestic tourism. This venture will promote not only tourism in Pakistan but also improve the synergy between two large travel industry stakeholders in Pakistan. Through this partnership, PIA intends to provide convenience, luxury, comfort and affordable domestic tourism and event management functions in Pakistan, for locals as well as people from outside the country who wish to travel to the beautiful destinations in Pakistan.

PIA TO PROMOTE ROSHAN DIGITAL ACCOUNT

Pakistan International Airlines joined hands with Faysal bank on 22 October, 2020, to promote the State Bank of Pakistan's initiative of Roshan Digital Account.



The Bank of Punjab (BOP) & Pakistan International Airlines (PIA) ink MOU for promotion of BOP products at PIA



CEO PIA Air Marshal Arshad Malik and Chairman Faysal Bank Ltd. Farooq Rahmatullah shake hands while officials of PIA and Faysal Bank sign agreement for joint promotion activity for Roshan Digital Account.

CORPORATE SOCIAL RESPONSIBILITY

PIA is driven by high standards of Corporate Social Responsibility (CSR). As a public sector, public interest Company, it believes in building strong relationships with customers, partners, employees, and the communities in which it operates. It aims to include public interest into corporate decision making by pursuing triple bottom line objective: People, Profit and Planet. As a responsible corporate citizen, the airline extends support during natural calamities by making donations, operating additional flights and carrying relief material free of charge. PIA has established a CSR Committee which formulates, reviews and implements best practices of CSR governance. Al-Shifa is the flagship CSR activity of PIA established since 1967. Besides, PIA Scouts Association, PIA Cricket Academy, PIA Planetaria as well as HSE reflect PIA's belief in contributing to a better tomorrow.





PATTERN OF SHAREHOLDING

A Statement showing the Pattern of Shareholding in PIACL and additional information as at December 31, 2020 appears on page 46. The highest and lowest market prices for Ordinary 'A' Class Shares of PKR 10 each were PKR 6.85 and PKR 3.21 per share, respectively during 2020. The highest and lowest market prices for Ordinary 'B' Class Shares of PKR 5 each were PKR 32.00 and PKR 2.80 respectively during the year. Government of Pakistan through Ministry of Defense and Aviation Division holds 91.56 % of shares. PIA Employee Empowerment Trust holds 4.43 %, Public Sector Companies and Corporations hold 0.10 %, other individuals hold 3.83 % whereas, Financial Institutions hold 0.08 % of shares in PIACL.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

To comply with Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors to the best of their knowledge and belief state that:

- Board has complied with the relevant principles of corporate governance, and has identified the rules that have not been complied with, the period in which such non-compliance continued, and reasons for such non-compliance;
- Financial Statements, prepared by the management, present fairly its state of affairs of PIACL, the result of operations, cash flows and changes in equity;
- Proper books of account of PIACL have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- Directors recognized their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored;
- Appointment of Chairman and other Directors and the terms of their appointment along with the remuneration policy adopted are in the best interest of PIACL as well as in line with the best practices;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- Directors acknowledge the responsibility of establishment of sound and effective internal control system and continuous efforts are being made for further improvement and refinement in design as well as effectiveness of existing system;
- Key operating and financial data of last six years in summarized form is annexed to this report;
- There are no significant doubts upon PIACL as a going concern other than those, along with the corresponding mitigating factors, as discussed in note 1.3 to the unconsolidated financial statements;
- There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange;
- Reason for non-declaration of dividend/non-issuance of bonus shares is net loss during the year;
- Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor and their spouses and minor children have not traded in PIACL shares during the year;
- Presently, 1 Director and Company Secretary are Certified Directors whereas plans are afoot to get all Directors Certified, as required by the Code of Corporate Governance;
- During the year, Board of Directors held thirteen Meetings. Attendance record of Directors is annexed to this Report;
- Pattern of Shareholding as required under Section 227 of Companies Act 2017 and Rule 17 of PSC Rules, 2013 is annexed to this Report;
- There is no statutory payment outstanding against PIACL except those disclosed in note to the unconsolidated financial statements;
- Board of Directors had recommended and shareholders had approved appointment of Messrs Grant Thornton & Co and Messrs BDO Ebrahim & Co as External Auditors; and,
- During the period Loss-basic and diluted of Rs. 6.62 per 'A' Class share and Rs. 3.31 per 'B' Class share was registered.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

A Statement showing the status of compliance with the best practices of the Corporate Governance set out in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 read with Listed Companies (Code of Corporate Governance) Regulation 2017 is being published and circulated along with this Report.

STATEMENT OF INTERNAL CONTROL

Board is responsible for establishing effective internal control system in PIACL to achieve its objectives in the following categories:

- a) Efficiency and effectiveness of operations
- b) Compliance with laws and regulations
- c) Reliability of financial reporting

Board has established an Audit Committee comprising three Non-Executive Directors. Terms of Reference of Audit Committee are in line with the requirements of Public Sector Companies (Corporate Governance) Rules, 2013. Audit Committee is responsible for oversight of Internal Audit Function as well as external financial reporting.

PIACL's Internal Audit Function was headed by a qualified MBA (Finance), Certified Internal Controls Auditor, Certified Forensic Audit Analyst. Further, as assigned by the Board Audit Committee, the Internal Audit Function has transformed its audit approach from traditional to risk based for all auditable assignments in line with guidelines of Committee of Sponsoring Organizations of Trade way Commission (COSO) and standards by Institute of Internal Auditors (IIA).

FUTURE OUTLOOK

Airline financial performance is expected to see a significant turn for the better in 2021, even if historically deep losses prevail.

On the assumption that there is some opening of borders by mid-2021 (either through testing or growing availability of a vaccine), overall revenues are expected to grow, but still less than of what was achieved in 2019. By the end of 2021 stronger revenues will improve the situation but the first half of 2021 still looks extremely challenging.

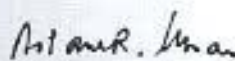
Passenger numbers are expected to grow to 2.8 billion in 2021. That would be a billion more travellers than in 2020, but still 1.7 billion travellers short of 2019 performance. Passenger yields are expected to be flat and the load factor is expected to improve to 72.7% (an improvement on the 65.5% expected for 2020, but still well below the 82.5% achieved in 2019).

The cargo side of the business is expected to continue with strong performance, improved business confidence and the important role that air cargo should play in vaccine distribution. A continued capacity crunch due to the slow reintroduction of belly capacity from passenger services combined with a higher proportion of time and temperature sensitive cargo (vaccines) will see a further increase in yields. This will contribute to strong performance in cargo revenues which are expected to grow.

ACKNOWLEDGEMENT

We would like to thank the customers, the shareholders and the Government of Pakistan for their valuable support. We are grateful to the aircraft lessors, banks, MROs, fuel suppliers and vendors for their trust and confidence in the airline. We also wish to thank each member of the Management and staff for their loyalty, dedication, commitment, hard work and sustained endeavors in meeting the challenges posed before the organization. We would like to thank our Directors on the Board for their valuable guidance. We are confident that with the dedication of our people and commitment of our Management, we shall bring the organization out of the difficult situation.

For and on behalf of the Board



Aslam R. Khan
Director



Air Marshal Arshad Malik
Chief Executive Officer

April 06, 2021
Karachi

(ش) بورڈ آف ڈائریکٹرز کی سفارش پر حصص یافتگان نے منظوری دی تھی کہ Messrs Grant Thornton Anjum Rehman اور Messrs BDO Ebrahim & Co. انڈیپنڈنٹ آڈیٹرز ہوں گے۔
(ص) سال رواں کے دوران بنیادی نقصان 6.62 روپے فی اے کا اس شیئر اور 3.31 روپے فی بی کا اس شیئر رپکارڈ کیا گیا۔

کارپوریٹ گورننس کے بہترین اخوار پر عمل درآمد:
ایک بیان جس میں بی آئی اے سی ایل کی کارپوریٹ گورننس کے بہترین اخوار پر عمل درآمد کرنے کا ذکر کیا گیا ہے اور پبلک سیکورٹیز (کارپوریٹ گورننس) آرڈیننس 2013 کے تحت شائع کیا گیا۔ اس رپورٹ کے ساتھ منسلک ہے۔

اندرونی کنٹرولز:

بی آئی اے سی بورڈ کی ذمہ داری ہے کہ وہ اندرونی کارکردگی کو موثر بنائے تاکہ کمپنی اپنے اہداف حاصل کر سکے جن کی تفصیل درج ذیل ہے۔

(الف) آپریشن کی حد میں موثر اقدامات اور منسلک حیثیتوں کا استعمال

(ب) قوانین و ضوابط کی پابندی

(پ) مالیاتی گواہیوں کی درستگی

بی آئی اے سی ایل بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں شین ٹان ایگزیکٹو ڈائریکٹر کی تقرری کی گئی ہے اور ان کی شرائط و ضوابط پبلک سیکورٹیز (کارپوریٹ گورننس) آرڈیننس 2013 کے مطابق ہیں۔ کمیٹی کی ذمہ داریوں میں اندرونی آڈٹ اور ٹیکسٹائل پورٹنگ پر لگے درکنش شامل ہے۔ بی آئی اے سی ایل کے اندرونی آڈٹ کا کام ایک سند یافتہ MBA انٹرنل کنٹرول آڈیٹر اور فرائزک آڈٹ ایجینسی کے ذریعے کیا جاتا ہے۔ اور جب بھی آڈٹ کمیٹی کی جانب سے کوئی آڈٹ کا کام سونپا گیا تو اس کی بجا آوری، آڈٹ کے وضع کردہ اصولوں کے مطابق کی گئی ہے۔ جو ایک پبلک سیکورٹیز (کارپوریٹ گورننس) آرڈیننس 2013 کے تحت لاگو ہوتا ہے اس کا معیار COSO اور آڈٹ کے ادارے انشٹیٹیوٹ برائے انٹرنیشنل آڈیٹرز امریکہ (IIA) کے مطابق ہے۔

دور آمدنی:

توقع ہے کہ سال 2021 میں انز لان کی مالی کارکردگی میں بہتری کے لیے ایک اہم رخ نظر آئے گا۔ چاہے تاریخی اعداد سے گہرے نقصان ہوں۔ اس مندرجے پر کہ سال 2021 کے وسط تک (یا تو یکمین کی جانچ یا دستیابی میں اضافہ کے باعث) آمدنی میں اضافہ ہو جائے گا لیکن اس کے باوجود یہ اس سے کم ہوگا جو انز لان نے سال 2019 میں حاصل کیا تھا۔ سال 2021 کے آخر تک آمدنی کی صورتحال کچھ بہتر ہو سکتی ہے لیکن سال 2021 کے پہلے نصف میں کافی مشکلات کا سامنا کرنا ہوگا۔ توقع ہے کہ سال 2021 میں مسافروں کی تعداد بڑھ کر 2.8 ملین ہو جائے گی، یہ تعداد سال 2020 کے مقابلے میں ایک ادب زیادہ ہوگی لیکن پھر بھی سال 2019 کی کارکردگی کے 1.7 ملین کم مسافروں کے۔ Load Factor میں 72.7 فیصد اضافہ متوقع ہے (یہ اضافہ سال 2020 کے مقابلے میں 65.5 فیصد زیادہ ہے، لیکن سال 2019 کے مقابلے میں 82.5 فیصد کم ہے۔ توقع کی جارہی ہے کہ کارگو بزنس میں کافی بہتری آئے گی۔ کاروبار پر بڑھتا ہوا اعتماد اور یکمین کی تقسیم میں انز کارگو کا کردار اہم ہوگا۔ حساس یکمین کی ترسیل کے لیے وقت اور مخصوص درجہ حرارت کے تناسب کے ساتھ مسافر خدمات سے کارگو آمدنی میں بہتری متوقع ہے۔

تعلیمات:

ہم اپنے صارفین، حصص یافتگان اور حکومت پاکستان کی بھرپور خدمات کا شکریہ ادا کرتے ہیں۔ ہم شکر گزار ہیں ان انز کرافٹ لیڈر، مینیجر، ایجنٹوں، ایم آر اے، اینڈ من فراہم کرنے والی کمپنیوں کے تعاون کے۔ ہم اپنی انتظامیہ کے ہر فرد اور ملازمین کے بھی شکر گزار ہیں جنہوں نے بی آئی اے سی کو درپیش مسائل اور چیلنجز کا ایجا اندازی اور انتظام کو مشقوں سے مقابلہ کیا۔ ہم حصص یافتگان اور بورڈ کے اپنے ساتھیوں اور ان کی قابل قدر رہنمائی کا بھی شکریہ ادا کرتے ہیں۔ ہمارا عزم ہے اور اس بات کا پختہ یقین ہے کہ ہم اپنی گمن اور انتظامیہ محنت سے ادارے کو مشکل دور سے نکال دیں گے۔

Anjum Rehman
اعظم آر خان
ڈائریکٹر

ایم آر اے
ایم آر اے
ایم آر اے

کارپوریٹ کی سماجی ذمہ داریاں (CSR):

پی آئی اے سی ایل ایم ڈی ایل کی ادائیگی انتہائی اعلیٰ معیار اور سماجی اصولوں کے مطابق کرتی ہے۔ بحیثیت ایک پبلک سیکٹر اور عوامی دلچسپی کھینچنے والی پی آئی اے اپنے صارفین، شراکت داروں، ملازمین اور پورے معاشرے کے ساتھ مضبوط رشتہ پرستی رکھتی ہے اس کا مقصد یہ بھی ہے کہ عوام انسان بھی ان کے فیصلوں میں دلچسپی ظاہر کرے جو یہ اپنے صارفین، انٹرایکٹ کے گاہک اور جہازوں کی بہتری کے لیے کر رہے ہیں۔ ایک ذمہ دار عوامی ادارہ ہونے کی حیثیت سے نہ صرف قدرتی آفات کے مواقع پر متاثرین کی مالی امداد کرتی ہے بلکہ ان کی آہ و فغاں اور امدادی سامان کی ترسیل کے لیے بھی بلا معاوضہ سہولیات فراہم کرتی ہے۔ پی آئی اے نے ایک CSR کمیٹی بھی تشکیل دی ہے جو کہ انٹرایکٹ کی کارکردگی کا جائزہ لیتی ہے۔ معاشرے کے ہر سماجی افراد اور ملازمین کی بہتری کے لیے بھی پی آئی اے مصروف ہے جس کے لیے اعلیٰ ادارے تشکیل دے دیے ہیں جن میں انٹرفارمٹس جو کہ 1967 میں معرض وجود میں آیا۔ اس کے علاوہ پی آئی اے اسکاؤٹس ایسوسی ایشن، پی آئی اے کرکٹ اکیڈمی، پی آئی اے پلانٹری یا ایچ HSE بھی پی آئی اے کے اس مزمع کی عکاسی کرتی ہے کے پی آئی اے ایک بہترین مستقبل کے قیصر کے لیے کوشاں ہے۔

حصص کا گوشوارہ:

ایک گوشوارہ جس میں پی آئی اے سی ایل میں شیئر ہولڈنگ کا نمونہ اور 31 دسمبر 2020 تک کی اضافی معلومات ظاہر کی گئی ملے نمبر 46 پر نمایاں ہے۔ 2020 کے دوران Rs 10/- والے اسٹاکس حصص کے سب سے زیادہ اور سب سے کم قیمت بالترتیب Rs 6.85 اور Rs 3.21 رہی۔ Rs 5/- والے پی اسٹاکس حصص کے سب سے زیادہ اور سب سے کم قیمت بالترتیب Rs 32.00 اور Rs 2.80 رہی۔ وزارت دفاع اور ہوابازی ڈویژن کے توسط سے حکومت پاکستان کے حصص کا 91.56 فیصد، پی آئی اے اسکاؤٹس ایسوسی ایشن اور کارپوریٹیشنوں میں 0.10 فیصد دوسرے افراد میں 3.83 فیصد حصص ہیں جبکہ پی آئی اے سی ایل میں مالی اداروں کے 0.08 فیصد حصص ہیں۔

کارپوریٹ اور مالیاتی گوشوارے کی رپورٹ کا جائزہ کار:

پبلک سیکٹر کمیٹی (کارپوریٹ گورننس رزلٹس) 2013 اور ایگزیکٹو کوآآف کارپوریٹ گورننس ریکولیشنز بحریہ 2017 کے تحت ڈائریکٹرز بیان کرتے ہیں کہ:

(ا) بورڈ آف ڈائریکٹرز نے کمیٹی کے وضع کردہ اصولوں کے تحت کام سرانجام دے دیے اور ان باتوں کی نشاندہی کی جو اصولوں کے تحت نہیں گئے۔ اس عرصہ کے دوران جن اصولوں کے تحت عمل ہوا تھا اور نہ ہو سکا۔ ان کی وجوہات بتائی گئیں۔

(ب) بورڈ کے وضع کردہ اصولوں کے تحت مالیاتی گوشوارے جو کہ پی آئی اے انتظامیہ نے تیار کیے، صاف اور شفاف ہیں۔

(پ) اکاؤنٹس کی کتابوں کی مناسب دیکھ بھال کی گئی ہے۔

(ت) مالیاتی گوشوارے کی تیاری کے دوران اکاؤنٹس کے رہنما اصولوں کی پابندی کی جاتی ہے اور اگست کا تخمینہ ایک مناسب انداز اور بہتر فیصلوں کے طریقہ کار پر کیا جاتا ہے۔

(ث) ڈائریکٹرز نے اپنی ذمہ داری تسلیم کرتے ہوئے اندرونی کنٹرول کے نظام کو قائم کرنے اور برقرار رکھنے میں اپنی ذمہ داری نبھائی اور اس کا باقاعدگی سے جائزہ لیا جاتا ہے اور نگرانی بھی کی جاتی ہے۔

(ث) پی آئی اے کے جیٹر میں بورڈ آف ڈائریکٹرز کی تقرری اور مراعات کا تعین کارپوریٹ سیکٹر کے بہترین اصولوں کے مطابق اور پی آئی اے کے بہترین مفاد میں کیا گیا۔

(ج) جیٹر میں اور دیگر ڈائریکٹرز کی تقرری اور مراعات کا تعین کارپوریٹ سیکٹر کے بہترین اصولوں کے مطابق طے ہوتا ہے۔

(ج) مالیاتی گوشوارے کی تیاری میں ان بین الاقوامی معیارات کا خاص خیال رکھا گیا جو پاکستان میں بھی رائج ہیں۔

(ج) ڈائریکٹرز اپنی ذمہ داریوں کو اچھے طور پر سمجھتے ہیں اور موثر حکمت عملی اور اندرونی کنٹرول کے طریقے کو بروئے کار لاتے ہیں اور بہتر نتائج کے لئے کوشاں رہتے ہیں تاکہ کام میں مزید ترقی ہو اور موجودہ نظام میں مزید بہتری لائی جاسکے۔

(خ) کارکردگی کے پچھلے 6 سالوں کے گوشواروں کا خلاصہ اس رپورٹ کے ساتھ منسلک ہے۔

(ا) پی آئی اے سی ایل کے کام کرنے کے طریقہ کار اور صلاحیت کی وجہ سے کسی قسم کے بڑے شہات نہیں ہیں Going concern پر جن شہات کا اثر پڑنے کی تشویش ہے وہ نوٹ 1.3 میں درج ہیں۔

(ا) پاکستان اسٹاک ایکسچینج کے اصولوں کی پابندی اور ان پر عملدرآمد کر دیا گیا کوئی قابل ذکر انحراف نہیں کیا گیا۔

(ا) Dividend کا اعلان نہ ہونے اور پولس حصص جاری نہ کرنے کی وجہ سے خالص سالانہ نقصان ہے۔

(ا) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، کمیٹی ممبر میٹری، چیف ایگزیکٹو آفیسر اور دیگر اہل ذمہ داریوں نے زیر جائزہ مالی سال کے دوران پی آئی اے کے حصص کا کوئی کاروبار نہیں کیا۔

(ا) حالیہ ایک ڈائریکٹر اور کمیٹی ممبر میٹری سرٹیفیکٹ ڈائریکٹرز ہیں۔ پی آئی اے سی ایل کا منظم ارادہ ہے کہ تمام ڈائریکٹرز سرٹیفیکٹ ڈائریکٹرز جیسا کہ کوڈ آف گورننس کے لیے ضروری ہے۔

(ا) سال 2020 کے دوران بورڈ آف ڈائریکٹرز کے 13 اجلاس منعقد ہوئے، جس کا ریکارڈ اس رپورٹ کے ساتھ منسلک ہے۔

(ا) حصص یافتگان کی تفصیل سیکشن 227 کمپنیز ایکٹ بحریہ 2017 اور رول 17، PSC کے مطابق اس رپورٹ کے ساتھ منسلک ہیں۔

(ا) پی آئی اے سی ایل پر کسی قسم کی کوئی قانونی ادائیگی واجب الادا نہیں ہے سوائے ان کے جن کا ذکر مالیاتی گوشواروں کے نوٹ میں کیا گیا ہے۔

بورڈ سکدش ہونے والے انٹیکشنل خدمات کو خراج تحسین پیش کرتا ہے۔

انجینئرنگ اور جہازوں کی دیکھ بھال:

سال 2020 عالمی مصیبت اور ہوابازی کی صنعت کے لیے ایک مشکل سال رہا خاص طور پر کوویڈ 19 کے وبائی مرض کے پیش نظر سڑی پابندیوں کی وجہ سے ہوابازی کی صنعت بڑی طرح متاثر ہوئی اور یہ صورتحال ابھی تک جاری ہے۔ انڈسٹری میں MRO کے تمام شعبہ جات مجموعی کساد بازاری کے زیر سایہ رہے لیکن اس کے باوجود پی آئی اے انجینئرنگ ایجنٹس 1000 ملین کی آمدنی حاصل کرنے میں کامیاب رہی۔ پی آئی اے انجینئرنگ ایجنٹس میں اضافی انویسٹری کی فروخت، مقامی فوجی اور عام ہوابازی کی خدمات، غیر ملکی MRO سروس دینے والے اداروں سے تعلق اور صنعتی گیس ٹربائن کے میدان میں تعاون کے ذریعے اپنے صارفین میں اضافہ کرنے پر عمل کر رہا ہے۔ پی آئی اے جدید چیزوں میں ٹیکنیکی پنڈنگ کی صلاحیتوں کے بڑھانے کے لیے PCAA اور دیگر ریگولیٹری حکام کے ساتھ بھی مل کر کام کر رہی ہے جو MRO آمدنی بڑھانے کا ایک اہم ذریعہ ہے۔

پی آئی اے ٹریننگ سینٹر:

پی آئی اے ٹریننگ سینٹر (PTC) ہوابازی کی صنعت سے متعلق تمام شعبوں میں تربیت فراہم کر رہا ہے۔ پی آئی اے ٹریننگ سینٹر کے تمام کورسز پاکستان سول ایوی ایشن اتھارٹی (PCAA) اور IATA سے منظور شدہ ہیں۔ پی آئی اے ٹریننگ سینٹر ISO 9001:2015 سند یافتہ ہے جہاں متعدد عملی مضامین میں تربیت فراہم کی جاتی ہے۔

1۔ انجینئرنگ (B1-Aerospace/B-2-Avionics/Basic Apprentice Trainings)

2۔ فلائٹ آپریشن

3۔ فلائٹ سروسز

4۔ پیئجر سروسز

5۔ مارکیٹنگ

6۔ کمپیوٹر پر مبنی تربیت

7۔ مینجمنٹ اینڈ ایئر کی تعلیم

فی الحال پی آئی اے کے پاس تقریباً 85 قابل التوجہ کارکن ہیں۔ پی آئی اے ہر سال تقریباً 10,000 سے زائد افراد کو تربیت فراہم کرتا ہے۔ پی آئی اے سیٹ فیکس کی بنیاد پر بھی طالب علموں کو کورس آفر کرتا ہے۔ یہ بات بھی قابل ذکر ہے کہ سال 2020 کے دوران PTC نے PCAA سے منظوری حاصل کی۔ مزید برآں PTC نے تربیت حاصل کرنے والوں کے لیے ATR Mockup کی سہولت کو بڑھایا اور یہ سہولت پی آئی اے اسلام آباد اور پی آئی اے لاہور تک پہنچائی گئی۔

برادری کی حکمت عملی:

عسکری بینک کے ساتھ اشتراکی کارڈ کا اجرا کیا جس کے ذریعے پی آئی اے اور عسکری بینک کے صارفین اور پی آئی اے انجینئرس کے لیے مختلف فوائد مہیا کیے گئے۔ ریجنل انڈسٹری نے کوویڈ 19 سے بچاؤ کے لیے پی آئی اے کے صارفین کے لیے بہترین مینیجر مہیا کیے پی آئی اے نے بینک اسلامی کے ساتھ ایک معاہدہ پر دستخط کیے جس کے تحت بینک اسلامی پی آئی اے کی پروازوں میں Head Rest ملانے کے انتظامات کرے گا۔ حبیب بینک لیٹل اور جی اسکرائب، پی آئی اے کے مسافروں کے لیے 3000 کمبل مہیا کریں گے۔ اہل درویش لیبارٹریز پاکستان نے ماہ رمضان کے دوران مسافروں کے لیے 111 دروغ افزا مہیا کیا پی آئی اے نے ARY گولڈ سہولت کارڈ کے ساتھ بھی اشتراک کیا جس کے تحت پی آئی اے کا ہر مسافر ARY سہولت کارڈ کارکن بن جائے گا جس کی بدولت اسے اہل درویش ملک ٹکٹ پر 3 فی صد جبکہ بین الاقوامی ٹکٹ پر 5 فی صد قیمت کے برابر سونایا جائے گا۔

IOSA آڈٹ ٹیم کا پی آئی اے پر حاکم۔

IATA کے آپریشنل سیفٹی آڈٹ ٹیم نے پی آئی اے کا آڈٹ مکمل کیا اور اپنی عبوری رپورٹ میں اطمینان کا اظہار کیا۔ 20 ستمبر 2020 کو آپریشنل سیفٹی آڈٹ ٹیم نے پانچ روزہ دورہ کیا اور حفاظتی اقدامات کی جانچ کی۔ اس ٹیم نے پی آئی اے کے آپریشنل حفاظتی اقدامات میں بہتری کا مشاہدہ کیا جب کہ اس کے مقابلے میں 2018 میں مرتب شدہ آڈٹ رپورٹ بھی شامل ہے۔ عبوری رپورٹ کے مطابق پی آئی اے نے 98.3 فی صد تعمیل کی ہے۔ IOSA کے آڈیٹر نے مسافروں اور طیاروں کے معیار کی حفاظتی تدابیر کو برکتے کے لیے فلائٹ آپریشن، پیئجر سروس، سیفٹی ایجنڈ کوائٹی انشورنس، سکیورٹی اور انجینئرنگ سمیت تمام شعبوں کے جانچ پڑتال کی۔ IATA کے تحت تیار ہوابازی کی سرگرمیوں کے لیے حفاظتی معیارات کی جانچ کے لیے انڈاکن کے لیے ہر دو سال بعد آڈٹ ضروری ہے۔

ملکی سیاحت کی فروغ کے لیے پی آئی اے کا ٹھکر پ سے معاہدہ

انڈسٹریل آرڈر ملک، چیف ایگزیکٹو ایگزیکٹو نے اس موقع پر کہا کہ مشترکہ منصوبے وزیراعظم پاکستان کے وژن کے مطابق ملکی سیاحت کو فروغ دینے کی توقع کی جا رہی ہے۔ اس منصوبے سے نہ صرف پاکستان میں سیاحت کو فروغ ملے گا بلکہ پاکستان کی سڑی صنعت کے دو بڑے اسٹیک ہولڈرز کے مابین ہم آہنگی کو بھی بہتر بنایا جائے گا۔ پی آئی اے کا ارادہ ہے کہ اس شراکت داری کے ذریعہ وہ پاکستان میں سہولیات، آرام اور سستی ملکی سیاحت اور ایئرپورٹ مینجمنٹ نہ صرف مقامی بلکہ بیرون ملک سے آنے والوں کے لیے بھی سہولت فراہم کرے جو پاکستان کے خوبصورت مقامات کی تیر کرنا چاہتے ہیں۔

جی ڈی ایس انو اسمر کی خود کا تصدیق: پی آئی اے IT نے ریویو کا وظیفہ سسٹم اور ریورڈ شیڈولر اور سٹریٹجی سسٹم کو ریویو کر کے کمرشل اینڈ فائنل ڈیپارٹمنٹ کو سہولت فراہم کی۔ اس انضمام کی مدد سے، جی ڈی ایس کی تمام رسیدوں کو باقاعدگی سے reconcile کیا جا رہا ہے، کسی بھی خلاف ورزی کی صورت میں ایجنٹوں کو auto debit میموجاری کیا جاسکتا ہے۔

AIMS کریڈیٹ منسٹری سسٹم کی اپ گریڈیشن: اس سے قبل پی آئی اے انکریڈیٹ منسٹر ڈیل منیجمنٹ سسٹم (AIMS) کا ورژن 2013 استعمال کر رہی تھی جسے اب ورژن 2016 میں اپ گریڈ کیا گیا ہے جو OEM Support کو بہتر بنائے گا اور جدید ترین ورژن میں مزید اپ گریڈ کرے گا۔

ICT انفراسٹرکچر آپ گریڈ

ICT Core Network System کی اپ گریڈیشن: ICT ڈیپارٹمنٹ نے چنی آئی اسے کوئٹہ ورک انفراسٹرکچر کو جدیدیت ورک میں منتقل کر دیا ہے جس نے نہ صرف ہماری نیٹ ورک سختی کو اپ گریڈ کیا بلکہ موجودہ اور مستقبل کے نیٹ ورک ڈیپارٹمنٹ سے غصے کے لیے کم لاگت کے ساتھ مقرر کیے ہیں۔ نیا نیٹ ورک زیادہ سے زیادہ اپ ٹائم، باہر سے ہونی ضرورت اور مضبوط سائبر سکیورٹی کو یقینی بنائے گا۔

پرائمری ڈیٹا سینٹر کی ایئر کنڈیشننگ: ICT ڈیپارٹمنٹ نے اپنے پرائمری ڈیٹا سینٹر کی اصلاح اور اسے اپ گریڈ کیا ہے اور بجلی، HVAC اور سکیورٹی کے بہتر معیار کو یقینی بنایا ہے۔ اس اپ گریڈ نے فزیکل طور پر جگہ کو سکیورڈ بنا دیا ہے تاکہ ماحول کا بہتر انتظام، ہشنگ اور بجلی کی بچت ہو سکے۔

فنا انگریزیت انکس کی اپ گرڈیشن: اپنی اے کے مقامی اور عالمی سطح پر تقسیم شدہ ترکو اب نہایت درک کے لئے آکر کھینچ کر میں آپ گرڈ کیا گیا ہے جس نے وفات کر کے مائین یا اسی رابطے کو فروغ دیا ہے اور نہایت درک کی سلامتی کو بھی بہتر بنایا ہے۔

اور چونکہ یہ یٹھن : یٹاسٹرن میں فراہم کیا گیا ہے اور اس وجہ سے استعمال کو کم سے کم کرنے کے لیے IT خدمات کی درخواستوں کا انٹریشن گئی ہے جس کی وجہ سے server # یٹاسٹرن کی دستیابی کا کارکردگی اور استعمال میں بہتری آئی ہے۔

۱۰. ایک سسٹم کی اپگریڈیشن اور چونکہ نرڈ سسٹم کا ایک اپ لینے کے لیے نیا ڈیٹا ایک اپ سسٹم متعارف کرا دیا گیا ہے اور اس کا نفاذ کر دیا گیا ہے۔

سماں سیکھ رہی اور دیرپاس میں بھیڑی اسماں بھروسہ کو روکنے کے لیے تمام غیر تعاون یافتہ آہر بینک سسٹم اور بنیادی ایٹم ورک ڈیڑھ آس کو اپ گریڈ کیا گیا ہے۔ اس میں آہر بینک سسٹم کی اپ گریڈیشن اور ایجنٹ پر انکسپشن اور قہر وال شامل ہیں۔

مواصلاتی انفراسٹرکچر: ICT نے اب VoIP دنیاوی راجہ بننے کے استعمال کی طرف توجہ دی ہے۔ پہلے مرطے میں پی آئی اے کے شمالی ریجن کو VoIP نیٹ ورک میں منتقل کر دیا گیا ہے۔

وادی بلیس انڈسٹریل ایریا: پاکستان میں اندر گراؤ ختم واصلات کو یقینی بنانے کے لیے پاکستان میں فضائی ٹریفک کی نگرانی اور نگرانی میں آسانی کے لیے متعدد VHF/AF سسٹم کو پورے ملک میں اپ گریڈ کیا گیا ہے۔

یورو آف ڈائریکٹرز میں تہدیلیاں:

بی آئی اے کی سالانہ رپورٹ برائے سال 2019 کی اشاعت کے بعد بی آئی اے کے یورو آف ڈائریکٹرز میں مندرجہ ذیل تبدیلیاں واقع ہوئی

نامزد کیے گئے	دہ پازہ نامزد کیے گئے منتخب ہوئے	سیکڑہ شس ہوئے
جناب زاہد الفیاف ابراہیم اکتوبر 20، 2020	جناب آلم آرمغان اکتوبر 20، 2020	جناب آلم آرمغان اگست 06، 2020
سید محمد علی گریزی اکتوبر 20، 2020	جناب نور احمد سیکرٹری انکسٹریٹو ڈویژن اکتوبر 20، 2020	جناب نور احمد سیکرٹری انکسٹریٹو ڈویژن اگست 06، 2020
ڈاکٹر ہادی اکتوبر 20، 2020	جناب عاطف آلم باجوہ اکتوبر 20، 2020	جناب عاطف آلم باجوہ اگست 06، 2020
محترمہ زلف منیر اکتوبر 20، 2020	جناب نوید ایچ ملک نومبر 28، 2020	جناب نوید کامران بلوچ سیکرٹری ٹیکسٹوئل ڈویژن دسمبر 24، 2020
جناب شوکت علی سیکرٹری ایوی ایشن ڈویژن نومبر 30، 2020	جناب حسن ناصر جامی سیکرٹری ایوی ایشن ڈویژن اکتوبر 20، 2020	جناب حسن ناصر جامی سیکرٹری ایوی ایشن ڈویژن نومبر 30، 2020
جناب کامران علی افضل دسمبر 24، 2020		جناب فرخ ایچ خان اگست 06، 2020
		جناب طارق کرمانی اگست 06، 2020
		جناب نوید ایچ ملک اگست 06، 2020
		جناب حق نواز اگست 06، 2020

قابل ذکر خطرات اور غیر یقینیات:

ہوا بازی کی صنعت ہمیشہ اندرونی و بیرونی خطرات کا سامنا کرتی رہی ہے جس کی وجہ کاروبار میں مقابلہ بازی کے رجحانات اور قوانین ہیں جو مختلف ممالک میں رکاوٹ کا سبب بنتے ہیں۔ ہمیں یقین ہے کہ ہماری ہوا میں بات پر منحصر ہے کہ ہم اپنے خطرات کو کس حد تک متاثر انداز میں سنبھالنے کے اہل ہیں۔ ہمارا مقصد ریسک منیجمنٹ کا ایک مضبوط نظام تشکیل دینا ہے جو موجودہ اور مستقبل میں ہمارے کام کے اعتبار سے موافق ہو اور قواعد کے ساتھ چلتا رہے۔ کئی اس بارے میں پیش بندی کے اصول پر کاربند ہے۔

مالی حادثات سے نمٹنے کا انتظام:

کئی مالی حادثات سے نمٹنے کا انتظام مالی منڈیوں کی غیر یقینی صورتحال پر مرکوز ہے۔ جیسے مارکیٹ کا خطرہ (کرنسی کا خطرہ، شرح سود اور دیگر قیمتوں کا خطرہ)، گریڈٹ ریسک اور لیکویڈٹی ریسک وغیرہ۔ مجموعی ریسک منیجمنٹ پر کاروبار مالی منڈیوں کی غیر متوقع صلاحیت پر مرکوز ہے اور کئی مالی کارکردگی پر پائے جانے والے ممکنہ منفی اثرات کو کم کرنے کی کوشش کرتا ہے۔ کئی کے پیئر منیجمنٹ بورڈ آف ڈائریکٹرز کے ذریعے منظور شدہ گورننس کے تحت مالی ریسک منیجمنٹ انتظام دہیتے ہیں پیئر منیجمنٹ جہاں کہیں بھی ضروری ہو مالی خطرات کی نشاندہی اور اس کی جانچ اور اس کو روکتا ہے۔

انفارمیشن ٹیکنالوجی:

معلومات اور مواصلاتی ٹیکنالوجی کے شعبے کا مقصد قومی و بین الاقوامی کو جدید خطوط پر استوار کرنا ہے جس کے تحت مسافرین کو محفوظ، بااعتماد اور دوستانہ ماحول کی فراہمی ہے۔ اس ضمن میں ICT نے درج ذیل چار کلیدی پر مشتمل IT Strategic Framework تیار کیا ہے:

- 1۔ ڈیجیٹلائزیشن: کاروباری عمل ڈیجیٹلائزیشن اور نئے نظاموں میں ادارہ جاتی نظام
- 2۔ لاگت گھٹانے کے لیے: آپریشن کی لاگت کو کم کرنا اور کارکردگی پر کھوت کیے بغیر کم لاگت کے متاثر مقامات تلاش کرنا
- 3۔ انفارمیشن سکیورٹی: پی آئی اے کی انفارمیشن سکیورٹی کی یقین دہانی اور معلوماتی اثاثوں میں اضافہ کیا جائے گا اور سکیورٹی آپریٹنگز کو ملے جائیں گے۔
- 4۔ انضمام: پی آئی اے اور اس کے شراکت داروں کے مابین انضمام اور شراکت داری کی سہولت فراہم کرنا
- 5۔ اندرونی صلاحیت ICT: بیرونی انحصار سے داخلی صلاحیت کی تعمیر کی طرف توجہ مرکوز کرے گا اور اضافی طور پر ملکی خدمات حاصل کرنے کے بجائے مخصوص تکنیکی خدمات صنعت کے شراکت داروں کے حصول کے لیے کوشاں رہیں گے۔

گزشتہ سال کے دوران ICT ڈیپارٹمنٹ ڈیجیٹلائزیشن کے راہ میں اہم سنگ میل عبور کیے، اس میں کچھ اہم کارنامے یہ ہیں:

آئی ٹی گورننس اور انفارمیشن سکیورٹی

آئی ٹی پالیسی فریم ورک ICT ڈیپارٹمنٹ نے آئی ٹی پالیسی وضع کی اور اس پر عمل درآمد کیا جس پر 13 سال بعد نظر ثانی کی گئی۔ اس پالیسی کو اندرونی اور بیرونی آڈیٹرز کے ذریعے جانچا گیا تاکہ اس پالیسی کے عمل درآمد کو یقینی بناتا ہے۔

انفارمیشن سکیورٹی: موجودہ سائبر سکیورٹی ماحول قومی اثاثوں پر مسلسل سائبر حملوں کے پیش نظر پی آئی اے نے اپنے سکیورٹی ڈھانچے کو مزید تقویت دیا۔ ہم نے ایک ایئر اور اینڈ پوائنٹ کو بھی مستحکم کیا اور سکیورٹی آپریشن سینٹر (COS) کے قیام کی ابتدا صنعت کے ماہرین کے ساتھ مل کر کی ہے۔

آئی ٹی اسٹریٹجک سکیورٹی کا قیام: آئی ٹی اسٹریٹجک سکیورٹی انتظامیہ کے ایک ایگزیکٹو ٹیم کو Business Continuity Planning - BCP کے حصہ کے طور پر ICT نے راولپنڈی آفس میں اپنے Disaster Recovery (DR) سائٹ کی ابتدا کی ہے۔ جہاں تمام سول اور بحلی کا کام مکمل ہو چکا ہے اور سال 2021 میں پی آئی اے آرمی آرمی سائٹ فعال ہو جائے گی۔

آئی ٹی سسٹم اور عمل

منیجمنٹ ڈیش بورڈ: آئی ٹی ڈیپارٹمنٹ نے منیجمنٹ ڈیش بورڈ کو پہلے 12-24 گھنٹوں تک اپڈیٹ کیا ہے جس سے بہتر کاروباری فیصلے کرنے میں مدد ملے گی۔

سیٹیلیٹ منیجمنٹ سسٹم (SMS): ICT نے خود ایک سیٹیلیٹ منیجمنٹ سسٹم ڈیش بورڈ تیار کیا ہے جو خلائی اشارے تمام ذرائع سے آنے والی اطلاعات کے ریکارڈ، اعلیٰ آئی اے کیٹیشن پلان اور اس کے متاثرہ علاقہ برعکاس ہر علاقہ کی حفاظت کی Real time انتظامی گہرائی فراہم کرتا ہے۔ یہ نظام مستقل کام کر رہا ہے اور پی آئی اے میں سیٹیلیٹ گہرائی تعمیر میں مدد دے رہا ہے۔

نیائی میل سسٹم: پی آئی اے نے خدمات کی بااعتمادی فراہمی، دستیابی اور ان کو بہتر بنانے کے لیے اوپن سورس ای میل نظام کا نفاذ کیا ہے

ویب سائٹ اور موبائل ایپ: مسافرن کے لیے آسانی اور براہ راست فروخت کو فروغ دینے کے لیے ویب سائٹ اور موبائل ایپ کو بہتر بنایا گیا ہے۔ موبائل پی آئی اے موبائل ایپ تمام پلیٹ فارمز جیسی Android، ایپل اور ہوا آف سائپلر ایپ کے لیے دستیاب ہے۔

تقسیم شدہ ورک GDS: آئی ٹی کا ایک اہم مقصد پی آئی اے کے تمام محکموں کی کاروباری عمل کو بہتر بنانے میں مدد کرنا ہے لہذا سال 2020 میں ICT نے Amadeus GDS Network کے ساتھ ایک معاہدہ پر دستخط کیے اور کرسٹل ڈیپارٹمنٹ کو سہولت فراہم کی، جس سے پی آئی اے اپنی انوٹری دینا کے تمام بڑے GDS پر فروخت کرنے کے قابل ہو گیا ہے۔

تجارتی تعاون کے لیے انضمام: پی آئی اے کے ICT محکمہ نے کوڈ میٹیر اور انٹرنیٹ تعاون کو پارٹنر ایر لائنز کے ساتھ ساتھ تجارتی شراکت داروں کے ساتھ انضمام کے لیے تعاون کیا جس میں عسکری کارڈ کے لیے عسکری ویب، ہوجوں کے لیے IHIG اور مسافروں کے لیے ARY شامل ہیں۔

22 مئی 2020 کو اپنی آئی اس کے پروانہ پٹی کے۔ 8303 بڑی ایئر لائن 320-8 جو کہ علامہ اقبال انٹرنیشنل ایئر پورٹ لاہور تا جناح انٹرنیشنل ایئر پورٹ اندرون ملک پرواز تھی دن وے سے چند کلومیٹر دور پہلی بار میں ناکام لینڈنگ کے بعد دوسری بار کوشش کرتے ہوئے کراچی کے ایک گھنٹان آباد رہائشی علاقہ ماڈل کالونی میں گر کر تباہ ہو گئی جس میں 91 مسافر اور عملہ کے 8 افراد سوار تھے۔ اس حادثہ میں 99 میں سے 97 افراد جاں بحق ہو گئے جبکہ دو مسافر زخمی حالت میں پائے گئے جبکہ 8 رہائشی بھی اس حادثہ میں زخمی ہوئے بعد ازاں ان میں سے ایک رہائشی کا بھی زخموں کی تاب نہ لاتے ہوئے انتقال ہو گیا۔ ہم اس احمق و ہناک واقعہ پر گہرے رنج و غم کا اظہار کرتے ہیں اور غمزہ خاندانوں کے ساتھ کھڑے ہیں۔ اس واقعہ کے بعد فوری طور پر ایمر جیسی ریسپانس سیکٹر (ERC) اور انٹیشن ایمر جیسی کوآرڈینیشن روم (SECR) کو متحرک کیا گیا اور ایمر جیسی ریسپانس ٹیم (ERP) اور ایئر کانس نے رضا کارانہ طور پر اپنے ارکان کو غمزہ خاندانوں کی ہر ممکن مدد فراہم کرنے کے لیے ایئر پورٹ پر تعینات کیا۔

مالی جائزہ:

سال 2020 میں آمدنی 94.98 بلین ری، متبادل سال گزشتہ 2019 کی آمدنی 147.5 بلین روپے تھی یعنی 35.6 فی صد کی جس کی وجہ کوویڈ 19 رہی

تفصیلات	برائے سال ختم دسمبر 2019	برائے سال ختم دسمبر 2020
آمدنی	147,500	94,989
بیزنس کا اخذ	(50,059)	(21,154)
دیگر اخراجات	(89,625)	(71,375)
کل منافع / نقصان	7,516	2,461
دیگر آپریٹنگ اخراجات	(15,749)	(14,376)
دیگر آمدنی	2,102	11,235
آپریٹنگ نقصان	(6,130)	(680)
زرمبادلہ میں نقصان	(11,697)	(4,949)
مالیاتی لاگت	(35,537)	(29,725)
محصول سے قبل نقصان	(53,361)	(35,354)
محصولات	760	711
نقصان بعد از محصولات	(52,602)	(34,643)

مالیاتی گوشوارے

جیہا کہ بیان کیا گیا ہے کہ 2020 سے کوویڈ 19 کی وبا پھیلی جس کے باعث دنیا بھر میں ہوابازی کی صنعت کو مشکلات درپیش ہیں۔ کمپنی پر بھی اس صورتحال کا اثر پڑا جبکہ کوویڈ 19 کی وجہ سے یورپی یونین کی فضائی حفاظت کی ایجنسی (EASA) کی جانب سے حاکم کردہ پابندیوں کا بھی اطلاق یکم جولائی 2020 سے ہوا۔ حالانکہ کمپنی کے مالی نتائج سال 2020 کی ابتدائی سہ ماہی میں کافی حوصلہ افزا تھے، کوویڈ 19 کے نتیجے میں آپریٹنگ معطل رہا اور مارچ 2020 سے کمپنی کی رفتار سست ہو گئی۔ مندرجہ بالا ضمنی اثرات کا مقابلہ کرنے کے لئے کمپنی کے لاگت میں کٹوتی کے لیے متعدد اقدامات کیے جن میں طارمین کی ٹکٹوں میں رضا کارانہ کمی، کوویڈ کے دوران چارٹر پروازوں میں اضافہ وغیرہ شامل ہیں۔

والٹری سپریشن اسکیم (VSS)

سال کے دوران کمپنی نے اپنے مستقل ملازمین کے لیے رضا کارانہ طور پر علیحدگی اسکیم (VSS) کا اعلان کیا جو کہ افرادی قوت (HR) کی تنظیم نو کے سلسلے کا ایک حصہ ہے۔ اس اسکیم کے تحت 1,900 سے زائد ملازمین نے رضا کارانہ طور پر علیحدگی کا انتخاب کیا۔ حکومت پاکستان نے علیحدگی اختیار کرنے والے ملازمین کے ہجرت اخراجات کی ادائیگی کے لیے خصوصی گرانٹ منظور کی۔ اس ضمن میں پینل بینک آف پاکستان میں اکاؤنٹ کھول دیا گیا ہے اور مالی گوشواروں میں یہ رقم بطور Other Income دکھائی گئی ہے۔

اکاؤنٹنگ پالیسی میں تبدیلی

سال کے دوران کمپنی نے اپنے اکاؤنٹنگ پالیسی میں تبدیلی کی ہے۔ اس پالیسی کے تحت اب جہازوں کی قیمت میں سے Accumulated Depreciation اور اس کی خرابی، ماگروٹی ہے تو اس کو منہا کیا جائے گا۔ اس سے قبل ان اثاثوں کی موجودہ قیمت میں سے Accumulated Depreciation اور اس کی خرابی، ماگروٹی ہے تو اس کو منہا کیا جاتا تھا۔ انتظامیہ کو یقین ہے کہ کیونکہ یہ نئی پالیسی اکاؤنٹنگ کے حکام کو درست کرنے کے لیے ہے اور دوسری انٹرنیشنل ایئر لائنز نے بھی اس پالیسی کو اپنایا ہے لہذا یہ پالیسی زیادہ متواتر ثابت ہوگی۔

محترم حصص یافتگان!

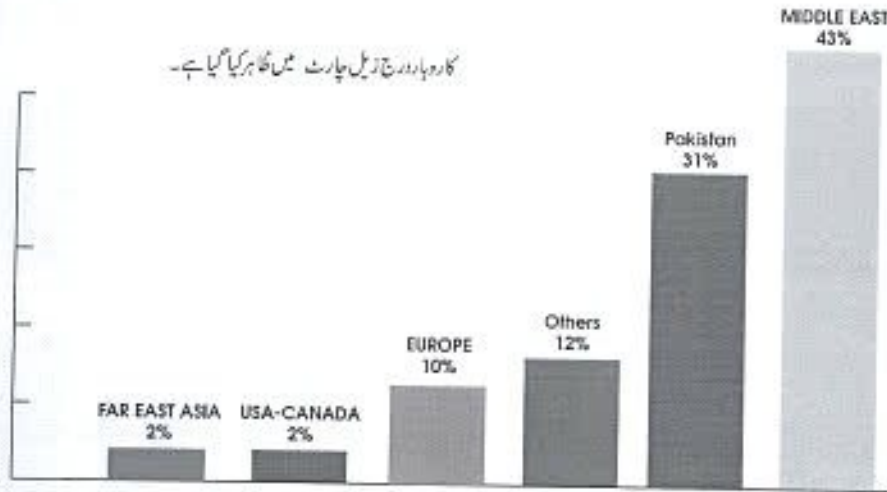
پاکستان انٹرنیشنل ایئر لائنز کارپوریشن لمیٹڈ (پی آئی اے سی ایل) ہولڈنگ کمپنی کے ڈائریکٹرز پی آئی اے سی ایل کی سالانہ رپورٹ بشمول مالیاتی گوشوارے برائے سال جس کا اختتام 31 دسمبر 2020 کو ہوا، پیش خدمت کرتے ہیں۔

صنعتی جائزہ:

جنوری 2020 سے کوویڈ-19 کی وبا پھیل گئی جس کے نتیجے میں ایئر لائنز آپریشن میں مسائل کا سامنا کرنا پڑا۔ دنیا بھر کی ایئر لائنز کی طرح کمپنی بھی مختلف حکومتوں کی جاندارہ سفری پابندیوں اور لاک ڈاؤن کی وجہ سے بری طرح متاثر ہوئی۔ اس ضمن میں IATA نے اپنا مالی نظریہ بھی جاری کیا ہے جس کے مطابق کوویڈ-19 نے دوسری جنگ عظیم کے بعد ہوا بازی کی صنعت کو بڑا دھچکا پہنچایا ہے۔ حتیٰ کہ 9/11 کے واقعہ اور سال 2007-08 کے مالی بحران کے دوران بھی ہوا بازی کی صنعت پر اتنا اثر نہیں ہوا جس کا نتیجہ RPK میں 66 فی صد کی کاٹ کا ہوا ہے۔ سال 2020 ہوا بازی کی صنعت میں بدترین سال کی حیثیت سے یاد رکھا جائے گا۔ کوویڈ-19 کی دوسری اور تیسری لہروں نے ہوائی سفر سے ہونے والی آمدنی کے عمل کو الٹ کر رکھ دیا ہے۔ بیشتر ممالک اس وبا پر قابو پانے میں بے بس نظر آئے جس کی وجہ سے ہوائی سفر میں خاطر خواہ کمی واقع ہوئی۔ اندرون ملک سفری طرح متاثر ہوا ہے لیکن کی طرف سے کیمز کو قابو کرنے کی وجہ سے اور دوسری طرف ریاست ہائے امریکہ میں دوسری اور پھر تیسری لہر کی وجہ سے۔ یورپ میں جہاں دوسری لہر بہت زیادہ نقصان دہ ثابت ہوئی ہے جین الاقوامی سفر کی بحالی میں کافی مشکلات ہیں۔

کاروباری جائزہ:

کوویڈ-19 کی وجہ سے پیدا ہونے والی صورتحال کے باوجود اس سال پی آئی اے نے 2.4 بلین کا کل منافع حاصل کیا جبکہ آپریٹنگ نقصان 680 ملین رہا۔ کمپنی گزشتہ سال کی نسبت اس سال نقصان کو 34 فی صد کم کرنے میں کامیاب رہی جو کہ سال 2019 کے اختتام پر 52.6 بلین تھا اس سال 34.6 ارب رہا۔



اس مشکل وقت میں اسے حوصلہ افزا دینے کے لیے انتظامیہ کی کوششوں کا نتیجہ ہیں جس میں صارفین کے لیے بہتر تجربے کو بڑھانے، دوران سفر حفاظتی انتظامات کو بہتر بنانے اور کاسٹ میں کمی جیسے اقدامات شامل ہیں۔ کوویڈ-19 کی صورتحال سے نمٹنے کے لیے پی آئی اے انتظامیہ نے آپریٹنگ اور کمیشن منسٹ کے اقدامات کیے جس میں تحریکوں میں رضا کارانہ کمی، دیار غیر میں چھپنے ہوئے افراد کو وطن واپس لانے کی پروازیں، لیجز پر لیے گئے انجنوں کی واپسی اور تنظیم نو کے لیے کچھ مالیاتی اداروں سے قرضہ لینے کے مذاکرات شامل ہیں۔ اگرچہ سال کے پہلے دو ماہ میں کمپنی کی کارکردگی بچت سے بہت بہتر تھی لیکن مارچ 2020 سے وہ اپنی مرضی نے کمپنی کی رفتار سست کر دی۔ بہت سارے روٹس کچھ ماہ کے لیے مکمل اجزوی طور پر بند کر دیے گئے جس کے باعث کمپنی کی عمر و آپریشن سے بھی محروم رہی کوویڈ-19 کی وجہ سے بچت کے تقاضوں میں تخفیف کے حامل متعدد چارٹر مل رہے۔ مسافروں کی تعداد میں خاطر خواہ کمی کے باعث کارگو اضافی سامان، چینڈلنگ اور متعلقہ آمدنی میں کمی واقع ہوئی۔ تاہم کوویڈ-19 کے دوران خصوصی چارٹر پروازوں میں اضافہ کے سبب چارٹر آمدنی میں اضافہ ہوا۔ ہوائی جہاز کا ایجنڈا کل لاگت کا 19.5 فی صد کے ساتھ سب سے بڑا عنصر رہا، اس دوران ایجنڈا میں لاگت میں بنیادی طور پر پروازوں کی کم تعداد کی وجہ سے کمی واقع ہوئی۔ جب کہ براہ راست اخراجات میں بھی کمی نظر آئی۔ چینڈلنگ سروس میں کمی کے باعث 50.9 فی صد کی دیکھی گئی۔ کوویڈ-19 کے سبب پی آئی اے کے لیے آپریٹنگ ماحول سازگار نہیں تھا۔ لیکن امید کی جاسکتی ہے کہ ہمارے صارفین کی حمایت، ملازمین کی لگن اور حکومت پاکستان کی مسلسل حمایت کی بدولت آنے والا وقت ہمارے لیے بہترین ثابت ہوگا۔

BOARD MEETINGS ATTENDANCE

Meetings Date Attended by	BM 040 03/1/2020	BM 041 22/1/2020	BM 042 11/2/2020	BM 043 09/3/2020	BM 044 02/4/2020	BM 045 30/4/2020	BM 046 15/5/2020
Mr Naveed H. Malik	✓	✓	✓	✓	✓	✓	✓
Syed Pervaiz Abbas Secretary Economic Affairs Division	✓ VL	✓ VL	✓ VL	✓ VL	Leave of Absence	Relinquished 28/4/2020	
Mr Aatif Aslam Bajwa	✓ VL	Leave of Absence	✓	✓	✓ VL	✓ VL	✓ VL
Mr Hassan Nasir Jami Secretary Aviation Division	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL
Mr Farrukh H Khan	✓	✓ VL	Leave of Absence	✓	✓ VL	✓ VL	✓ VL
Mr Tariq Kirmani	✓	Leave of Absence	✓	✓	✓	✓	✓
Air Marshal Arshad Malik Chief Executive Officer (CEO)	✓	Leave of Absence	Leave of Absence	Leave of Absence	✓ VL	✓ VL	✓ VL
Mr Haque Nawaz	✓ VL	✓ VL	✓ VL	✓ VL	✓	✓ VL	✓ VL
Mr Naveed Kamran Baloch Secretary Finance Division	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Mr Muhammad Ali Tabba	Leave of Absence	✓	Relinquished 4/2/2020				
Mr Aslam R Khan Chairman			✓	✓	✓	✓	✓
Mr Noor Ahmed Secretary Economic Affairs Division						Leave of Absence	Leave of Absence
Mr Zahid F Ebrahim							
Syed Muhammad Ali Gardezi							
Dr Jawaid Ghani							
Dr Zeelaf Munir							
Mr Shaukat Ali Secretary Aviation Division							
Mr Kamran Ali Afzal Secretary Finance Division							

* VL: attended through video link

BOARD MEETINGS ATTENDANCE

Meetings Date Attended by	BM 047 23/5/2020	BM 048 05/8/2020	BM 049 05/11/2020	BM 050 10/12/2020	BM 051 27/12/2020	BM 052 30/12/2020
Mr Naveed H. Malik	✓	✓	Relinquished 6/8/2020	✓	✓	✓
Mr Aft Aslam Bajwa	✓ VL	✓ VL	✓	✓	✓ VL	✓
Mr Hassan Nasir Jamy Secretary Aviation Division	✓ VL	✓ VL	✓	Relinquished 4/12/2019		
Mr Farrukh H Khan	✓ VL	Leave of Absence	Relinquished 6/8/2020			
Mr Tariq Kirmani	✓	✓	Relinquished 6/8/2020			
Air Marshal Arshad Malik Chief Executive Officer (CEO)	✓ VL	✓	✓	✓ VL	✓ VL	✓
Mr Haque Nawaz	✓ VL	✓ VL	Relinquished 6/8/2020			
Mr Naveed Kamran Baloch Secretary Finance Division	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Relinquished 24/12/2020	
Mr Aslam R Khan Chairman	✓	✓	✓	✓	✓	✓
Mr Noor Ahmed Secretary Economic Affairs Division	Leave of Absence	✓ VL	✓ VL	✓ VL	Leave of Absence	Leave of Absence
Mr Zahid F Ebrahim			✓	✓	✓ VL	✓ VL
Syed Muhammad Ali Gardezi			✓ VL	✓ VL	✓ VL	✓ VL
Dr Jawaid Ghani			✓	✓ VL	✓ VL	✓ VL
Dr Zeelaf Munir			✓	✓ VL	✓ VL	Leave of Absence
Mr Shoukat Ali Secretary Aviation Division				✓ VL	✓ VL	✓
Mr Kamran Ali Afzal Secretary Finance Division					✓ VL	Leave of Absence

* VL: attended through video link



REVIEW REPORT TO THE MEMBERS ON THE STATEMENTS OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Pakistan International Airlines Corporation Limited for the year ended December 31, 2020 to comply with the requirements of Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations) and rule 24 of the Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) respectively.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and the Rules, and report if it does not, and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2020.

Further, we highlight below instances of non-compliance with the requirement of the Codes as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No	Rule/Regulation	Description
1	4(4)	The Board of Directors has not elected a chairman after 48th BOD meeting held during the year 2020. Subsequent Board meetings were presided by ad hoc chairman elected for each meeting.
2	6(3)	Minutes of the BOD meeting were not circulated within 14 days of the meeting.
3	9	The Board has not established criteria for review and approval of a non-arm's length transaction and recording proper justification for using such alternate pricing mechanism.
4	10(1)	The Board has not approved quarterly financial statements within the specified time.
5	11(3)/18	Annual orientation course for newly appointed / elected directors was not held during the year.

STATEMENT OF COMPLIANCE

with the Public Sector Companies (Corporate Governance) Rules 2013 and Listed Companies (Code of Corporate Governance) Regulations 2019

Name of company: Pakistan International Airlines Corporation Limited (PIACL)
Name of the line ministry: Aviation Division, Cabinet Secretariat
For the year ended: December 31, 2020

1. This statement is being presented to comply with Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Regulations, the provisions of Rules shall prevail.

Pakistan International Airlines Corporation (the Corporation) was incorporated on January 10, 1955 under the Pakistan International Airlines Corporation Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Corporation Act, 1956. With effect from April 19, 2016, the Corporation was converted from a statutory corporation into a public limited company by shares namely Pakistan International Airlines Corporation Limited (the Company or 'PIACL'), through Act No. XV of 2016, Pakistan International Airlines Corporation (Conversion) Act, 2016, (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Airlines Corporation Act, 1956 and the Company is now governed under Companies Act, 2017 (the Act).

II. During the year ended December 31, 2020, the Company has complied with the provisions of Rules in following manner:

S.No.	Provision of Rules	Rule No.	Yes	No	N/A																													
1.	Independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																															
2.	Board has at least one-third of its total members as Independent Directors as at December 31, 2020, Board's composition was: <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="6">Independent Directors</td><td>Mr Aslam R Khan</td><td>October 20, 2020</td></tr><tr><td>Mr Atif Aslam Bajwa</td><td>October 20, 2020</td></tr><tr><td>Syed Muhammad Ali Garded</td><td>October 20, 2020</td></tr><tr><td>Dr Jawaid Ghani</td><td>October 20, 2020</td></tr><tr><td>Mr Zahid F. Ebrahim</td><td>October 20, 2020</td></tr><tr><td>Dr Zeelaf Munir</td><td>October 20, 2020</td></tr><tr><td></td><td>Mr Navad H Malik</td><td>November 28, 2020</td></tr><tr><td>Executive Directors</td><td>Air Marshal Arshad Malik</td><td>October 17, 2018</td></tr><tr><td rowspan="3">Non-Executive Directors</td><td>Mr Noor Ahmed</td><td>October 20, 2020</td></tr><tr><td>Mr Shoukat Ali</td><td>November 30, 2020</td></tr><tr><td>Mr Kamran Ali Afzal</td><td>December 24, 2020</td></tr></table>	Category	Names	Date of Appointment	Independent Directors	Mr Aslam R Khan	October 20, 2020	Mr Atif Aslam Bajwa	October 20, 2020	Syed Muhammad Ali Garded	October 20, 2020	Dr Jawaid Ghani	October 20, 2020	Mr Zahid F. Ebrahim	October 20, 2020	Dr Zeelaf Munir	October 20, 2020		Mr Navad H Malik	November 28, 2020	Executive Directors	Air Marshal Arshad Malik	October 17, 2018	Non-Executive Directors	Mr Noor Ahmed	October 20, 2020	Mr Shoukat Ali	November 30, 2020	Mr Kamran Ali Afzal	December 24, 2020	3(2)	✓		
Category	Names	Date of Appointment																																
Independent Directors	Mr Aslam R Khan	October 20, 2020																																
	Mr Atif Aslam Bajwa	October 20, 2020																																
	Syed Muhammad Ali Garded	October 20, 2020																																
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	Mr Shoukat Ali	November 30, 2020																																
	Mr Kamran Ali Afzal	December 24, 2020																																
3.	No person shall be elected or nominated as a director of more than 5 public sector companies simultaneously, except their subsidiaries.	3(4)	✓																															
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																															
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act. <i>Note: Total number of directors fixed by the First Directors of the Company were eleven out of which ten Directors are nominated by the Federal Government. Election was held during the year 2020</i>	3(7)	✓																															



S.No.	Provision of Rules	Rule No.	Yes	No	N/A
6.	The office of the Chairman of the Board is separate from the Chief Executive of the Company.	4(1)	✓		
7.	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)		✓	
8.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓		
9.	a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place, b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website. (www.piac.com.pk) c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓		
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (i)	✓		
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	✓		
13.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	✓		
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	✓		
15.	The Board has developed a Vision or Mission Statement, Corporate Strategy and significant policies of the Company.	5(6)	✓		
16.	The Board has developed significant policies of the Company. A complete record of the particulars of the significant policies together with the dates on which they were approved or amended, has been maintained.	5(7)	✓		
17.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		
18.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)	✓		

S.No.	Provision of Rules	Rule No.	Y	N	N/A											
19.	a) The Board has met at least four times during the year.	6 (1)	✓													
	b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6 (2)	✓													
	c) The Minutes of the meetings were appropriately recorded and circulated.	6 (3)		✓												
20.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓													
21.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9		✓												
22.	a) The Board has approved the Statement of Profit or Loss for, and Statement of Financial Position as at the end of, the first, second and third quarter of the year as well as the financial year end.	10		✓												
	b) The Board has ensured that half yearly accounts are prepared and reviewed by the external auditors.		✓													
	c) The Board has placed the Annual Financial Statements on the Company's website.		✓													
23.	All the Directors underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11		✓												
24.	a) The Board has formed the requisite Committees, as specified in the Rules.	12	✓													
	b) The Committees were provided with written term of reference defining their duties, authority and composition.		✓													
	The Minutes of the Meetings of the Committees were circulated to all the Directors except for Finance (Risk Management) Committee, since no finance committee has been formed by Directors, refer 23(d) below:		✓													
	a) The committees were chaired by the following Non-Executive Directors:															
	<table><tr><th>Board Committee</th><th>Number of Members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>03</td><td>Alif Aslam Bajwa</td></tr><tr><td>HR (Nomination) Committee</td><td>03</td><td>Zahid F Ibrahim</td></tr><tr><td>Procurement Committee</td><td>03</td><td>Jawaid Ghani</td></tr></table>		Board Committee	Number of Members	Name of Chair	Audit Committee	03	Alif Aslam Bajwa	HR (Nomination) Committee	03	Zahid F Ibrahim	Procurement Committee	03	Jawaid Ghani	✓	
Board Committee	Number of Members	Name of Chair														
Audit Committee	03	Alif Aslam Bajwa														
HR (Nomination) Committee	03	Zahid F Ibrahim														
Procurement Committee	03	Jawaid Ghani														
25.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓													
26.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓													

S.No.	Provision of Rules	Rule No.	Yes	No	N/A										
27.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓												
28.	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓												
29.	The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓												
30.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The Annual Report of the Company contains criteria and details of remuneration of each director.	19	✓ ✓												
31.	The Financial Statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✓												
32.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members: <table border="1"><thead><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr></thead><tbody><tr><td>Mr Alif Aslam Bajwa</td><td rowspan="3">Independent Directors</td><td>Banker</td></tr><tr><td>Dr Zeelaf Munir</td><td>HR/Marketing</td></tr><tr><td>Dr Jawad Ghani</td><td>IT/Marketing</td></tr></tbody></table> The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	Name of Member	Category	Professional Background	Mr Alif Aslam Bajwa	Independent Directors	Banker	Dr Zeelaf Munir	HR/Marketing	Dr Jawad Ghani	IT/Marketing	21 (1) 21 (2)	✓ ✓		
Name of Member	Category	Professional Background													
Mr Alif Aslam Bajwa	Independent Directors	Banker													
Dr Zeelaf Munir		HR/Marketing													
Dr Jawad Ghani		IT/Marketing													
33.	a) The Chief Financial Officer, the Chief Internal Auditor and a representative of the External Auditors attended all Meetings of the Audit Committee at which issues relating to accounts and audit were discussed. b) The Audit Committee met the External Auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other Executives. c) The Audit Committee met the Chief Internal Auditor and other members of the Internal Audit function, at least once a year, without the presence of Chief Financial Officer and the External Auditors	21 (3)	✓ ✓												
34.	a) The Board has set up an effective Internal Audit function, which has an audit charter, duly approved by the Board Audit Committee. b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. c) The Internal Audit Reports have been provided to the External Auditors for their review.	22	✓ ✓ ✓												
35.	The External Auditors of the Company have confirmed that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓												
36.	The Auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓												

Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

1. The total number of directors are as follows
 - a. Male: 10
 - b. Female: 01
2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Act and these Regulations.
3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
4. The frequency of quarterly Meetings of the Committee was as per following:
 - Meetings of the Audit Committee were held in all 4 Quarters.
 - Meetings of the HR and Nomination Committee was held 3 times during the year in the 3rd and 4th quarter. No meeting was held in 1st and 2nd quarter.
 - Meeting of procurement committee was held once in 4th quarter.
5. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
6. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for sub regulation 2 of regulation 27 which requires the Audit Committee to meet at least once every quarter which in the case of PIACL was held in 3rd quarter and 4th quarter only.
7. Non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are set out below:
 - The Company did not make appropriate arrangements to carry out orientation for its directors to acquaint them with the requirements of these Regulations.
 - The agenda for all the Board Meetings was set by the Company Secretary in the absence of the Chairman of the Board.
 - The Quarterly Financial Statements have not been timely approved for the 1st and 3rd Quarter.



EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next Financial Year:

S. No.	Rule/ Sub Rule No.	Reasons for Non-Compliance	Future course of action
7	4(4)	The Federal Government vide its Notification No.773/40/2020 dated October 13, 2020 has nominated a director as Chairman of the Board. Subsequently, the Board in its Meeting held on October 26, 2018 has elected the same director as Chief Executive of the Company who was nominated by the Federal Government as Chairman of the Board in the aforementioned notification of the Federal Government. Accordingly, the position of the Chairman of the Board is vacant currently and the Directors elect the Chairman of the meeting of the Board in each meeting of the Board, as per Companies Act 2017.	The new BOD was constituted in October 2020 and the Board remained without a full-time Chairman till December 2020 i.e. for a period of 03 months only.
19	6(3)	Minutes of the Bod Meetings were not circulated within fourteen days of the meeting.	Noted for compliance in future.
21	9	Due to non-establishment of related party transactions pricing policy which could differentiate non-arm's length transactions with that which have been executed at arm's length.	Noted for compliance in future.
22	10(1)	Quarterly accounts were not approved within one month time due to non-finalization of Financial Statements.	Quarterly Accounts were delayed mainly due to lockdown restrictions imposed in wake of COVID-19. Board has emphasized timely completion of financial statements in future so that compliance of regulatory framework can be ensured.
23	11(3)	Annual orientation course for all the directors was not held during the year.	PIACL Board comprises senior civil servants, corporate leaders and business executives. However, they are provided with orientation material at the time of their joining and subsequently kept updated.

For and on behalf of the Board

Aslam R. Khan
Aslam R. Khan
Director

Air Marshal Arshad Malik
Air Marshal Arshad Malik
Chief Executive Officer

PATTERN OF SHAREHOLDINGS

As at December 31, 2020

Shareholding			Number of Shareholders	Ordinary 'A' Class	Ordinary 'B' Class
From	To			Total Shares Held	Total Shares Held
1	to	100	13,975	265,191	12,956
101	to	500	29,976	8,362,539	9,568
501	to	1000	4,723	4,040,658	1,339
1001	to	5000	5,212	13,027,050	13,621
5001	to	10000	1,268	10,113,009	-
10001	to	15000	402	5,254,500	-
15001	to	20000	303	5,555,058	-
20001	to	25000	192	4,552,079	-
25001	to	30000	128	3,661,535	-
30001	to	35000	66	2,207,720	-
35001	to	40000	67	2,596,500	-
40001	to	45000	39	1,671,226	-
45001	to	50000	154	7,616,957	-
50001	to	55000	45	2,391,347	-
55001	to	60000	40	2,355,500	-
60001	to	65000	22	1,382,500	-
65001	to	70000	18	1,231,805	-
70001	to	75000	21	1,553,239	-
75001	to	80000	17	1,334,667	-
80001	to	85000	8	675,500	-
85001	to	90000	22	1,941,679	-
90001	to	95000	6	557,820	-
95001	to	100000	94	9,374,500	-
100001	to	105000	17	1,755,158	-
105001	to	110000	6	652,178	-
110001	to	115000	7	799,000	-
115001	to	120000	7	827,135	-
120001	to	125000	7	875,000	-
125001	to	130000	4	515,500	-
130001	to	135000	9	1,196,200	-
135001	to	140000	6	837,000	-
140001	to	145000	4	577,626	-
145001	to	150000	26	3,890,500	-
150001	to	155000	4	616,500	-
155001	to	160000	7	1,108,000	-
160001	to	165000	2	326,000	-
165001	to	170000	6	1,012,000	-
170001	to	175000	4	694,451	-
175001	to	180000	10	1,778,500	-
180001	to	185000	2	365,500	-
185001	to	190000	3	570,000	-
190001	to	195000	1	195,000	-
195001	to	200000	20	3,999,000	-
200001	to	205000	3	611,150	-
205001	to	210000	2	412,000	-
210001	to	215000	4	852,000	-
215001	to	220000	1	220,000	-
220001	to	225000	3	669,845	-
225001	to	230000	2	459,000	-
240001	to	245000	1	242,000	-
245001	to	250000	5	1,250,000	-
250001	to	255000	2	501,500	-
255001	to	260000	2	518,500	-
270001	to	275000	3	814,179	-
275001	to	280000	3	834,635	-
280001	to	285000	4	1,133,000	-
285001	to	290000	2	575,500	-
295001	to	300000	7	2,097,000	-
300001	to	305000	2	610,000	-
310001	to	315000	1	311,000	-
315001	to	320000	1	320,000	-
325001	to	330000	3	983,500	-
345001	to	350000	4	1,400,000	-
350001	to	355000	2	705,500	-
360001	to	365000	1	361,000	-
370001	to	375000	1	370,500	-



PATTERN OF SHAREHOLDING

As at December 31, 2020

Shareholding			Number of Shareholders	Ordinary "A" Class	Ordinary "B" Class
From		To		Total Shares Held	Total Shares Held
375001	to	380000	2	754,000	-
385001	to	390000	1	386,500	-
395001	to	400000	1	400,000	-
400001	to	405000	1	405,000	-
405001	to	410000	1	410,000	-
415001	to	420000	1	416,000	-
420001	to	425000	2	846,000	-
425001	to	430000	2	856,500	-
440001	to	445000	1	441,000	-
445001	to	450000	4	1,800,000	-
450001	to	455000	1	454,000	-
460001	to	465000	1	463,000	-
465001	to	470000	1	469,500	-
475001	to	480000	1	480,000	-
480001	to	485000	1	483,500	-
490001	to	495000	1	492,000	-
495001	to	500000	4	2,000,000	-
500001	to	505000	2	1,002,500	-
515001	to	520000	2	1,038,000	-
520001	to	525000	1	525,000	-
530001	to	535000	1	533,000	-
545001	to	550000	1	550,000	-
565001	to	570000	2	1,137,504	-
595001	to	600000	1	600,000	-
605001	to	610000	1	608,000	-
615001	to	620000	3	1,860,000	-
630001	to	635000	1	630,067	-
645001	to	650000	1	650,000	-
670001	to	675000	1	671,500	-
690001	to	695000	1	691,500	-
720001	to	725000	1	725,000	-
725001	to	730000	1	728,500	-
785001	to	790000	2	1,571,500	-
805001	to	810000	1	807,000	-
815001	to	820000	1	818,000	-
825001	to	830000	1	825,500	-
855001	to	860000	2	1,713,500	-
890001	to	895000	1	895,000	-
905001	to	910000	1	910,000	-
930001	to	935000	1	932,500	-
945001	to	950000	1	946,053	-
995001	to	1000000	4	4,000,000	-
1045001	to	1050000	1	1,050,000	-
1095001	to	1100000	1	1,097,000	-
1205001	to	1210000	1	1,210,000	-
1220001	to	1225000	1	1,225,000	-
1235001	to	1240000	1	1,237,500	-
1240001	to	1245000	1	1,244,278	-
1265001	to	1270000	1	1,265,500	-
1350001	to	1355000	1	1,355,000	-
1845001	to	1850000	1	1,850,000	-
1940001	to	1945000	1	1,944,500	-
1995001	to	2000000	1	2,000,000	-
2195001	to	2200000	1	2,200,000	-
2245001	to	2250000	1	2,248,500	-
2740001	to	2745000	1	2,742,000	-
2895001	to	2900000	1	2,900,000	-
2995001	to	3000000	1	3,000,000	-
3280001	to	3285000	1	3,282,500	-
4995001	to	5000000	1	5,000,000	-
5810001	to	5815000	1	5,810,500	-
231855001	to	231860000	1	231,855,493	-
4791750001	to	4792485000	1	4,791,752,087	1,462,515
Total			57,093	5,233,761,118	1,499,999

CATEGORIES OF SHAREHOLDERS

As at December 31, 2020

Categories of Shareholders	Number of Shareholders	Number of Shares Held		Percentage
		Ordinary 'A' Class	Ordinary 'B' Class	
Government of Pakistan Federal Government which holds more than five percent voting rights Shares held in the name of Secretary, Ministry of Defence and Secretary Aviation Division	1	4,791,752,078	1,462,515	91.56
PIA - Employees Empowerment Trust	1	231,855,493	-	4.43
Associated Companies, undertakings and related parties	-	-	-	-
Mutual Funds CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	202,650	-	0.00
Directors and their spouse(s) and minor children Mr Navaid R. Malik (Director)	1	100	-	0.00
Executives	7	1,590	-	0.00
Public Sector Companies and Corporations	17	5,047,970	100	0.10
Banks, development finance institutions, non-banking finance companies, insurance companies, takatuli, modarabas and pension funds	26	4,189,686	3	0.08
Individual	56,795	186,228,511	34,454	3.55
Others	244	14,484,040	2,927	0.28
Totals	57,093	5,233,761,118	1,499,999	100.00

The above two statements include 9,505 Shareholders holding 188,815,541 Ordinary 'A' Class Shares and 2,624 Ordinary 'B' Class Shares through the Central Depository Company of Pakistan Limited



SHARE CAPITAL

(December 31, 2020)

December 2020	December 2019		December 2020	December 2019
----- Number of Shares -----			---- (Rupees in '000) ----	
		Authorised capital		
		Ordinary Share Capital		
5,349,250,000	5,349,250,000	'A' class shares of Rs.10/- each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs.5/- each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
		Preference share capital		
50,000,000	50,000,000	Preference shares of Rs.10/- each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
		Issued, subscribed and paid up share capital		
		Ordinary share capital		
		'A' class shares of Rs.10/- each		
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
931,028	931,028	Issued for consideration other than cash for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
		'B' class shares of Rs.5/- each		
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
2,625	2,625	Issued for consideration other than cash for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
			52,345,110	52,345,110

SIX-YEAR SUMMARY

	2020 (Audited)	2019 (Audited) (Restated)	2018 (Audited)	2017 (Audited) (Restated)	2016 (Audited) (Restated)	2015 (Audited)
OPERATION						
Route Kilometers	705,820	389,725	332,303	360,937	382,057	367,251
Revenue Kilometers Flown (000)	37,403	70,515	70,089	75,207	79,842	67,630
Revenue Hours Flown	57,370	110,640	110,050	122,081	131,838	111,455
Available Tonne Kilometers A.T.K (000)	1,326,514	2,609,730	2,521,208	2,658,974	2,797,976	2,435,908
Available Seat Kilometers A.S.K (000)	8,902,198	18,371,578	18,080,600	19,108,047	19,201,564	16,666,536
TRAFFIC						
Revenue Passengers Carried (000)	2,541	5,290	5,203	5,342	5,486	4,394
Revenue Passengers Kilometers (000)	6,628,751	14,938,238	13,975,424	13,988,804	13,750,669	11,711,353
Passenger Load Factor (%)	74.46	81.31	77.31	73.21	71.62	70.30
Revenue Freight Tonne Kilometers (000)	26,817	191,546	208,928	206,695	132,894	125,590
Kgs. of Excess Baggage & Cargo (000)	27,274	48,838	36,941	38,975	37,674	41,013
Kgs. of Mail (000)	121	189	205	241	225	283
Revenue Tonne Kilometers (000)	694,799	1,539,026	1,471,523	1,468,861	1,375,423	1,191,362
Revenue Load Factor (%)	52.40	58.97	58.40	55.00	49.00	48.90
Avg. Kilometer Per Passenger	2,608	2,824	2,686	2,619	2,506	2,666
FINANCIAL						
Operating Revenue (Rs. in million)	94,989.391	147,500.129	103,490.460	90,556.089	88,997.379	91,268.545
Operating Expenses (Rs. in million)	100,618.552	165,324.166	150,523.708	126,366.578	120,633.000	107,704.441
Operating Profit(loss) (Rs. in million)	(5,629.161)	(17,824.037)	(47,033.248)	(35,810.489)	(31,636.144)	(16,435.896)
Loss after tax (Rs. in million)	(34,642.811)	(50,601.610)	(67,327.606)	(51,006.922)	(44,900.315)	(32,529.560)
Fixed Assets (Rs. in million)	90,946.488	99,418.582	78,302.168	67,157.187	68,838.645	76,647.952
Current Assets (Rs. in million)	42,491.498	52,917.036	34,945.653	32,145.992	29,449.080	25,079.416
Current Liabilities (Rs. in million)	322,252.878	324,645.200	288,569.906	244,307.972	213,702.122	205,571.050
Long-Term Debts (Rs. in million)	222,960.679	207,050.576	150,970.165	121,096.089	105,931.398	89,692.109
Net Worth (Rs. in million)	(448,766.813)	(416,409.634)	(356,753.631)	(291,470.196)	(243,927.154)	(208,363.083)
RATIOS						
Loss per share (Rs.)	(6.62)	(10.05)	(12.86)	(9.74)	(8.58)	(6.39)
Current ratio	0.13	0.16	0.12	0.13	0.14	0.12
SHARE PRICES (Rs. 10 Share)						
High	6.85	7.59	8.08	10.21	13.55	12.10
Low	3.21	6.45	3.81	3.80	6.50	6.69
Closing	4.73	6.67	5.09	4.02	9.16	8.46
PERSONNEL						
Average No. of Employees	10,779	11,740	12,196	13,268	13,947	16,271
Revenue Per Employee (Rs. in million)	8.81	12.56	8.49	6.83	6.38	5.61



UNCONSOLIDATED
FINANCIAL
STATEMENTS



INDEPENDENT AUDITORS' REPORT

To the Members of Pakistan International Airlines Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan International Airlines Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2020, and the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) - the Act, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2020 and of the loss and comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following:

- i) Note 1.3 to the unconsolidated financial statements which 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 for the foreseeable future (including the situation arising due to COVID-19) to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.
- ii) Notes 27 and 28 to the unconsolidated financial statements which state that an aggregate amount of Rs. 15,722,249 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 7,816,384 million on account of the Company and employees' contributions and Rs. 7,905,865 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 the law.
- iii) Notes 31.1 and 39.1 to the unconsolidated financial statements which state that the Company is exposed to various tax and other contingencies, the ultimate outcome of which cannot presently be determined and, accordingly, no provision has been made by management in respect of these contingencies in the unconsolidated financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	<p>Change in accounting policy</p> <p>(Refer note 6 to the unconsolidated financial statements)</p> <p>During the year, the Company has changed its accounting policy in respect of subsequent measurement of aircraft fleet. These are now being carried at cost less accumulated depreciation and impairment, if any. Previously, these assets were carried at revalued amounts less accumulated depreciation and impairment, if any.</p> <p>The above change in accounting policy has been applied retrospectively in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and Company has presented three columnar statement of financial position in these unconsolidated financial statements.</p> <p>We identified this area as a key audit matter because of the significant level of judgment exercised by the management in determining the useful lives and residual values of the aircraft fleet and the complexity of the calculation in determining the effects of restatement as per IAS-8.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We challenged the basis of the change in accounting policy and ensured that the same is in accordance with the applicable financial reporting framework. - We checked the revised carrying value of the aircraft fleet in accordance with the new accounting policy and performed test of details to verify the key components of the cost and the written down value. - We discussed indicators of possible impairment of aircraft fleet with the management, and where such indicators were identified, we assessed whether management has performed impairment testing in accordance with the requirements of the prevailing accounting standards. - We challenged the assumptions and critical judgments used by management in the impairment assessment by comparing management's past estimates and plans taking into account recent developments in the airline industry and market conditions. - We assessed the adequacy of the related disclosures in unconsolidated financial statements in accordance with the applicable financial reporting framework.
2	<p>Voluntary Separate Scheme (VSS)</p> <p>(Refer note 27.3 to the unconsolidated financial statements)</p> <p>During the year, the Company offered VSS to its permanent employees and under the scheme, over 1,900 employees opted for separation. The Company has received government support to pay off the outgoing employees in this respect. Further, the consequential impact of the scheme has been determined through actuarial valuations, the results of which are summarized in the above note.</p> <p>Due to the complexity of calculation in determining the payouts to the outgoing employees and utilization of our significant time in verifying the amounts and the accounting treatment, we consider this as a key audit matter.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We reviewed the terms of VSS and recalculated the amounts of payouts as per the eligibility criteria. - We tested data provided by the Company to actuaries for the purpose of valuation. - We assessed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with the applicable financial reporting standards.
3	<p>Retirement benefit plans</p> <p>(Refer note 26.2, 26.3 to the unconsolidated financial statements)</p> <p>The Company operates various defined benefit plans. The Company's obligation in respect of these plans as at December 31, 2020 amounted to Rs. 36,040 million.</p> <p>Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans.</p> <p>We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We assessed competence and objectivity of the actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. - We tested data provided by the Company to actuaries for the purpose of valuation. - We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.

S. No.	Key audit matters	How the matter was addressed in our audit
4	<p>Revenue recognition</p> <p>[Refer note 5.12 to the unconsolidated financial statements]</p> <p>Upon booking of a flight, revenue receipt is measured based on the sales price. Revenue receipt is initially deferred and subsequently revenue is recognized in profit or loss when service is provided to customers.</p> <p>Determination of the amount of revenue to be recognized for each flight requires complex IT systems integration and involves various internal and external sources.</p> <p>Further, revenue is presumed and identified as an area involving risk of material misstatement due to fraud hence, significant risk for the audit.</p> <p>We considered this a key audit matter as a result of complexity of related IT systems, their integration and level of judgment required by management in determining existence of revenue mainly with reference to timing of recognition of unused revenue receipts.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"> - We obtained an understanding of key IT systems, including interfaces involve in recording of revenue along with the IT general controls. - We tested the operating effectiveness of the key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. - We performed tests of details over revenue and tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and general ledger. - We obtained data in respect of unused revenue documents and tested the accuracy of historical expiry data and compared this data to that used by the Company in their calculation of the amount of revenue to recognize from unused revenue documents.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- * Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- * Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- * Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- * Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- * Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partners on the audit resulting in this independent auditors' report are Zulfikar Causar (BDO Ebrahim & Co.) and Khuram Jameel (Grant Thornton Anjum Rahman).

BDO Ebrahim & Co.
Chartered Accountants

Date:
Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

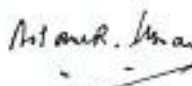
AS AT DECEMBER 31, 2020

		December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Note		(Rupees in '000)			(US\$ in '000)		
ASSETS							
NON CURRENT ASSETS							
Property, plant and equipment	7	90,629,224	99,028,223	101,276,293	567,020	639,160	729,004
Intangibles	8	317,264	390,359	275,563	1,985	2,520	1,984
		90,946,488	99,418,582	101,551,856	569,005	641,680	730,988
Long-term investments	9	4,580,748	4,589,394	4,599,767	28,659	29,621	33,110
Long-term advances	10	-	-	-	-	-	-
Long-term deposits and prepayments	11	2,974,491	4,632,644	8,623,354	18,610	29,901	61,353
Total non-current assets		98,501,727	108,640,620	114,674,977	616,274	701,202	825,451
CURRENT ASSETS							
Stores and spares	12	2,948,964	3,530,263	3,981,893	18,450	22,785	28,662
Trade debts	13	9,976,294	18,607,089	15,277,319	62,416	120,096	109,969
Advances	14	3,652,243	3,796,197	2,591,560	22,850	24,502	18,655
Trade deposits and short-term prepayments	15	3,300,925	5,286,408	2,169,426	20,652	34,120	15,616
Other receivables	16	16,854,091	8,623,137	8,067,578	105,447	55,656	58,072
Short-term investments	17	19,220	6,216,620	19,220	120	40,124	138
Cash and bank balances	18	5,739,761	6,857,322	1,734,448	35,911	44,259	12,485
Total current assets		42,491,498	52,917,036	33,841,444	265,846	341,542	243,597
TOTAL ASSETS		140,993,225	161,557,656	148,516,421	882,120	1,042,744	1,069,048

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalidullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director



UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

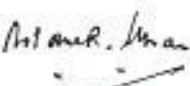
AS AT DECEMBER 31, 2020

		December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)	January 1, 2019 (Restated)
Note		(Rupees in '000)			(US\$ in '000)		
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Issued, subscribed and paid-up share capital	19	52,345,110	52,345,110	52,345,110	327,496	337,852	376,789
Reserves	20	4,443,786	4,452,432	4,462,806	27,802	28,737	32,124
Surplus on revaluation of property, plant and equipment-net	21	11,039,369	9,664,111	10,094,506	69,068	62,375	72,662
Accumulated losses		(516,595,078)	(482,871,287)	(435,474,780)	(3,232,064)	(3,116,606)	(3,134,624)
Total shareholder's equity		(448,766,813)	(416,409,634)	(368,572,358)	(2,807,698)	(2,687,642)	(2,653,049)
NON CURRENT LIABILITIES							
Long-term financing	22	214,644,605	191,517,237	148,742,994	1,342,919	1,236,113	1,070,678
Term finance and sukuk certificates	23	-	-	2,054,401	-	-	14,768
Lease liabilities	24	8,316,074	15,533,339	32,523,098	52,029	100,257	234,107
Advances from subsidiaries	25	6,589,987	6,393,348	5,575,748	41,230	41,265	40,135
Deferred liabilities	26	37,956,494	39,876,166	39,622,634	237,474	257,366	285,211
Total non-current liabilities		267,507,160	253,322,090	228,518,675	1,673,652	1,635,021	1,644,919
CURRENT LIABILITIES							
Trade and other payables	27	193,602,208	189,210,795	164,570,556	1,211,266	1,221,227	1,184,608
Unclaimed dividend - Preference shares		3,297	3,297	3,297	21	21	24
Accrued interest	28	25,804,384	22,255,402	16,531,580	161,444	143,643	118,997
Taxation - net		655,598	717,719	1,380,722	4,102	4,634	9,940
Short-term borrowings - secured	29	30,576,613	31,580,219	34,447,358	191,302	203,829	247,958
Current maturity of non-current liabilities	30	71,610,778	80,877,768	71,636,391	448,031	522,011	515,651
Total current liabilities		322,252,878	324,645,200	288,569,904	2,016,166	2,095,365	2,077,178
TOTAL LIABILITIES		589,760,038	577,967,290	517,088,779	3,689,818	3,730,386	3,722,097
TOTAL EQUITY AND LIABILITIES		140,993,225	161,557,656	148,516,421	882,120	1,042,744	1,069,048
CONTINGENCIES AND COMMITMENTS	31						

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalilullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

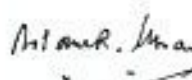
FOR THE YEAR ENDED DECEMBER 31, 2020

		December 31, 2020	December 31, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)
	Note	----- (Rupees in '000) -----		----- (US\$ in '000) -----	
Revenue - net	32	94,989,391	147,500,129	603,549	1,003,883
Cost of services					
Aircraft fuel		(21,153,507)	(50,059,329)	(134,406)	(340,703)
Others	33	(71,374,844)	(89,924,422)	(453,506)	(612,024)
		(92,528,351)	(139,983,751)	(587,912)	(952,727)
Gross profit		2,461,040	7,516,378	15,637	51,156
Distribution costs	34	(4,740,309)	(6,220,924)	(30,119)	(42,340)
Administrative expenses	35	(5,706,290)	(6,945,667)	(36,257)	(47,272)
Other provisions and adjustments - net	36	(3,929,910)	(2,582,578)	(24,970)	(17,577)
Other income	37	11,235,155	2,102,303	71,387	14,308
		(3,141,354)	(13,646,866)	(19,959)	(92,881)
Loss from operations		(680,314)	(6,130,488)	(4,322)	(41,724)
Exchange loss - net		(4,948,847)	(11,693,549)	(31,444)	(79,586)
Loss before interest and taxation		(5,629,161)	(17,824,037)	(35,766)	(121,311)
Finance costs	38	(29,724,512)	(35,537,349)	(188,865)	(241,867)
Loss before taxation		(35,353,673)	(53,361,386)	(224,631)	(363,178)
Taxation	39	710,862	759,776	4,517	5,171
Loss for the year		(34,642,811)	(52,601,610)	(220,114)	(358,007)
Loss per share - basic and diluted			(Restated)		(Restated)
		----- (Rupees) -----		----- (US\$) -----	
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each	40	(6.62)	(10.05)	(0.04)	(0.07)
'B' class ordinary shares of Rs. 5 each	40	(3.31)	(5.02)	(0.02)	(0.03)

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalilullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director



UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

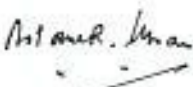
FOR THE YEAR ENDED DECEMBER 31, 2020

	December 31, 2020	December 31, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)
	----- (Rupees in '000) -----		----- (US\$ in '000) -----	
Loss for the year	(34,642,811)	(52,601,610)	(220,114)	(358,007)
Other comprehensive income:				
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss				
Unrealised loss on re-measurement of investments at FVOCI	(8,646)	(10,375)	(55)	(71)
Surplus on revaluation of property, plant and equipment	1,919,680	-	12,197	-
Effect of deferred tax	(385,031)	-	(2,446)	-
	1,534,649	-	9,751	-
Remeasurement of post retirement defined benefits obligations	1,096,047	5,548,744	6,964	37,765
Effect of deferred tax	(336,418)	(774,036)	(2,138)	(5,268)
	759,629	4,774,708	4,826	32,497
Total comprehensive loss for the year	(32,357,179)	(47,837,277)	(205,592)	(325,582)

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalilullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

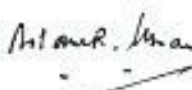
FOR THE YEAR ENDED DECEMBER 31, 2020

		December 31, 2020	December 31, 2019 (Restated)	December 31, 2020	December 31, 2019 (Restated)
Note		(Rupees in '000)		(US\$ in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
41	Cash generated from operations	23,961,487	31,022,547	152,248	211,139
	Profit on bank deposits received	101,209	81,953	643	558
	Finance costs paid	(24,847,072)	(29,813,527)	(157,875)	(202,910)
	Taxes paid	(72,714)	(677,269)	(462)	(4,608)
	Staff retirement benefits paid	(5,820,297)	(1,943,400)	(36,981)	(13,227)
	Long-term deposits and prepayments - net	1,658,153	3,890,365	10,536	26,478
	Net cash (used in) / generated from operating activities	(5,019,234)	2,560,669	(31,891)	17,430
CASH FLOWS FROM INVESTING ACTIVITIES					
	Purchase of property, plant and equipment	(3,008,178)	(12,707,293)	(19,114)	(86,486)
	Purchase of intangible assets	(31,985)	(94,840)	(203)	(645)
	Proceeds from sale of property, plant and equipment	1,663,708	-	10,571	-
	Net cash used in investing activities	(1,376,455)	(12,802,133)	(8,746)	(87,131)
CASH FLOWS FROM FINANCING ACTIVITIES					
41.1	Repayment of long-term financing	(23,295,858)	(63,037,547)	(148,019)	(429,032)
41.1	Proceeds from long-term financing	43,819,771	110,847,997	278,425	794,430
41.1	Repayment of term finance certificates	(7,199,272)	(13,672,481)	(45,743)	(94,416)
41.1	Repayment of lease liabilities	(13,240,307)	(9,196,730)	(84,127)	(62,593)
	Repayment of short-term borrowings	-	(1,979,451)	-	(13,472)
	Net cash generated from financing activities	84,334	22,761,788	536	154,917
	(Decrease) / increase in cash and cash equivalents	(6,311,355)	12,520,324	(40,101)	85,216
	Cash and cash equivalents at beginning of the year	11,334,503	(1,185,821)	72,018	(8,071)
	Cash and cash equivalents at end of the year	5,023,148	11,334,503	31,917	77,145
Cash and cash equivalents					
17	Short-term investments	-	6,197,400	-	42,179
18	Cash and bank balances	5,739,761	6,857,322	36,470	46,671
29	Running finance under mark-up arrangements	(716,613)	(1,720,219)	(4,553)	(11,705)
	5,023,148	11,334,503	31,917	77,145	

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalidullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

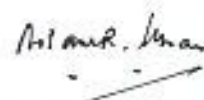
FOR THE YEAR ENDED DECEMBER 31, 2020

	Issued, subscribed, and paid-up share capital	Capital Reserves			Revenue reserves	Accumulated losses	Total
		Capital reserves	Unrealised gain on remeasurement of investments of FVOCI	Surplus on revaluation of property, plant & equipment - net	Subtotal		
Rupees in '000							
Balance as at December 31, 2018 as previously reported	52,345,110	2,501,038	182,095	24,134,932	26,810,065	1,779,674	(450,434,712)
Effect of retrospective application of changes in accounting policy referred in note-6	-	-	-	(14,040,426)	(14,040,426)	-	919,508
Balance as at January 01, 2019 - restated	52,345,110	2,501,038	182,095	10,094,506	12,777,639	1,779,674	(436,474,780)
Total comprehensive income / (loss) for the year ended December 31, 2019 - restated	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(52,601,610)	(52,601,610)
Other comprehensive income / (loss) for the year	-	-	(10,375)	-	(10,375)	4,774,708	4,764,333
Total comprehensive income / (loss) for the year	-	-	(10,375)	-	(10,375)	-	(47,837,277)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	(430,395)	(430,395)	430,395	-
Balance as at December 31, 2019 - restated	52,345,110	2,501,038	171,720	9,664,111	12,336,869	1,779,674	(482,871,287)
Total comprehensive income / (loss) for the year ended December 31, 2020	-	-	-	-	-	-	-
Loss for the year	-	-	-	-	-	(34,642,811)	(34,642,811)
Other comprehensive income / (loss) for the year	-	-	(8,646)	1,534,649	1,526,003	759,629	2,266,632
Total comprehensive income / (loss) for the year	-	-	(8,646)	1,534,649	1,526,003	-	(32,363,182)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	(189,391)	(189,391)	189,391	-
Balance as at December 31, 2020	52,345,110	2,501,038	163,074	11,039,369	13,703,481	1,779,674	(516,895,076)

The annexed notes from 1 to 50 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Khalilullah Shaikh
Chief Financial Officer


Aslam R. Khan
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 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, license, 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 The Business Units of the Company include the following:

Business Unit

Geographical Location

Head Office

PIA Head Office, Old Terminal, Karachi

Numerous regional sales offices and counters are located across the country and overseas the details of which is impracticable to disclose in these unconsolidated financial statements as required under Fourth Schedule to the Companies Act, 2017.

- 1.3 During the year 2020, the Company incurred a net loss of Rs. 34,642.811 million (2019: Rs. 52,601.610 million) resulting in accumulated losses of Rs. 516,595,078 million as of December 31, 2020 (2019: Rs. 482,871,287 million). Further, as of December 31, 2020, current liabilities of the Company exceeded its current assets by Rs. 279,761,380 million (2019: Rs. 271,728,164 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 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 operations. 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, management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, 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 basis of accounting is appropriate. Accordingly, the unconsolidated financial statements are 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.
- b) On December 30, 2017 in a meeting with the GoP, 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 March 2020) respectively have been provided by the GoP in respect of markup support. Furthermore, during fiscal year 2020-21 (till March 2021), the GoP has provided Rs. 11,794.317 million in respect of markup support.
- c) On April 4, 2019 in another meeting with the GoP, the Company presented its strategic business plan 2019-23 which was approved and during that meeting GoP assured 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 through ministry of finance 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.
- 1.4 During the year, the Government formed a committee to evaluate the proposal of Financial Restructuring of the Company, with the aim to make the entity financially sustainable on standalone basis. In this regard, several meetings were held in the year 2020 under the auspices of Honorable Advisor to Prime Minister on Institutional Reforms and Austerity and attended by Secretary Aviation and Secretary Finance amongst other committee members. It is expected that the recommendations of the committee will soon be put up for review and approval of the Federal Government in due course.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 [the Act]; and
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

These are separate financial statements of the Company in which investment in subsidiaries and associates are carried at cost less impairment. Further, the Company also prepares consolidated financial statements incorporating the financial results of its subsidiaries. However, the consolidated financial statements for the current year have not been prepared due to non-availability of financial results of the subsidiaries (refer note 9). The Company has filed an application with SECP seeking an exemption from preparation of consolidated financial statements. The management expects a favourable response in this respect.

2.2 Basis of measurement

These unconsolidated financial statements 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
- lease liabilities are stated at present value;
- provision for redelivery cost of aircrafts and engines are stated at present value;

2.3 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. The unconsolidated financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

The US Dollar amounts reported in the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows are stated as additional information, solely for the convenience of the users of these unconsolidated financial statements. The US Dollar amounts in the unconsolidated statement of financial position have been translated into US Dollar at the rate of Rs. 159,8344 = US\$ 1 (2019: Rs. 154,9350 = US\$ 1) and in the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows have been translated into US Dollar at the rate of Rs. 157,3847 = US\$ 1 (2019: Rs. 146,92955 = US\$ 1).

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year

There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2020 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

3.2 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Covid-19-Related rent concessions - Amendments to IFRS 16	June 01, 2020
Interest Rate Benchmark Reform - Phase 2 - Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	January 01, 2021
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37	January 01, 2022
Annual Improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	January 01, 2022
Annual Improvement process IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
Annual Improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	Not yet finalized

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



Standard**Effective date
(annual periods
beginning
on or after)**

IFRS 1 - First time adoption of IFRSs
IFRS 17 - Insurance Contracts

July 01, 2009
January 01, 2023

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of these unconsolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and judgments that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to these unconsolidated financial statements:

4.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation / useful lives and residual values used in the calculation of depreciation at each financial year end. Further, the Company estimates revalued amounts and useful life of leasehold land and buildings on leasehold land based on the periodic valuations carried out by independent professional valuers. Any change in estimate in future might affect the carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, surplus on revaluation and annual transfer of incremental/decremental effect of depreciation from surplus on revaluation of property, plant and equipment to accumulated losses directly in equity.

4.2 Stores and spares

The Company at each reporting date reviews the net realisable value of stores and spares to assess any diminution in their respective carrying values. Due to the complex nature and huge quantum of the items of stores and spares, the net realisable value is arrived at by estimating the provision against slow moving stores and spares, which is made in proportion to the estimated utilised life of the relevant category of the aircraft attained up to the reporting date.

4.3 Trade debts

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less provision for impairment. Provision for impairment against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.4 Employee benefits

The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates, future increase in medical costs and future pension increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 26 to these unconsolidated financial statements.

4.5 Taxation

In making estimate for income tax payable by the Company, the Company takes into account the applicable tax laws. Deferred tax asset is recognised for unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgment is exercised to determine the amount of deferred tax asset / liability to be recognised.

4.6 Liability on account of frequent flyer programme

The Company operates a frequent flyer programme that provides travel awards to members of the programme based on cumulative mileage. The Company accounts for award credits as separately identifiable component of the sales transaction in the period in which they are granted. The consideration received as sale proceed is allocated to award credits based on their fair value and is accounted for as a liability in these unconsolidated financial statements. Fair value of awarded credits is estimated with reference to fair value of services against which the award credits may be redeemed. Determination of fair value of award credit involves estimations, based on the average of air fares, the value of each award credit assuming a 100% redemption rate, and estimating the expected award credit redemption rate. These estimates are reviewed as and when a significant change in underlying assumptions is observed and the liability is adjusted annually as appropriate. The provision for frequent flyer programme is determined based on the valuation carried out by an independent professional valuer.

4.7 Provision for cost of redelivery of air crafts

The Company has several operating leases for its aircraft and engines that include certain maintenance cost to be incurred at the time of redelivery of asset at the end of the lease term. The amount of maintenance cost is discounted at the incremental borrowing rate and accounted for as a deferred liability in these unconsolidated financial statements. Significant assumptions and estimates are used to determine the amount of the maintenance cost that will be incurred by the Company at the time of redelivery of the asset under these arrangements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these unconsolidated financial statements, unless otherwise stated.

5.1 Property, plant and equipment

Land classified as 'others' in note 7.1 are stated at cost, whereas buildings classified as 'others' in the aforesaid note are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings thereon are initially recognised at cost and are subsequently measured at revalued amounts, which are the fair values at the date of revaluation, less accumulated depreciation and impairment, if any.

Other items of property, plant and equipment including aircraft fleet are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Aircraft and related equipment acquired on an exchange basis are stated at amounts paid plus fair value of the asset traded-in.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is derecognised.

Major renewals, improvements and overhauls are capitalised and depreciated over the period to the next major overhaul. All other repairs and maintenance including cost incurred under contracts are charged to the unconsolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to the unconsolidated statement of profit or loss, applying the straight-line method whereby the cost or revalued amount of assets, less their residual values, is written down over their expected useful lives. The rates of depreciation are disclosed in note 7.1 to these unconsolidated financial statements.

In respect of additions and disposals of assets, depreciation is charged from the month in which the asset is available for use until it is derecognised, i.e. up to the month preceding the disposal.

Useful lives (except for buildings at revaluation model) are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence and other similar factors. The useful lives of buildings at revaluation model are determined by the management based on the appraisal of an independent valuer. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

When revalued assets are sold or retired from operation, the relevant remaining deficit and surplus is transferred to consolidated statement of profit or loss and to retained earnings, respectively.

Right of use assets

The Company mainly leases aircrafts, engines, local and international sales offices, and counters at various airports. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at the commencement date of lease based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentive received. The right-of-use asset is subsequently depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early,
- less any lease incentives receivable

The extension and termination options are included in Company's determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-to-use asset, or is recorded in profit or loss if the carrying amount of right-to-use asset has been reduced to zero.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Company has elected to apply the practical expedient, not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

Capital spares

Rotable and repairable stores are stated at cost less accumulated impairment losses, if any, and treated as property, plant and equipment and are depreciated based on the average remaining useful life of the related aircraft. Capital spares which are not useable are treated as scrap and charged to the unconsolidated statement of profit or loss.

Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any, and consist of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. The assets are transferred to relevant category of property, plant and equipment when they are available for intended use.

5.2 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of land and buildings is recognised in other comprehensive income as surplus on revaluation of property, plant and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in statement of comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the unconsolidated statement of profit or loss. However, the decrease is recognised in the unconsolidated statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in the unconsolidated statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in the unconsolidated statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the unconsolidated statement of profit or loss. The revaluation reserve is not available for distribution to Company's shareholders.

5.3 Intangibles

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products / licenses controlled by the Company and that have probable economic benefit beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives as specified in note 8.2 to these unconsolidated financial statements.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in unconsolidated statement of profit or loss when the asset is derecognised.

5.4 Investments in subsidiaries and associates

Investments in subsidiaries and associates are initially recognised at cost. At subsequent reporting dates, such investments are stated at cost less impairment losses, if any.



5.5 Stores and spares

These are stated at lower of cost and net realisable value, less impairment, if any. Goods-in-transit are valued at cost plus other charges incurred thereon. Cost is determined as follows:

Fuel and medical inventories	first-in-first-out basis
Other stores and spares	weighted moving average cost

Provision against slow moving stores and spares is made in proportion to the estimated utilised life of the relevant category of the aircraft attained up to the reporting date.

5.6 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value (original invoice / ticket amount) plus directly attributable transaction costs (if any) and subsequently measured at amortised cost less provision for impairment. Impairment of trade debts and other receivables is described in 5.15.

5.7 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks and term deposit receipts. These are carried at cost and also include running finance that are repayable on demand and form an integral part of the Company's cash management.

5.8 Trade and other payables

Liabilities for trade creditors and other amounts payable are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost.

5.9 Loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs, if any. Subsequently, these are measured at amortised cost using the effective interest method.

5.10 Employee benefits

Provident fund

The Company operates a defined contribution provident fund scheme for all its permanent employees. Equal monthly contributions are required to be made to the fund by the Company and the employees in accordance with the fund's rules. The Company's required contribution to the fund is charged to the unconsolidated statement of profit or loss.

Pension funds

For all the permanent employees, the Company operates a defined benefit pension scheme. Pension scheme is a final salary pension scheme and is invested through three funds namely Pakistan Airline Pilot Association (PALPA), Flight Engineering Association (FENA) and Employees' Pension Funds. Under the PALPA and FENA pension fund, employees are entitled to basic salary and flight allowance whereas under Employees' Pension Fund, employees are entitled to basic salary and certain other allowances.

For UK-based permanent employees, the Company established a pension fund in 1986. However, in 2000 the fund was suspended and no new employee has been made a member since.

Actuarial valuation is carried out annually. Net interest expense, current service cost and any past service cost are recognised in unconsolidated statement of profit or loss whereas any actuarial gains / losses are recognised immediately in unconsolidated statement of comprehensive income.

Post-retirement medical benefits

The Company operates an unfunded defined benefit medical scheme and provides medical allowances and free hospitalisation benefits to all its retired employees and their spouses in accordance with their service regulations. The post-retirement medical benefit is accounted for on the basis of actuarial valuation that is carried out annually. Net interest expense, current service cost and any past service cost are recognised in unconsolidated statement of profit or loss and any actuarial gains / (losses) are recognised immediately in unconsolidated statement of comprehensive income.

Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

5.11 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the unconsolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income.

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any. It also includes any adjustment to tax payable in respect of prior years.

Deferred taxation

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

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits or taxable temporary differences will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable timing differences will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset is reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits or taxable temporary differences will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised directly in unconsolidated statement of comprehensive income is recognised in unconsolidated statement of comprehensive income and not in unconsolidated statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.12 Revenue recognition

The Company principally earns revenue from the carriage of passengers, cargo, mail and excess baggage and provision of handling services to other airlines, engineering services, air charters and related activities.



Passenger and cargo revenue

Passenger and cargo revenue is recognised when the transportation service is provided. The value of unused tickets and airway bills is included in current liabilities as 'advance against transportation (unearned Revenue)' until recognised as revenue. Passenger tickets issued 12 months ago or earlier (if not extended) and are not utilized for transportation, are considered as expired tickets and unearned revenue relating to these expired tickets are recognized as revenue.

Engineering and other services

Revenue from repairs and maintenance and overhaul services of engine and component to other airlines is recognised when such services are rendered.

Frequent flyer programme revenue

The Company operates loyalty programme. The airline's 'frequent flyer programme' allows frequent travellers to accumulate travel miles that entitle them to a choice of various awards, primarily free travel. The fair value attributed to the awarded mileage credits is deferred as a liability and recognised as revenue on redemption of the award credit miles by the participants to whom the award credit miles are issued, when the miles expire or when they are not expected to be redeemed.

In addition, award credit miles are sold to a commercial partner to use in promotional activity. The fair value of the miles sold is deferred and recognised as revenue on redemption of the award credit miles by the participants to whom the award credit miles are issued. The cost of redemption of award credit miles is recognised when award credit miles are redeemed. The estimates involved in recognising revenue from frequent flyer programme are disclosed in note 4.6 to these unconsolidated financial statements.

Interest / mark-up and dividend income

The Company recognises interest income / mark-up on short-term bank deposits, arrangement fees, interest bearing advances and FVOCI investments on time proportion basis using effective interest method.

Dividend income is recognised when the Company's right to receive dividend is established.

5.13 Borrowing costs

The Company recognises the borrowing costs as an expense in the period in which these costs are incurred, except the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

5.14 Provisions

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

5.15 Impairment

Impairment of financial assets covered under IFRS 9

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rates based on credit rating of credit customers, probability weighted cash flow projection for customers where credit rating is not available and provision matrix for large portfolio of customers which have similar characteristics, to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

Loss allowances for trade debts, deposits and other receivables (including lease receivables) and contract assets are always measured applying simplified approach at an amount equal to lifetime ECLs.

The Company considers a debt instrument to have a low credit risk when its credit risk rating is equivalent to an 'investment grade' in an organized financial market.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the consolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.16 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates using the average spot rate on the reporting date. Gains and losses on translation are taken to the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items, measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value was determined.

5.17 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be.

Recognition and initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument except, trade receivables and debt instruments issued are initially recognised when they are originated.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus respectively for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt instrument; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company measures all equity instruments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt instruments of FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity instruments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting recognised at estimated fair value with corresponding effect to unconsolidated statement of profit or loss. Derivatives financial instruments are carried as assets when fair value is positive and as liability when fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

5.18 Earnings per share

The Company presents basic and diluted earnings / (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.19 Dividend and reserves

Dividend and appropriation to / from reserves are recorded when approved. However, if these are approved after the reporting date but before the financial statements are authorised for issue, they are disclosed in notes to these unconsolidated financial statements.

6. CHANGE IN ACCOUNTING POLICY

- 6.1** During the year, the Company has changed its accounting policy in respect of subsequent measure of aircraft fleet. These are now being carried at cost less accumulated depreciation and impairment, if any. Previously, these assets were carried at revalued amount less accumulated depreciation and impairment, if any. The management believes that the new policy provides reliable and more relevant information to the users of the unconsolidated financial statements as this change aligns the Company's accounting policy with the leading global airlines.

This change in accounting policy has been accounted for retrospectively in accordance with International Accounting Standard 8: 'Accounting Policies, Changes in Accounting Estimates and Errors', and the Company has presented three columnar statement of financial position along with restated amounts as required by the said standard.

Effects of retrospective application of the change in accounting policy are as follows:

	As at 31 December, 2019			As at 1 January, 2019		
	As previously reported	As-restated	Re-statement	As previously reported	As-restated	Re-statement
Effect on statement of financial position						
Property, plant and equipment	92,179,799	99,028,223	6,848,424	100,356,787	101,276,293	919,506
Surplus on revaluation of PPE	20,009,516	9,664,111	(10,345,405)	24,134,932	10,094,506	(14,040,426)
Accumulated losses	(500,065,115)	(482,871,287)	17,193,828	(450,434,712)	(435,474,780)	14,959,932

For the year ended December 31, 2019

	As previously reported	As-restated	Re-statement
Effect in statement of profit or loss			
Increase in depreciation Expense	14,481,944	14,787,750	305,806
Other provisions and adjustments -net (Decrease in) deficit on revaluation of aircraft	1,898,535	-	(1,898,535)
Taxation (Decrease in) deferred taxation	483,459	(774,036)	(1,257,495)
Other comprehensive income (Decrease in) surplus on revaluation of property, plant and equipment	(4,336,191)	-	4,336,191
Increase in effect of deferred tax	1,257,495	-	(1,257,495)
Decrease in loss	(55,451,831)	(52,601,610)	(2,850,221)

The Company conducted an impairment review in respect of airfleet. For impairment testing purposes discounted cashflows have been taken into account. A discount rate of 10% has been applied to the cashflows. A reasonably possible change in any of the key assumptions would not lead to an impairment charge.

7. PROPERTY, PLANT AND EQUIPMENT

		2020	2019 (Restated)
	Note	----- (Rupees in '000) -----	
Operating fixed assets			
- owned	7.1	76,583,735	77,368,592
- right of use asset	7.2	11,891,152	16,780,075
		88,474,887	94,148,667
Capital work-in-progress	7.6	2,154,337	4,879,556
		90,629,224	99,028,223

7.1 Operating fixed assets - owned

2020

	Land		Buildings on:		Workshops and hangars
	Leasehold (note 7.3)	Others (note 7.1.1)	Leasehold land (note 7.3)	Other land	
(Rupees in '000)					
As at December 31, 2019					
Cost or revalued amount	8,692,600	24,400	10,318,449	1,809,538	913,604
Accumulated depreciation	-	-	(8,708,989)	(1,392,736)	(849,289)
Net book value	8,692,600	24,400	1,609,460	416,802	64,315
Year ended December 31, 2020					
Opening net book value	8,692,600	24,400	1,609,460	416,802	64,315
Additions	-	5,496	-	1,048	-
Transfers from CWIP	-	-	-	984	150,238
	-	5,496	-	2,032	150,238
Revaluation	591,988	-	1,327,693	-	-
Adjustments / transfer					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Disposals					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Write off / retirement					
Cost or revalued amount	-	-	-	(2,124)	-
Accumulated depreciation	-	-	-	2,124	-
Depreciation charge for the year	-	-	(233,352)	(34,604)	(13,585)
Closing net book value	9,284,588	29,896	2,703,801	384,230	200,968
As at December 31, 2020					
Cost or revalued amount	9,284,588	29,896	13,663,161	1,809,446	1,063,842
Accumulated depreciation	-	-	(10,959,360)	(1,425,216)	(862,874)
Net book value	9,284,588	29,896	2,703,801	384,230	200,968
Annual depreciation rate (%)	-	-	2 - 2.5	2 - 2.5	5

7.1.1 Land classified as 'Others' are amenity plots licensed from Pakistan Civil Aviation Authority (CAA). These are non-transferable as these were allotted at below market price.

7.1.2 In July 2019, ATR42-500 was involved in a runway excursion incident at Gilgit airport causing damage to the aircraft. The aircraft was equipped with two engines, out of which, one engine was leased from Acla Aero Leasing (Ireland) Limited (ALL). During the year, 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 equipped engines which have remained in use by the Company. The Company is in the process of swapping one owned engine against the leased engine which was equipped 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:

Aircraft fleet (notes 7.1.2 and 7.1.3) (Restated)	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
(Rupees in '000)							
117,732,280	3,541,130	2,031,734	2,611,548	974,138	2,084,091	7,581,924	158,315,436
(55,654,486)	(2,951,192)	(1,761,175)	(2,562,296)	(897,225)	(1,871,172)	(4,298,284)	(80,946,844)
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
2,697,306	25,194	11,253	345	22,543	27,022	106,118	2,896,325
2,649,201	299	1,746	-	300	164	-	2,802,932
5,346,507	25,493	12,999	345	22,843	27,186	106,118	5,699,257
-	-	-	-	-	-	-	1,919,681
-	(150,935)	-	270,847	-	-	-	119,912
-	21,382	-	(129,212)	-	-	-	(107,830)
-	(129,553)	-	141,635	-	-	-	12,082
(2,215,079)	-	-	-	-	(170)	-	(2,215,249)
1,752,327	-	-	-	-	128	-	1,752,455
(462,752)	-	-	-	-	(42)	-	(462,794)
(601,750)	(434)	(2,502)	(61,835)	(578)	(1,555)	-	(670,778)
231,663	434	2,502	61,835	578	1,555	-	300,691
(370,087)	-	-	-	-	-	-	(370,087)
(6,856,940)	(149,395)	(54,347)	(19,569)	(16,232)	(67,975)	(136,997)	(7,582,996)
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
120,261,958	3,415,254	2,042,231	2,820,905	996,403	2,109,552	7,688,042	166,186,278
(60,527,436)	(3,078,771)	(1,813,020)	(2,649,242)	(912,879)	(1,937,464)	(4,435,281)	(88,601,543)
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
4 - 100	5 - 10	10 - 20	10 - 25	10	5 - 10	4 - 100	

December 31, 2020 December 31, 2019

----- (Rupees in '000) -----

- Written down value
- Insurance claim receivable
- gain on disposal recognized in other income

(370,087)	-
1,191,931	-
821,844	-

7.1.3 Aircraft fleet includes five engines (2019: four engines) held by a third party for overhauling purpose as at December 31, 2020. The carrying value of these engines at year end is Rs. 1,493.733 million (2019: Rs. 3,694.665 million)

2019

	Land		Buildings on:		Workshops and hangars
	Leasehold (note 7.3)	Others (note 7.1.1)	Leasehold land (note 7.3)	Other land	
(Rupees in '000)					
As at December 31, 2019					
Cost or revalued amount	8,692,600	24,400	10,318,449	1,789,378	913,604
Accumulated depreciation	-	-	(8,093,616)	(1,355,469)	(839,322)
Net book value	8,692,600	24,400	2,224,833	433,909	74,282
Year ended December 31, 2020					
Opening net book value	8,692,600	24,400	2,224,833	433,909	74,282
Additions	-	-	-	20,160	-
Transfers from CWP	-	-	-	-	-
Revaluation	-	-	-	20,160	-
Adjustments / transfer	-	-	-	-	-
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Disposals	-	-	-	-	-
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Write off / retirement	-	-	-	-	-
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
Depreciation charge for the year	-	-	-	-	-
Closing net book value	-	-	-	-	-
As at December 31, 2020					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	(615,373)	(37,267)	(9,967)
Net book value	8,692,600	24,400	1,609,460	416,802	64,315
Annual depreciation rate (%)					
	8,692,600	24,400	10,318,449	1,809,539	913,604
	-	-	(8,708,989)	(1,392,734)	(849,289)
	8,692,600	24,400	1,609,460	416,802	64,315
	-	-	2 - 2.5	2 - 2.5	5

2019

Aircraft fleet (notes 7.1.2 and 7.1.3) Restated	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
----- (Rupees in '000) -----							
92,662,595	3,201,649	2,029,820	2,604,707	967,429	2,071,335	7,259,981	132,535,947
(45,414,637)	(2,819,901)	(1,703,361)	(2,538,060)	(880,273)	(1,795,790)	(3,998,454)	(69,439,103)
47,247,758	381,748	326,439	66,647	87,156	275,545	3,261,527	63,096,844
47,247,758	381,748	326,439	66,647	87,156	275,545	3,261,527	63,096,844
1,974,455	301,517	1,397	6,729	6,669	12,439	321,943	2,645,309
2,704,644	39,006	517	4,957	40	596	-	2,749,760
4,679,099	340,523	1,914	11,686	6,709	13,035	321,943	5,395,069
-	-	-	-	-	-	-	-
20,390,586	-	-	-	-	-	-	20,390,586
(5,741,017)	-	-	-	-	-	-	(5,741,017)
14,649,569	-	-	-	-	-	-	14,649,569
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	(1,041)	-	(4,845)	-	(279)	-	(6,165)
-	1,041	-	4,845	-	279	-	6,165
(4,498,632)	(132,333)	(57,794)	(29,081)	(16,952)	(75,661)	(299,830)	(5,772,890)
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
117,732,280	3,541,130	2,031,734	2,611,548	974,138	2,084,091	7,581,924	156,315,436
(55,654,486)	(2,951,192)	(1,761,175)	(2,562,296)	(897,225)	(1,871,172)	(4,298,284)	(80,946,844)
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
4 - 100	5 - 10	10 - 20	10 - 25	10	5 - 10	4 - 100	

7.2 Right of use asset

As at January 01, 2019

	Aircraft fleet including engines (Restated)	Buildings	Technical Ground equipment	Total (Restated)
				(Rupees in '000)
Cost	17,068,341	-	473,440	17,541,781
Accumulated depreciation	(4,587,596)	-	(76,082)	(4,663,678)
Net book value	12,480,745	-	397,358	12,878,103

Year ended December 31, 2019

Opening net book value	12,480,745	-	397,358	12,878,103
Right of use assets recognised upon adoption of IFRS 16	20,753,377	1,576,805	-	22,330,182

Adjusted balance as on January 01, 2019	33,234,122	1,576,805	397,358	35,208,285
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Additions / transfers during the year

Additions in Right of use asset	2,575,887	38,090	-	2,613,977
Transfers from CWP	3,322,245	-	-	3,322,245
	5,898,132	38,090	-	5,936,222

Adjustment

Lease Modification	(77,455)	-	-	(77,455)
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Transfer to owned fixed assets

Cost	(20,390,586)	-	-	(20,390,586)
Accumulated depreciation	5,741,017	-	-	5,741,017
	(14,649,569)	-	-	(14,649,569)

Disposals / write off

Cost	(749,599)	-	-	(749,599)
Accumulated depreciation	127,051	-	-	127,051
	(622,548)	-	-	(622,548)
Depreciation charge for the year	(8,537,273)	(399,216)	(78,371)	(9,014,860)
Closing net book value	15,245,409	1,215,679	318,987	16,780,075

As at December 31, 2019

Cost	22,502,210	1,614,895	473,440	24,590,545
Accumulated depreciation	(7,256,801)	(399,216)	(154,453)	(7,810,470)
Net book value	15,245,409	1,215,679	318,987	16,780,075

		Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
		----- (Rupees in '000) -----			
Year ended December 31, 2020	Note				
Opening net book value		15,245,409	1,215,679	318,987	16,780,075
Additions / transfers during the year					
Additions in Right of use asset		3,069,230	-	-	3,069,230
Transfers from CWIP		-	-	-	-
		3,069,230	-	-	3,069,230
Adjustment					
Lease Modification	7.2.1	-	-	-	-
Transfer to owned fixed assets					
Cost		-	-	(119,912)	(119,912)
Accumulated depreciation		-	-	107,829	107,829
		-	-	(12,083)	(12,083)
Disposals / write off					
Cost		(1,880,991)	-	-	(1,880,991)
Accumulated depreciation		1,133,955	-	-	1,133,955
	7.2.2 & 7.2.3	(747,036)	-	-	(747,036)
Depreciation charge for the year		(6,744,688)	(375,975)	(78,371)	(7,199,034)
Closing net book value		10,822,915	839,704	228,533	11,891,152
As at December 31, 2020					
Cost		23,690,449	1,614,895	353,528	25,658,872
Accumulated depreciation		(12,867,534)	(775,191)	(124,995)	(13,767,720)
Net book value		10,822,915	839,704	228,533	11,891,152
Annual depreciation rate (%)		6.25-15	4.7-33.33	10	

7.2.1 This represents Rs. 3,069,230 million against 2 aircraft obtained during the year by the Company under lease arrangements.

7.2.2 During the year, 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 lease liability amounting to Rs. 155.777 million and Rs. 329.629 million respectively and the remaining balance (a 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.

7.2.3 During the year, the Company has terminated the lease of aircraft AP-BKY resulting in gain on lease termination of Rs. 368,640 million. Accordingly the Company has derecognized the RoUA and lease liability amounting to Rs. 413,696 million and Rs. 782,336 million respectively. Furthermore, leases of 2 engines were also terminated during the year resulting in gain of Rs. 73,208 million. Accordingly the Company has derecognized RoUA and lease liability of Rs. 177,561 million and Rs. 250,769 million.

7.3 Revaluation of property, plant and equipment

7.3.1 Leasehold land and buildings

The leasehold land and buildings on leasehold land were revalued by the following independent professional valuers, as at December 31, 2020.

- Newage International, based in Pakistan
- Cosmos Developers (Private) Limited, based in India
- Subash Shah and Associates based in India
- Skyline Appraisals Inc, based in USA
- Makelaar 123, based in Netherland

The forced sale value of land and buildings which were subject to revaluation on the basis of 2020 was Rs. 9,708,374 million.

7.3.2 The fair values of leasehold land and buildings on leasehold land were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of leasehold land and building on leasehold land falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

7.3.3 Had there been no revaluation, the written down value of the revalued assets in the statement of financial position would have been as follows:

	2020			2019		
	Cost	Accumulated Depreciation	Book value	Cost	Accumulated Depreciation	Book value
----- (Rupees in '000) -----						
Leasehold land	44,166	-	44,166	44,166	-	44,166
Buildings on leasehold land	258,148	173,644	84,504	258,148	164,787	93,361
	302,314	173,644	128,670	302,314	164,787	137,527

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

	Note	2020 ----- (Rupees in '000) -----	2019 (Restated)
Cost of services - others	33	14,751,179	14,737,709
Distribution costs	34	12,262	19,900
Administrative expenses	35	18,589	30,141
		14,782,030	14,787,750

7.5 Details of Immovable fixed assets

(a) The details of immovable fixed assets (i.e Land & Other Land) for the year ended December 31, 2020 are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
PIA Booking Office Rawalpindi	5th The Mall Road, Saddar, Rawalpindi.	4,328
PIA DFSL Warehouse Islamabad	Warehouse, Sector I-11/4, (PIR Wadhali) Islamabad.	7,200
PIA Sales Office Gawadar	Airport Road, Gawadar.	2,420
PIA Sales Office Multan	65 Ahmed Shah, Abdali Road, Multan.	6,528
PIA Sales Office Azad Kashmir	Chattar, Muzaffarabad, Azad Kashmir.	444
PIA Sales Office Peshawar	33-The Mall, Arbad Road, Peshawar.	9,931
PIA Sales Office Sawat	Fatrobadd, Saidu Shareef, Maingora, Sawat.	1,211
Land for PIA Staff Housing Colony Saidu Sharif	PIA Staff Housing Colony Saidu Sharif.	1,208
PIA Sales Office Skardu	Chashma Bazar, Skardu.	1,250
Airport Office Skardu	Tehsil Gumba near old runway Skardu.	4,248
PIA Sales Office Turbat	Commissioner Road, Turbat.	18,295
PIA Sales Office Islamabad	Jinnah Avenue, 49 Blue Area, Islamabad	1,200
PIA Sales Office Lahore	Opp. Punjab Assembly Near Wapda House, Lahore.	4,600
PIA Diagnostic Center Karachi	B-33, KDA Scheme 1, Karsaz, Karachi.	1,874
PIA Air Crew Medical Center Karachi	C-1, KDA Scheme 1, Karsaz, Karachi.	1,120
PIA Sales Office Faisalabad	Block 16, 26/6, Civil Lines, Faisalabad.	1,974
PIA Sales Office Chitral	Polo Ground, Chitral.	3,666
PIA Sales Office Building Quetta	17 Shahia Hall, Cantonment, Quetta.	3,732
Land for Sales Officer Ormara	PIA sales office, Ormara Baluchistan.	10,000
Land for Sales Officer Sialkot	Plot situated opposite to Chamber of Commerce Fails Road, Sialkot.	1,778
Farm house Abbottabad	Nathia Gali Road Abbottabad.	18,166
Land for Sales Office Gilgit	Plot of PIA City Road near NU Shopping Centre, Gilgit.	525
Land for new sales office Sukkur	Minara Road near Jamia Masjid, Sukkur.	2,146
Land for Dera Ismail Khan	Survey No. 3A, 195.09 Sq. Meter D.I.Khan Cantt.	233
PIA housing colony (Water Tank) Karachi	PIA Housing Colony Water Tank Karachi.	1,667
Super Highway for Precision Engineering Complex Karachi	On Super Highway PEC Complex Karachi.	968,000
PIA hospital Karachi	Gulistan-e- Jauhar Karachi.	48,200
Land for PIA Boys Scouts Host & Training Centre Karachi	PIA Boy Scouts Training Centre Karachi.	1,226
Training Centre Nawabshah	Nawabshah training Centre Nawabshah.	1,778
PIA Sales Office Quetta	17th Sharah e Hall Cantonment Quetta.	3,731
Airport Office Skardu	Airport Skardu.	2,420
Land for TGS Section Skardu	Chishma Bazar Skardu.	1,815
Land for Head Quarter at Islamabad	Plot no 57/F-7/-7, blue area Islamabad.	4,608
G.D Somani Marg Cuffe Parade, Mumbai	Flat No. 32, 3rd Floor Jolly Marker-3 G.D Somani Marg, Cuffe Parade, Mumbai - 400 005	193
Narain Manzil, New Delhi	Narain Manzil, 23 Barakhamba Road, New Delhi - 110001	451
Shaykhonohur District, Tashkent	Shaykhonohur District Halklar Dustligi Street, Tashkent	291
Residence No.55 New York	Saxon Woods Road Scarsdale, NY 10583-7812, New York.	492
Leidschestraat 17 Amsterdam	1017 NT Amsterdam The Netherlands, Amsterdam.	118
Van Nijenrodeweg 835 Amsterdam	1082 JM Amsterdam The Netherlands, Amsterdam.	309
Koningsvaren 109 Abcoude Amsterdam	Koningsvaren 109 Abcoude, Amsterdam.	300

(b) In addition to above, there are certain assets which are acquired on lease and classified as Right of Use (ROU) assets.

7.6 Capital work-in-progress

	Aircraft Fleet including engines	Others	Total
	----- (Rupees in '000) -----		
Year ended December 31, 2020			
Balance as at January 1, 2020	4,433,270	446,286	4,879,556
Additions during the year	-	111,864	111,864
Transfer to operating fixed assets / ROU asset / intangible asset	(2,649,201)	(186,209)	(2,835,410)
Charged to profit or loss	-	(1,673)	(1,673)
Balance as at December 31, 2020	<u>1,784,069</u>	<u>370,268</u>	<u>2,154,337</u>
Year ended December 31, 2019			
Balance as at January 1, 2019	2,432,252	538,911	2,971,163
Additions during the year	8,027,908	120,103	8,148,011
Transfer to operating fixed assets / ROU asset / intangible asset	(6,026,890)	(175,824)	(6,202,714)
Charged to profit or loss	-	(36,904)	(36,904)
Balance as at December 31, 2019	<u>4,433,270</u>	<u>446,286</u>	<u>4,879,556</u>

		2020	2019
		----- (Rupees in '000) -----	
8. INTANGIBLES	Note		
Computer softwares			
Cost	8.1	1,099,591	1,035,130
Accumulated amortisation	8.2	(782,327)	(644,771)
		<u>317,264</u>	<u>390,359</u>
8.1 Cost			
Opening balance		1,035,130	809,579
Additions during the year		31,985	94,843
Transfer from CWP		32,476	130,708
Closing balance		<u>1,099,591</u>	<u>1,035,130</u>
8.2 Accumulated amortisation			
Opening balance		644,771	534,016
Amortisation for the year	8.2.1	137,556	110,755
Closing balance		<u>782,327</u>	<u>644,771</u>
Useful life		<u>5 years</u>	<u>5 years</u>
8.2.1 Amortisation charge for the year has been allocated as under:			
Cost of services - others	33	11,004	8,860
Administrative expenses	35	126,552	101,895
		<u>137,556</u>	<u>110,755</u>
9. LONG-TERM INVESTMENTS			
Investment in related parties			
Unquoted - at cost			
Subsidiaries	9.1	4,415,714	4,415,714
Associate	9.2	396	396
		<u>4,416,110</u>	<u>4,416,110</u>
Investment in other than related parties			
Other investments - FVOCI	9.3	164,638	173,284
		<u>4,580,748</u>	<u>4,589,394</u>



9.1	Subsidiaries	Note	2020 ----- (Rupees in '000) -----	2019
	PIA Investments Limited (PIAIL)			
	792,000 (2019: 792,000) fully paid ordinary shares of AED 100 each, Equity held 100% (2019: 100%). Break-up value of each ordinary share is Rs. 112,837 based on audited financial statements as at December 31, 2019.	9.1.1	4,415,712	4,415,712
	Skyrooms (Private) Limited			
	4,000,000 (2019: 4,000,000) fully paid ordinary shares of Rs. 10 each, Equity held 100% (2019: 100%). Break-up value of each ordinary share is negative Rs. 9 (2019: negative Rs. 9) based on the unaudited financial statements for the year ended December 31, 2018.	9.1.2	40,000	40,000
	Midway House (Private) Limited (under winding-up)			
	2,960,000 (2019: 2,960,000) fully paid ordinary shares of Rs. 10 each, Equity held 100% (2019: 100%). Break-up value of each ordinary share is Rs. Nil (2019: Rs. Nil). Financial statements are not available.	9.1.2	28,520	28,520
	Sabre Travel Network Pakistan (Private) Limited			
	312,586 (2019: 312,586) fully paid ordinary shares of Rs. 100 each, Equity held 70% (2019: 70%) Break-up value of each ordinary share of Rs. 807 (2019: Rs. 924) based on the unaudited (2019: unaudited) financial statements for the year ended December 31, 2020.	9.1.2	2	2
	Provision for diminution in value of investments		68,522 (68,520)	68,522 (68,520)
			2	2
			4,415,714	4,415,714

9.1.1 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. During 1986, PIAIL was registered in British Virgin Islands under International Business Companies Ordinance, 1984 [now BM Business Companies (Amendment) Act 2012] as a company limited by shares. The principal activity of PIAIL is 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. During the year, the High Court of British Virgin Islands has appointed a receiver to oversee and manage the affairs of the PIAIL as a result of which, the financial information for the year ended December 31, 2020 are not available. Accordingly, the breakup value of PIAIL is based on audited financial statements for the year ended December 31, 2019.

9.1.2 All other subsidiaries are incorporated in Pakistan.

9.2 Associate	Note	2020	2019
		----- (Rupees in '000) -----	

Minhal Incorporated - Sharjah

1,600 fully paid ordinary shares (2019: 1,600) of AED 100 each, Equity held 40% (2019: 40%). Break-up value of each ordinary share is Rs. 65,305,103 based on audited financial statements for the year ended December 31, 2019.

9.2.1 Minhal Incorporated (Minhal), an Associate of PIACL, which 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 of and the managers of projects related to construction, development and operation of hotels, restaurants and clubs throughout the world. The PIACL interest in Minhal is 40% (2019: 40%). Dr Najeem Sami is the Chief Executive Officer of Minhal. During the year, the high court of British Virgin Islands has appointed a receiver to oversee and manage the affairs of the company, as a result of which, the financial information for the year ended December 31, 2020 are not available. Accordingly, the breakup value of Minhal is based on audited financial statements for the year ended December 31, 2019.

			2020	2019
			----- (Rupees in '000) -----	
9.3	At Fair value through Other Comprehensive Income (FVOCI)	Note		
	Other investments	9.3.1	164,638	173,284
9.3.1	Other investments			
	Quoted			
	Pakistan Services Limited			
	172,913 (2019: 172,913) ordinary shares of Rs. 10 each having market value per ordinary share of Rs. 950 (2019: Rs. 1,000) each		164,267	172,913
	Unquoted			
	Pakistan Tourism Development Corporation Limited			
	10,000 (2019: 10,000) ordinary shares of Rs. 10 each		100	100
	Duty Free Shops (Private) Limited			
	87,512 (2019: 87,512) ordinary shares of Rs. 3.10 each		271	271
			164,638	173,284
10.	LONG TERM ADVANCES			
	Advances to related party			
	Subsidiaries - considered doubtful			
	Skyrooms (Private) Limited		37,042	37,042
	Midway House (Private) Limited		82,476	82,476
			119,518	119,518
	Provision for impairment against doubtful long-term advances		(119,518)	(119,518)
			-	-
11.	LONG-TERM DEPOSITS AND PREPAYMENTS			
	Deposits - other than related party			
	Considered good			
	- Aircraft fleet lease deposits		2,547,327	4,086,226
	- Maintenance reserve	11.1	217,973	337,246
	- Engine maintenance		141,902	141,902
	- Deposits to service providers		12,071	12,071
	- Guarantee deposits		55,218	55,199
			2,974,491	4,632,644
	Considered doubtful			
	Less: Provision for impairment against doubtful deposits	11.2	357,877	357,877
			(357,877)	(357,877)
			-	-
			2,974,491	4,632,644
	Prepayments - other than related party			
	Exposure fee to support financing	11.3	130	5,788
	Less: Current portion	15.2	(130)	(5,788)
			-	-
			2,974,491	4,632,644
11.1	This includes the remaining balance of maintenance reserve which was required to be kept by the Company with a lessor under the terms of the lease agreement that was terminated in the year 2012 which will be utilised / refunded.			

		2020	2019
		----- (Rupees in '000) -----	
11.2	Movement in provision is as follows:		
	Balance at the beginning of the year	357,877	357,533
	Provision made during the year	36	344
	Balance at the end of the year	357,877	357,877

11.3 Movement in exposure fee to support financing

	Balance at the beginning of the year	5,788	39,169
	Amortised during the year	38	(33,381)
	Balance at the end of the year	11.3.1	5,788

11.3.1 This represents consideration paid to various finance providers for the purpose of guarantees issued in favour of the Company, which is being amortised over the lease term.

12. STORES AND SPARES

	Stores	684,150	1,261,424
	Spare parts	7,994,148	8,263,647
	Inventory held for disposal - adjusted to net realisable value	252,859	252,859
		8,931,157	9,777,930
	Provision for slow moving and obsolete spares	12.1	(6,247,667)
		2,948,964	3,530,263

12.1 Movement in provision is as follows:

	Balance at the beginning of the year	6,247,667	5,444,206
	(Reversal) / provision for the year	36	803,461
	Balance at the end of the year	5,982,193	6,247,667

13. TRADE DEBTS

Considered good

	Due from Government	4,515,651	5,823,711
	Due from other customers	5,460,643	12,783,378
		9,976,294	18,607,089

Considered doubtful

	Government related	13.1	337,109
	Other customers	13.1	3,698,337
	Less: Provision for impairment against doubtful debts	13.3	(4,035,446)
			9,976,294
			18,607,089

13.1 The aging analysis of trade debts related to Government and other customers are as follows:

	2020					
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	(Rupees in '000)					
Current	40,103	-	40,103	3,330,582	-	3,330,582
Overdue less than or equal to 90 days	573,082	-	573,082	963,904	26,922	990,826
More than 90 days past due	412,340	-	412,340	216,520	61	216,581
More than 180 days past due	976,363	-	976,363	557,993	181,240	739,233
More than 360 days past due	2,513,763	337,109	2,850,872	391,644	3,659,794	4,051,438
	<u>4,515,651</u>	<u>337,109</u>	<u>4,852,760</u>	<u>5,460,643</u>	<u>3,868,017</u>	<u>9,328,660</u>

	2019					
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	(Rupees in '000)					
Current	584,071	-	584,071	10,026,892	240,428	10,267,320
Overdue less than or equal to 90 days	216,453	-	216,453	1,910,233	162,728	2,072,961
More than 90 days past due	1,287,394	-	1,287,394	480,984	184,580	665,564
More than 180 days past due	287,478	-	287,478	365,269	217,498	582,767
More than 360 days past due	3,448,315	337,109	3,785,424	-	2,893,103	2,893,103
	<u>5,823,711</u>	<u>337,109</u>	<u>6,160,820</u>	<u>12,783,378</u>	<u>3,698,337</u>	<u>16,481,715</u>

13.2 Maximum aggregate gross amount due from Government at any month end was Rs. 5,143.796 million (2019: Rs. 1,537.887 million).

13.3 Movement in provision is as follows:

	2020		2019	
	Note	(Rupees in '000)		
Balance at the beginning of the year		4,035,446		3,991,445
Provision made during the year	36	169,680		44,001
Balance at the end of the year		<u>4,205,126</u>		<u>4,035,446</u>

14. ADVANCES	Note	2020	2019
		----- (Rupees in '000) -----	
Considered good			
- Employees	14.1	118,779	87,224
- Fuel suppliers		466,899	488,743
- Engineering related suppliers	14.2	716,041	716,041
- Other suppliers	14.3	2,350,524	2,504,189
		<u>3,652,243</u>	<u>3,796,197</u>
Considered doubtful			
- Subsidiary - Skyrooms (Private) Limited	14.4	174,146	174,146
- Employees		102,890	102,890
- Others - suppliers		820,580	820,580
		<u>1,097,616</u>	<u>1,097,616</u>
Provision for impairment against doubtful advances		<u>(1,097,616)</u>	<u>(1,097,616)</u>
		<u>3,652,243</u>	<u>3,796,197</u>

14.1 This includes advance of Rs. 21.563 million (2019: Rs. 11.980 million) paid to key management personnel.

14.2 This represents advance paid to M/s. Stella Aerospace-France and Jamco Aero Design and Engineering PTE Ltd-US amounting EUR 5,331,600 and USD 929,000 respectively on account of seating and inflight entertainment system to be installed in Boeing 777.

14.3 This includes advances paid to different suppliers in respect of lease rentals and overhauling of engines, auxiliary power units, landing gears etc.

14.4 Maximum aggregate gross amount due from the subsidiary at any month end was Rs.174,146 million (2019: Rs. 174,146 million).

15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		2020	2019
		----- (Rupees in '000) -----	
Trade deposits			
Considered good		3,157,472	5,156,096
Considered doubtful		44,816	44,816
Less: Provision for impairment against doubtful deposits	15.1	<u>(44,816)</u>	<u>(44,816)</u>
		<u>3,157,472</u>	<u>5,156,096</u>
Prepayments	15.2	<u>143,453</u>	<u>130,312</u>
		<u>3,300,925</u>	<u>5,286,408</u>
15.1 Movement in provision is as follows:			
Balance as at January 01, 2020		-	-
(Reversal) / provision made during the year	36	-	[5,567]
Balance as at December 31, 2020		<u>-</u>	<u>(5,567)</u>
15.2 Prepayments			
Current portion of exposure fee to support financing	11.3	130	5,788
Others		<u>143,323</u>	<u>124,524</u>
		<u>143,453</u>	<u>130,312</u>

	Note	2020 ----- (Rupees in '000) -----	2019
16. OTHER RECEIVABLES			
Considered good - Related party			
Claims receivable		1,161,031	52,871
Excise duty	31.1.1 (a)	100,000	100,000
Sales tax receivable	16.1	5,187,032	5,033,760
Grant receivable from GoP	16.2	8,500,000	-
- Other than related party			
Lessor	16.3	880,759	2,440,782
Others		1,025,269	995,724
		16,854,091	8,623,137
Considered doubtful		337,431	337,431
Less: Provision for impairment against doubtful other receivables		(337,431)	(337,431)
		16,854,091	8,623,137

- 16.1** This includes sales tax refundable aggregating Rs. 4,745,637 million (2019: Rs. 4,745,637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the Act). The Company has filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit (LTU) through a letter has interalia stated 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 in terms of Rule 41A(14) of the Federal Excise Rules, 2005 [see note 31.1.1 (d)].

The Company in consultation with its tax advisor believes that apportionment rule is not applicable in the subject case interalia, 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 Act. The management has represented its view to the tax authorities. Therefore, the management 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.

- 16.2** This represents amount receivable from Government in respect of VSS obligations as details disclosed in note 27.3
- 16.3** This represents receivable from lessor in respect of overhauling incurred by the Company on aircrafts under lease agreement.

		2020	2019
	Note	----- (Rupees in '000) -----	
17. SHORT-TERM INVESTMENTS			
Fair value through other comprehensive income - unquoted SITA INC N.V.			
325,491 (2019: 325,491) ordinary shares	17.1	19,220	19,220
Amortised cost			
Term deposit receipts (TDRs)		-	6,197,400
		19,220	6,216,620
17.1	These shares are held by SITA INC. N.V. on behalf of the Company and are transferable subject to certain specified conditions.		
18. CASH AND BANK BALANCES			
Cash			
In hand		6,658	9,823
With banks:			
- in current accounts	18.1	4,602,648	4,868,725
- in deposit accounts	18.2 & 18.3	1,130,455	1,978,774
		5,733,103	6,847,499
		5,739,761	6,857,322
18.1	This has been adjusted by an aggregate amount of Rs. 871.405 million (2019: Rs. 930.657 million), representing bank overdrafts.		
18.2	These carry interest ranging from 0.1% to 7.5% (2019: 0.1% to 7.5%) per annum.		
18.3	This includes a bank balance of BDT 673.069 million (2019: BDT 592.450 million) equivalent to Rs. 1,270.452 million (2019: Rs. 1,084,184) 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. However, during the year 2019, the Company was able to successfully remit back BDT 18 million to Pakistan.		

19. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2020	2019		2020	2019
----- (No. of shares) -----			----- (Rupees in '000) -----	
		Authorised capital		
		Ordinary share capital		
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10 each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5 each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
		Preference share capital		
50,000,000	50,000,000	Preference shares of Rs. 10 each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
		Issued, subscribed and paid up share capital		
		Ordinary share capital		
		'A' class shares of Rs. 10 each		
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
		Issued for consideration other than cash		
931,028	931,028	for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
		'B' class shares of Rs. 5 each		
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
		Issued for consideration other than cash		
2,625	2,625	for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
5,235,261,117	5,235,261,117		52,345,110	52,345,110

- 19.1 At December 31, 2020, the GoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares respectively (2019: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

2020	2019
----- (Rupees in '000) -----	
20. RESERVES	Note
Capital reserves	
- Reserve for replacement of fixed assets	20.1
- Capital redemption reserve fund	1,966,779
- General capital reserve	250,000
	284,259
- Unrealised gain on remeasurement of investment	2,501,038
	163,074
	2,664,112
Revenue reserve	1,779,674
	4,443,786
	4,452,432

- 20.1 Upto June 1988, depreciation on fully depreciated aircraft was charged and credited to the reserve for replacement of fixed assets and excess of sale proceeds over cost of fixed assets disposed off was also credited to the aforesaid account. With effect from 1989-90, the Company changed this policy to comply with the requirements of IFRSs and the depreciation and excess proceeds over cost of relevant assets are recorded in the consolidated statement of profit or loss.



21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET		2020	2019 (Restated)
		----- (Rupees in '000) -----	
Surplus on revaluation at beginning of the year		10,078,966	10,685,156
Surplus arising during the year on:			
Land		591,987	-
Buildings		1,327,693	-
		1,919,680	-
		11,998,646	10,685,156
Less: transferred to accumulated losses:			
- Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax		(159,391)	(430,395)
Related deferred tax		(65,103)	(175,795)
		(224,494)	(606,190)
		11,774,152	10,078,966
Related deferred tax liability (DTL):			
- Balance as at January 01, 2020		(414,854)	(590,649)
- Tax effect of surplus arising on revaluation of property, plant and equipment during the year		(385,031)	-
- Tax effect of incremental depreciation charged during the year on related assets transferred to unconsolidated statement of profit or loss		65,102	175,795
- Balance as at December 31, 2020		(734,783)	(414,854)
Surplus on revaluation at the end of the year		11,039,369	9,664,112

Effects of retrospective application of change in accounting policy are described in note 6.1.

22. LONG-TERM FINANCING	Note	2020	2019
		----- (Rupees in '000) -----	
Balance at the beginning of the year		253,950,790	199,173,285
Financing obtained during the year		43,819,771	110,847,997
Repayments made during the year		(23,295,858)	(63,037,547)
Exchange loss		2,755,855	6,967,055
		277,230,558	253,950,790
Less: Current maturity	30	(62,585,953)	(62,433,553)
		214,644,605	191,517,237

Financier	Note	Type of facility	Facility amount (million)	Repayment period	Number of installment/ Mode	2020 ----- (Rupees in '000) -----	2019
From Banking Companies - secured							
- Related party							
National Bank of Pakistan	22.2 & 22.3	Term Finance	PKR 3,000	2016 - 2019	36 Monthly	-	166,667
National Bank of Pakistan	22.2	Term Finance	PKR 2,175	2018 - 2020	12 Quarterly	725,000	906,250
National Bank of Pakistan	22.2	Term Finance	PKR 2,825	2018 - 2021	12 Quarterly	1,177,083	1,412,500
National Bank of Pakistan - Bahrain	22.2 & 22.4	Syndicate Finance	US \$ 120	2013 - 2023	40 Quarterly	15,152,301	15,049,353
- Other than related party							
The Bank of Punjab	22.2	Term Finance	PKR 5,000	2016 - 2021	60 Monthly	1,000,000	1,250,000
The Bank of Punjab	22.2	Term Finance	PKR 5,000	2016 - 2021	60 Monthly	1,333,333	1,583,333
The Bank of Punjab	22.2 & 22.6	Demand Finance	PKR 30,000	2016 - 2023	84 Monthly	15,901,266	16,985,444
The Bank of Punjab	22.2	Term Finance	PKR 2,500	2017 - 2022	60 Monthly	1,375,000	1,500,000
The Bank of Punjab	22.2	Term Finance	PKR 6,000	2019 - 2024	60 Monthly	4,846,197	5,149,084
The Bank of Punjab	22.2	Term Finance	PKR 4,587	2019 - 2022	36 Monthly	3,058,331	3,440,622
The Bank of Punjab	22.2	Term Finance	PKR 6,000	2019 - 2024	60 Monthly	5,663,277	5,966,667
The Bank of Punjab	22.2	Term Finance	PKR 18,000	2022 - 2027	60 Monthly	13,000,000	-
Askari Bank Limited	22.2	Term Finance	PKR 6,000	2020 - 2022	36 Monthly	5,625,000	6,000,000
Askari Bank Limited	22.2	Term Finance	PKR 10,000	2021 - 2023	36 Monthly	10,000,000	10,000,000
Al Baraka Bank (Pakistan) Limited	22.2 & 22.8	Islamic Finance	PKR 4,500	2018 - 2021	36 Monthly	2,125,000	2,625,000
Al Baraka Bank (Pakistan) Limited	22.2 & 22.9	Term Finance	PKR 2,500	2020 - 2022	36 Monthly	2,222,222	2,500,000
Al Baraka Bank (Pakistan) Limited	22.2 & 22.10	Islamic Finance	PKR 1,000	2021 - 2024	36 Monthly	1,000,000	1,000,000
Faysal Bank Limited	22.2	Term Finance	PKR 4,000	2017 - 2020	14 Quarterly	857,143	1,142,857
Faysal Bank Limited	22.2	Term Finance	PKR 5,000	2019 - 2024	60 Monthly	4,999,500	4,999,700
Faysal Bank Limited	22.2	Term Finance	PKR 4,000	2019 - 2022	36 Monthly	3,111,111	3,555,556
Faysal Bank Limited	22.2	Term Finance	PKR 5,000	2020 - 2023	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	22.2	Term Finance	PKR 5,000	2020 - 2023	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	22.2	Term Finance	PKR 5,000	2022 - 2025	36 Monthly	5,000,000	-
United Bank Limited	22.2	Term Finance	PKR 5,000	2015 - 2020	54 monthly	-	370,370
United Bank Limited	22.2	Term Finance	PKR 1,500	2016 - 2021	54 monthly	-	305,556
Standard Chartered Bank (Pakistan) Limited	22.5	Syndicate Finance	US \$ 250	2020 - 2023	36 Monthly	38,848,639	38,733,750
JS Bank Limited	22.2 & 22.6	Term Finance	PKR 15,000	2017 - 2023	66 Monthly	8,181,818	8,863,636
JS Bank Limited	22.2 & 22.6	Term Finance	PKR 20,000	2020 - 2024	48 Monthly	19,166,667	20,000,000
Sonari Bank Limited	22.2 & 22.6	Term Finance	PKR 5,000	2019 - 2022	36 Monthly	4,166,667	4,583,333
BanIslami Pakistan Limited	22.2 & 22.11	Islamic Finance	PKR 16,500	2021 - 2026	60 Monthly	16,500,003	16,500,000
Bank Islami Pakistan Limited	22.2 & 22.12	Islamic Finance	PKR 5,000	2021 - 2024	60 Monthly	3,500,000	5,000,000
Noor Bank	22.7	Term Finance	USD 120	2019 - 2021	36 Monthly	10,122,845	12,911,250
Credit Suisse	22.2	Term Finance	USD 115	2019 - 2021	24 Monthly	6,892,859	15,590,344
Habib Bank Limited	22.2	Term Finance	PKR 2,000	2021 - 2024	36 Monthly	2,000,000	2,000,000
Others - unsecured							
- Related party							
Long term loan - GoP	22.13	Term Finance	PKR 8,000	2011 - 2020	16 half yearly	8,000,000	8,000,000
Loan from GoP against Markup	22.14	Term Finance	PKR 6,016	2023 - 2038	-	51,679,296	25,859,528
						277,230,558	253,950,790
Current maturity shown under current liabilities					30	(62,585,953)	(62,433,553)
						214,644,605	191,517,237

- 22.1** Borrowings in PKR comprise of fixed and variable rate borrowings. Fixed rate borrowings carry markup at the rate of 10% (December 31, 2019; 10%), whereas variable rate borrowings in PKR carry markup ranging from spread of 1.25% to 1.65% over 1 month KIBOR (December 31, 2019; spread of 1.25% to 2% over 1 month KIBOR). Borrowings in US\$ comprise of variable rate borrowings carry markup ranging from spread of 3.10% over 1 month LIBOR to 4% over 1 month LIBOR (December 31, 2019; 3.15% over 1 month LIBOR to 4.00% over 1 month LIBOR).
- 22.2** The financing is secured by way of unconditional and irrevocable GoP guarantee for an amount equivalent to the facility amount.
- 22.3** The finance was secured by Letter of Comfort from GoP, ranking charge over current and fixed asset of Company amounting to Rs. 4,000 million inclusive of 25% margin; and lien and specific right to set off overall receivables in connection with the Company's sales routed through collection account NBP Airport Branch, Karachi. However, as the Letter of Comfort has been replaced by GoP guarantee, the aforesaid ranking charge has been released by NBP.
- 22.4** The following are the participating banks in this syndicated finance facility:
- National Bank of Pakistan (NBP) - Bahrain; and
 - Habib Bank Limited (HBL)
- 22.5** The syndicate finance was obtained from a syndicate of international banks and the lead arrangers are:
- Standard Chartered Bank - United Kingdom
 - Mashreq Bank PSC - United Arab Emirates
- The finance is secured by first priority security over the collection account and facility service account and legally enforceable assignments of tickets sales collection for the UK, SAR, Muscat and Kuala Lumpur sector through IATA with appropriate acknowledgments.
- 22.6** The finance is secured by way of lien over IATA routed sales of the Company, receivable or assignment.
- 22.7** The finance is secured by way of collection routed through the offshore bank account maintained with Emirates NBD Bank.
- 22.8** The finance is secured by way of;
- 1st exclusive hypothecation charge over five engines with 10% margin; and
 - Irrevocable assignment instruction from the Company to Bank of Punjab for transfer of funds to ABPL on fortnightly basis.
- 22.9** The finance is secured by way of hypothecation of Boeing 777-200 ER aircraft.
- 22.10** The finance is secured by way of hypothecation of engine bearing engine No. 90043-2
- 22.11** The finance was secured by way of lien over musharakah asset amounting to Rs. 16,500 million and unconditional and irrevocable GoP guarantee for the facility amount.
- 22.12** The letter is secured by letter of comfort from GOR, lien on musharka amounting to Rs. 5,000 million and on collection account held with the Bank.
- 22.13** The Company has not paid any installment since due date of installment, i.e. October 23, 2011. The over due principal and markup as at December 31, 2020 is Rs 8,000 million (Rs. 7,938.50 million) and Rs. 9,100 million (Rs. 8,300 million), respectively. The over due principal amount is included in current maturity.
- 22.14** In a meeting held with GoP dated December 30, 2017, it was decided that markup support would be provided for the five years starting from July 2018. In this regard, GoP has started releasing markup, first disbursement was made on October 26, 2018 and subsequently on monthly basis. The loan amount represents the outstanding at any given point of time.

23. TERM FINANCE AND SUKUK CERTIFICATES

	Security	Repayment period	Number of installments	Mark-up (%)	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
Secured						
- other than related party						
Term finance certificates	GoP Guarantee	2016-2020	16 Quarterly	6 month KIBOR +1.25%	-	5,264,272
Sukuk certificates	GoP Guarantee	October 20, 2019	Bullet	6 month KIBOR +1.75%	-	1,935,000
					-	7,199,272
Less: current maturity				30	-	(7,199,272)
					-	-

During the year, the Company has fully discharged its liability towards Term Finance Certificates and Sukuk Certificates.

	Note	2020 ----- (Rupees in '000) -----	2019 ----- (Rupees in '000) -----
24. LEASE LIABILITIES			
Secured			
- other than related party			
Present value of minimum lease payments			
- Aircraft fleet including engines	24.1 & 24.2	16,202,025	25,184,821
- Buildings	24.1	1,054,940	1,420,690
		17,256,965	26,605,511
Technical ground equipment	24.1 & 24.3	83,934	172,771
		17,340,899	26,778,282
Less: Current maturity	30	(9,024,825)	(11,244,943)
		8,316,074	15,533,339

24.1 During the year, the movement in lease liabilities is as follows:

	Note	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
----- (Rupees in '000) -----					
Opening balance as on January 01, 2020		25,184,820	1,420,691	172,771	26,778,282
Additions during the year					
Additions in lease liabilities		2,931,539	-	-	2,931,539
Adjustment					
Exchange Loss		777,650	7,226	-	784,876
Lease terminated during the year	7.2.2 & 7.2.3	(1,241,949)	-	-	(1,241,949)
Repayments / adjustments made during the year		(12,627,039)	(524,431)	(88,837)	(13,240,307)
Interest charged during the year	38	1,177,004	151,454	-	1,328,458
		16,202,025	1,054,940	83,934	17,340,899



	2020			2019		
	Minimum lease payments	Finance cost	Present value of minimum lease payments	Minimum lease payments	Finance cost	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	9,800,897	776,072	9,021,825	12,425,973	1,180,030	11,244,943
Later than one year but not later than five years	8,184,677	650,570	7,534,107	16,347,036	1,180,656	15,166,380
Later than five years	805,565	23,598	781,967	377,615	10,656	366,959
	18,791,139	1,450,240	17,340,899	29,150,624	2,372,342	26,778,282

24.2 During the year 2006, the Company arranged an EXIM Bank guaranteed financing of US\$ 472 million to acquire three Boeing B 777-300 ER aircrafts and one engine from White Crescent Limited, a special purpose entity incorporated in Amsterdam, Netherlands. The guaranteed lender is Royal Bank of Scotland. The lease term of spare engine has expired during the year 2014.

24.3 During 2016, the Company arranged a letter of credit (LC) limit of Rs. 500 million for the purpose of acquisition of technical ground equipment. On the maturity of LC, the amount of LC is converted into finance lease, having a limit of Rs. 500 million with lease period of 48 months. The lease arrangement is secured by GoP guarantee. The lease carries markup at the rate of 2% spread over one month KIBOR. The Company has utilised the LC balance of Rs. 372.726 million and converted it into finance lease.

25 ADVANCES FROM SUBSIDIARIES

25.1 This represents advance of US\$ 10 million, US\$ 1 million, US\$ 3 million, US\$ 10 million, US\$ 10 million, US\$ 2.5 million, US\$ 0.675 million, US\$ 0.96 million and US\$ 2 million received on March 02, 2011, September 12, 2011, July 26, 2013, May 08, 2014, July 11, 2014, September 01, 2014, December 02, 2014, April 27, 2015 and May 07, 2015, respectively, from PIA Investments Limited (PIAIL), a wholly owned subsidiary of the Company which will be adjusted against future dividends, if any, distributed by PIAIL. The advance carries mark-up at the rate of 1 month LIBOR plus 1.75% per annum.

25.2 During 2019, the Company received Rs.175 million from Abacus Distribution System Pakistan Limited - a subsidiary.

		2020	2019
26. DEFERRED LIABILITIES	Note	----- (Rupees in '000) -----	
Post retirement medical benefits	26.2	10,326,021	11,324,204
Pension funds' obligation	26.3	24,630,969	26,001,328
UK pension funds' obligation	26.4	1,083,505	645,000
Provision for redelivery cost	26.5	1,915,999	1,907,634
		37,956,494	39,878,166

26.1 General description of the type of defined benefit plans and accounting policy for remeasurement of the net defined benefit obligation / asset is disclosed in note 5.10 to these unconsolidated financial statements.

		2020	2019
		----- (Rupees in '000) -----	
26.2 Post retirement medical benefits	Note		
Liability recognised in the statement of financial position			
Present value of defined benefit obligation		<u>10,326,021</u>	<u>11,324,204</u>
Movement in liability during the year			
Balance at the beginning of the year		11,324,204	12,983,558
Expense recognised in profit or loss	26.2.1	1,483,823	1,754,863
Total remeasurements recognised in other comprehensive income	26.2.2	(1,160,062)	(2,669,091)
Benefits due but not paid (payables)	27.3	(777,846)	-
Payments made during the year		(544,098)	(745,126)
Balance at the end of the year		<u>10,326,021</u>	<u>11,324,204</u>
26.2.1 Expense recognised in statement of profit or loss			
Current service cost		91,586	94,208
Gain and losses arising on plan settlements		205,970	-
Interest cost		1,186,267	1,660,655
		<u>1,483,823</u>	<u>1,754,863</u>
26.2.2 Total remeasurements recognised in other comprehensive income			
Actuarial (gain) / loss on liability arising on financial assumptions		600,183	(240,039)
experience adjustments		(1,760,245)	(2,429,052)
		<u>(1,160,062)</u>	<u>(2,669,091)</u>

26.3 Pension obligation

The details of three different categories of plans are as follows:

	PAIPA		FENA		MAIN PENSION		TOTAL	
	2020	2019	2020	2019	2020	2019	2020	2019
(Rupees in '000)								
Liability / (Asset) recognised								
Present value of defined benefit obligation	2,254,265	2,157,742	457,309	446,759	25,752,750	27,537,401	28,464,324	30,141,902
Fair value of plan assets	(1,730,769)	(1,653,041)	(945,286)	(940,262)	(1,137,300)	(1,547,271)	(3,833,355)	(4,140,574)
	523,496	504,701	(507,977)	(493,503)	24,615,450	25,990,130	24,630,969	26,001,328
Movement in liability / (asset) during the year								
Opening liability / (asset)	504,701	627,550	(493,503)	(497,278)	25,990,130	24,924,406	26,001,328	25,064,679
Expense recognised in profit or loss	77,604	104,066	(55,189)	(64,829)	2,717,425	4,025,046	2,739,840	4,064,283
Benefits due but not paid (payables) (Note 27.3)	(21,034)	-	-	-	(2,497,805)	-	(2,518,839)	-
Total remeasurements recognised in other comprehensive income	(23,576)	(212,716)	44,710	62,599	42,881	(2,729,536)	64,015	(2,879,653)
Employer contributions	(14,199)	(14,199)	(3,995)	(3,995)	(1,637,181)	(229,786)	(1,655,375)	(247,980)
Closing liability / (asset)	523,496	504,701	(507,977)	(493,503)	24,615,450	25,990,130	24,630,969	26,001,328
Movement in the defined benefit obligation								
Obligation at beginning of the year	2,157,742	2,109,526	446,759	457,997	27,537,401	26,639,379	30,141,902	31,296,902
Current service cost	18,304	21,856	-	-	661,815	737,786	680,119	759,642
Past service cost	-	-	-	-	-	-	-	-
Interest cost	235,019	274,666	49,795	56,707	2,812,432	3,635,676	3,097,246	3,968,549
Benefits due but not paid (payables) (Note 27.3)	(21,034)	-	-	-	(2,497,805)	-	(2,518,839)	-
Benefits paid	(103,281)	(253,156)	-	(37,391)	(2,326,438)	(2,400,624)	(2,429,719)	(2,691,171)
Gain and losses arising on plan settlements	4,734	-	-	-	(623,380)	-	(618,646)	-
Remeasurement due to:								
- Actuarial losses from changes in financial assumptions	124,608	(5,404)	19,469	(8,437)	1,000,003	(414,094)	1,144,080	(427,935)
- experience adjustments	(161,827)	(79,746)	(58,714)	(23,617)	(811,278)	(2,660,722)	(1,031,819)	(2,764,085)
Obligation at end of the year	2,254,265	2,157,742	457,309	446,759	25,752,750	27,537,401	28,464,324	30,141,902
Movement in fair value of plan assets								
Fair value at beginning of the year	1,653,041	1,571,976	940,262	945,273	1,547,271	3,714,973	4,140,574	6,232,278
Interest income	180,453	192,456	104,984	123,036	133,442	348,416	418,879	663,908
Employer contributions	14,199	14,199	3,995	3,995	1,637,181	229,786	1,655,375	247,980
Benefits paid	(103,281)	(253,156)	-	(37,391)	(2,326,438)	(2,400,624)	(2,429,719)	(2,691,171)
Return on plan assets excluding amount included in interest income	(13,443)	127,566	(83,955)	(94,653)	145,844	(345,280)	40,246	(312,367)
Fair value at end of the year	1,730,769	1,653,041	945,286	940,262	1,137,300	1,547,271	3,833,355	4,140,574
Expense recognised in statement of profit or loss								
Current service cost	18,304	21,856	-	-	661,815	737,786	680,119	759,642
Past service cost	-	-	-	-	-	-	-	-
Gain and losses arising on plan settlements	4,734	-	-	-	(623,380)	-	(618,646)	-
Net interest expense / (income)	54,566	82,210	(55,189)	(64,829)	2,678,990	3,267,260	2,678,367	3,304,641
	77,604	104,066	(55,189)	(64,829)	2,717,425	4,025,046	2,739,840	4,064,283
Total remeasurements recognised in other comprehensive income								
Remeasurement on obligation arising on:								
- financial assumptions	124,608	(5,404)	19,469	(8,437)	1,000,003	(414,094)	1,144,080	(427,935)
- experience adjustments	(161,827)	(79,746)	(58,714)	(23,617)	(811,278)	(2,660,722)	(1,031,819)	(2,764,085)
	(37,219)	(85,150)	(39,245)	(32,054)	186,725	(3,074,816)	132,261	(3,192,020)
Volation on plan assets excluding amount included in interest income	13,443	(127,566)	83,955	94,653	(145,844)	345,280	(40,246)	312,367
	(23,576)	(212,716)	44,710	62,599	42,881	(2,729,536)	64,015	(2,879,653)
The plan assets comprise of:								
Debt instruments	1%	1%	0%	0%	1%	1%	1%	1%
Others including cash and cash equivalents	99%	99%	100%	100%	99%	99%	99%	99%
	100%	100%	100%	100%	100%	100%	100%	100%
Actual return on plan assets	166,810	320,022	21,029	28,353	279,286	3,136	467,125	351,541

- 26.3.1 Actuarial valuations of pension funds, post retirement medical benefit scheme and compensated absences (note 27.5) were carried out at December 31, 2020. The valuations have been carried out using Projected Unit Credit method and the following significant actuarial assumptions have been used

	2020	2019
	----- (Percentage) -----	
Valuation discount rate	9.75%	11.25%
Salary increase rate	8.75%	10.25%
Pension indexation rate	4.00%	4.75%
Medical inflation rate	4.25%	5.00%
Mortality table	Adjusted SLIC 2001-2005 with one year age set back	

- 26.3.2 Number of employees covered by the various schemes are as follows:

	2020	2019
	----- (Number) -----	
Pension scheme		
Active employees	8,423	11,009
Beneficiaries	16,905	17,922
Post retirement medical benefit scheme	16,905	17,922

26.3.3 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		Increase / (decrease) in defined benefit obligation of					
		PALPA Fund		FENA Fund		Main Pension Fund	
Change in assumption		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----							
Valuation discount rate	1%	[165,175]	191,437	(29,615)	33,602	(2,235,550)	2,650,611
Salary increase rate	1%	no change	no change	no change	no change	857,013	(769,078)
Medical inflation rate	1%	189,371	[166,227]	37,843	[33,705]	1,953,335	[1,697,561]

		Increase / (decrease) in defined benefit obligation of			
		Post retirement medical benefits		Compensated absences	
Change in assumption		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----					
Valuation discount rate	1%	[884,351]	1,048,332	[524,278]	595,071
Salary increase rate	1%	no change	no change	587,447	(526,337)
Medical inflation rate	1%	989,257	(863,320)	not applicable	not applicable

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated statement of financial position.



26.3.4 The employee benefit plans exposes the Company to the following risks:

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service/age distribution and the benefit.

Investment risk: The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

26.3.5 The fair value of plan assets of pension funds includes investment in the Company's shares, amounting to Rs. 2,684 million (2019: Rs. 3,348 million).

26.3.6 The weighted average duration of the benefit obligations as at December 31, 2020 is as follows:

	Years
Post retirement medical benefits	9
PALPA fund	7
FENA fund	7
Main Pension fund	9
Compensated absences	7

26.3.7 The expected pension and medical expense for the next one year from January 01, 2021 amounts to Rs. 2,875,906 million and Rs. 1,045,400 million respectively. The expected amount of pension fund is the amount which the Company will have to contribute for the next one year.

26.3.8 The total expense relating to deferred liabilities has been allocated to cost of services, distribution costs and administrative expenses in the amount of Rs. 2,280,778 million (2019: Rs. 3,142,339 million), Rs. 1,182,626 million (2019: Rs. 1,629,361 million) and Rs. 760,259 million (2019: Rs. 1,047,446 million) respectively.

26.4 This represents amount payable to UK based permanent employees on account of retirement and death benefits. The Actuarial valuation of UK Pension fund was carried out at April 05, 2020.

26.5 This amount represents the provision against maintenance / redelivery cost required to be incurred by the Company for returning the aircraft under lease agreements on certain maintenance conditions. Movement in provision is as follows:

	Note	2020 ----- (Rupees in '000) -----	2019
Adjusted balance as at January 01, 2019		1,907,634	1,574,397
Provision recognised during the year		137,690	61,438
Adjustments			
Lease terminated during the year		(307,877)	(16,393)
Exchange loss recognised during the year		65,109	184,976
Interest charged during the year	38	113,443	103,216
		(129,325)	271,799
		<u>1,915,999</u>	<u>1,907,634</u>

27. TRADE AND OTHER PAYABLES	Note	2020	2019
		----- (Rupees in '000) -----	
Trade creditors			
Goods	27.1	23,013,305	21,028,560
Services		16,366,460	14,268,797
Airport related charges		42,114,934	38,830,340
		<u>81,494,699</u>	<u>74,127,697</u>
Accrued liabilities	27.2	13,912,905	9,397,068
Employees VSS obligations	27.3	6,445,294	-
Advance against transportation (unearned revenue)	27.4	6,224,862	16,442,380
Obligation for compensated absences	27.5	5,361,085	7,657,683
Unredeemed frequent flyer liabilities	27.6	545,374	648,127
Advances from customers		1,646,925	2,203,678
Employees Provident Fund	27.7	7,816,384	9,549,097
Collection on behalf of others	27.8	54,812,515	54,534,126
Customs, federal excise duty and sales tax		2,424,312	2,052,986
Federal excise duty - International travel		10,718,453	10,571,782
Income tax deducted at source		1,492,558	1,213,676
Short term deposits		706,842	812,494
		<u>193,602,208</u>	<u>189,210,795</u>

27.1 This includes an amount of Rs. 16,730,047 million payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is making all payments against the fuel invoices. Late payment surcharge (LPS), though accrued as per agreement, would be paid at a later stage. Contrarily, PSO applies a portion of payments against late payment surcharge (LPS).

27.2 This includes total management fee upto December 31, 2020 amounting to Rs. 173.989 million (2019: Rs. 147.308 million) payable to PIA Investments Limited, a subsidiary company.

27.3 The amount represents payable to employees under Voluntary Separation Scheme (the Scheme). On November 30, 2020, the Company announced the Scheme for its permanent employees. Under the scheme over 1,900 employees opted for separation effective from December 31, 2020. The GoP has approved a grant (refer note 16.2) to pay off the outgoing employees in this respect and for that purpose an assignment account has been opened in National Bank of Pakistan. The amount payable to outgoing employees is estimated to be Rs. 6,445,294 million as at December 31, 2020. In addition, the Government grant also includes the amount of employer's contribution of Company's provident funds for the outgoing employees.

Further, the consequential impacts of the Scheme on the post retirement benefit, pension obligations and leave encashment have been determined through actuarial valuations, the results of which are summarized in the note 26.2, 26.3 and 27.5 respectively.

27.4 Advance against transportation (unearned revenue)

Balance at the beginning of the year	16,442,380	13,150,950
Cash received in advance, recognised as unearned revenue	6,201,135	15,506,235
Amount recognised as revenue during the year	<u>(16,418,653)</u>	<u>(12,214,805)</u>
Balance at the end of the year	<u>6,224,862</u>	<u>16,442,380</u>



		2020	2019
	Note	----- (Rupees in '000) -----	
27.5	Obligation for compensated absences		
	Liability recognised in the statement of financial position		
	Balance at the beginning of the year	7,657,683	7,367,021
	Reversal / Expense recognised during the year	(1,542,503)	311,559
	Benefits paid during the year	(70,729)	(20,897)
	Transferred to VSS payable	(683,366)	-
	Balance at the end of the year	<u>5,361,085</u>	<u>7,657,683</u>

27.5.1 Number of employees covered by the compensated absences are 8,707 (2019: 11,009). The assumptions used to determine the obligation for compensated absences, sensitivity analysis and weighted average duration are disclosed in notes 26.3.2, 26.3.3 and 26.3.6 respectively to these unconsolidated financial statements.

27.6 The liability for frequent flyer programme is based on the valuation carried out by an independent professional valuer. Significant assumptions include:

- ticket inflation rate at the rate of 8.3% (2019: 11.5%);
- discount rate at the rate of 8.3% (2019: 11.5%);
- expiry of unavailed points after three years;
- accumulated points above 11,000 can be used for purchase of tickets. Points lower than 11,000 are valued on aggregate cost of redeemed points; and
- Unavailed points of Ministry do not have any expiry.

27.7 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 (PF), which could not be paid to PF within 15 days as required by Section 218 of Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR.

27.8 This includes taxes payable at foreign stations and amount payable to Civil Aviation Authority (CAA) relating to embarkation, security and infrastructure charges.

28. ACCRUED INTEREST		2020	2019
		----- (Rupees in '000) -----	
Mark-up / profit payable on:			
- long-term financing	28.1	10,339,395	10,021,345
- mark-up reimbursement loan from GoP	28.2	5,601,238	2,096,641
- term finance certificates	28.4	-	390,194
- sukuk certificates	28.4	-	330,457
- lease liabilities		-	1,423
- short-term borrowings	28.3	663,843	1,254,381
- provident fund	27.7	7,905,865	7,055,819
- advance from a subsidiary		1,294,043	1,105,142
		<u>25,804,384</u>	<u>22,255,402</u>

28.1 It includes Rs. 139,056 million and Rs. 9,100 million due to National Bank of Pakistan and Government of Pakistan respectively.

28.2 It represents markup on GoP-markup arrangement loan due to Government of Pakistan.

28.3 It includes Rs. 662,568 million due to National Bank of Pakistan.

28.4 The Company has fully repaid Term Finance Certificates (TFCs) and Sukuk along with interest on such TFCs and Sukuk during the year.

		2020	2019
29.	SHORT-TERM BORROWINGS - SECURED	Note	----- (Rupees in '000) -----
	Short-term loans	29.1	29,860,000
	Running finance under mark-up arrangements	29.2	716,613
			<u>30,576,613</u>
			<u>31,580,219</u>

29.1 SHORT-TERM LOANS - SECURED

Financier	Security	Facility amount (million)	Expiry date	2020	2019
Short-term loans - Related Parties				---(Rupees in '000)---	
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-20	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-20	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-20	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 4,360	31-Dec-20	4,360,000	4,360,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,500	31-Dec-20	3,500,000	3,500,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,000	31-Dec-20	3,000,000	3,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	* Rs. 2,000	31-Dec-20	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-20	2,000,000	2,000,000
				<u>29,860,000</u>	<u>29,860,000</u>

29.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 months KIBOR (2019: spread of 1.5% over 3 months KIBOR).

29.1.2 The agreements of these borrowings expired on their maturity, however, these have been renewed subsequently to their respective maturity dates.



29.2 Running finance under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	2020	2019
---(Rupees in '000)---						
Secured						
Running finance - related party						
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766,667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off over receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 701 million payable on demand	Rs. 575	Rs. 0,157	31-Dec-20	574,843	474,207
Running finance - others						
Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the company for Rs. 2,800 million including 25% margin or as per SBP requirement, whichever is higher.	Rs. 350	Rs. 208,203	31-Dec-20	141,770	-
United Bank Limited - Karachi	Hypothecation charge of Rs. 3,427 million on all present and future stocks and spares and assignment of receivables from Karachi and Lahore.	Rs. 2,570	-	31-Jan-20	-	1,246,012
					716,613	1,720,219

29.2.1 The borrowings in PKR carry mark-up with a spread of 2% over 1 month KIBOR (2019: 1.5% to 2.5% over 1 month and 3 months KIBOR).

29.2.2 Unavailed credit represents the difference between the facility amount and the balance as per bank statement as of December 31, 2020.

29.2.3 The agreements of these facilities expired on their maturities, however, these have been renewed subsequently to their respective maturity dates.

		2020	2019
30. CURRENT MATURITY OF NON-CURRENT LIABILITIES		----- (Rupees in '000) -----	
Long-term financing	22	62,585,953	62,433,553
Term finance and sukuk certificates	23	-	7,199,272
Lease liabilities	24	9,024,825	11,244,943
		71,610,778	80,877,768

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Sales tax and Federal Excise Duty

- a) The tax department had raised demand of Rs. 566,544 million (2019: Rs. 566,544 million) in December 30, 1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million (2019: Rs. 1 million) and additional duty of Rs. 2,923,005 million (2019: Rs. 2,923,005 million) on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the tax department. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

- b) The tax department had also raised demands of Rs. 6,804 million (2019: Rs. 6,804 million) and Rs. 277,621 million (2019: Rs. 277,621 million) on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14,416 million (2019: Rs. 14,416 million) and additional duty / default surcharge of Rs. 17.91 million (2019: Rs. 17.91 million) during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million (2019: Rs. 25 million) in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the tax department both have filed appeals at the ATR which is remanded back however, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.
- c) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2,065 million (2019: Rs. 2,065 million) and Rs. 1,319,101 million (2019: Rs. 1,319,101 million) as FED and sales tax respectively along with penalty of Rs. 66,058 million (2019: Rs. 66,058 million) and additional duty / default surcharge of Rs. 534,412 million (2019: Rs. 534,412 million) during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.
- d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877,351 million (2019: Rs. 5,877,351 million), Rs. 5,679,110 million (2019: Rs. 5,679,110 million) and Rs. 7,025,270 million (2019: Rs. 7,025,270 million), respectively, on account of delayed payment of sales tax and FED for the tax periods of November to December 2008, January to March 2010 and November 2010 to January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the tax period of November to December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

The CIR (A) deleted the penalties of Rs. 5,679,110 million and Rs. 7,025,270 million, respectively, through its order dated September 19, 2011, however, default surcharge and 5% penalty on the unpaid FED and sales tax were maintained. The Company and the tax department have filed appeals with ATR, which were decided in favor of the Company. Further, for the tax periods of January to March 2010 and November 2010 to January 2011, the Company had filed an application for rectification, which was disposed off by ATR on July 22, 2016 while maintaining the default surcharge.

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs. 4,745,852 million (2019: Rs. 4,745,852 million) in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400,446 million (2019: Rs. 400,446 million). The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company filed an appeal against this at ATR level, Tribunal deleted the penalty but maintained default surcharge which was challenged by the Company in Sindh High Court, the decision is pending adjudication.

The ECC communicated its decision through its letter dated July 12, 2013, directing the Company and the FBR to reconcile the outstanding amounts and meanwhile the date for payment of outstanding dues in respect of FED, shall be deemed to be extended till further consideration by the ECC. Further, based on consultation with legal advisor, the management believes that the case will be decided in favor of the Company. Accordingly, no provision is required to be recognized in these unconsolidated financial statements in respect of penalties and default surcharge.

- e) On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (refer note 16.1) which was contested by the Company before the Honorable High Court of Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747,669 million (2019: Rs. 6,747,669 million) under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603,502 million, Rs. 2,629,350 million and Rs. 1,514,818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 and remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC. Later, the tax department has issued hearing notice in January 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings.
- f) DCIR passed orders dated March 04, 2016 and November 30, 2015 and raised demand of Rs. 24,086 million and Rs. 55,691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in these unconsolidated financial statements in this regard.

- g) During the year 2017, DCIR passed orders dated September 07, 2016 and raised demand of Rs. 487,118 million for the short payment of Federal Excise Duty along with default surcharge and penalty regarding the services rendered in respect of travel within Pakistan for the tax periods July 2014 to June 2015. The Company filed an appeal with CIR(A) against the DCIR order. CIR(A) vide order dated August 07, 2018 deleted the levy of penalty however maintained levy of default surcharge. The Company has filed an appeal against the CIR(A) order with ATR.

31.1.2 Other Contingencies

- h) Competition Commission of Pakistan (CCP) vide its order dated November 20, 2009 has imposed a token penalty of Rs. 10 million on account of unreasonable increase in Hajj fare during the year 2008 as compared to Hajj season 2007. Further, on account of discrimination between Hajj passengers and regular passengers the Company was directed to work out an amount of refund to be paid back to Hajjs based on the difference of fare between regular passengers and short duration Hajjs who flew during Hajj season 2008. The total amount of refund estimated by the Company is Rs. 417 million. The Company has filed appeals simultaneously in Lahore High Court and the Supreme Court of Pakistan. However, after the order of the Honourable Supreme Court in July, 2017, the appeal has been transferred to the Competition Appellate Tribunal, Islamabad. Management believes that both appeals will be decided in favour of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

- i) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As at December 31, 2020 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 33,083,140 million (2019: Rs. 45,992,765 million) including late payment surcharge and interest thereon amounting to Rs. 27,453,631 million (2019: Rs. 43,118,580 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

During the aforementioned meeting, the matter of chargeability of rates for non-aeronautical services was amicably resolved whereby it was agreed that CAA shall charge rates as were decided in the arbitration award of 1998. The MoU was signed in the form of minutes of the meeting, however, CAA has continued to charge higher rates for non-aeronautical services rather than those agreed by virtue of the said MoU. However, the management maintains its position on the chargeability of rates based on arbitration award of 1998 and the MoU.

Further, in relation to the aforementioned surcharge and interest payable, the management considered that the same are not part of the Company's agreement with CAA and accordingly in view of the management such surcharge and interest payable shall never be paid by the Company. The Company is considering to take up this matter again with the Aviation Division of Government of Pakistan for resolution in the light of the previous understanding reached with CAA. Accordingly, no excessive amount shall eventually become payable to CAA and therefore, no provision for such an excessive amount has been made in these unconsolidated financial statements.

The management, in a meeting held with the CAA and Aviation Division dated January 02, 2020, decided to reconcile the differences of non aeronautical charges and, on payment of all outstanding dues after proper reconciliation, interest and surcharge payable to CAA will be waived.

- j) "During 2014, two travel agents (Times Travel UK Limited and Nottingham Travel Limited (the claimants), specializing in travel to and from the United Kingdom to Pakistan, commenced proceeding against the Company on account of unpaid commission or remuneration from the Company on sale of airline tickets in the High Court of Justice - Business and Property Courts of England and Wales (the Court). In pursuant of above, the Court passed an order in the year 2017, in favor of the claimants and directed the parties to compute the amount of commission due on the basis of the agreements entered into between the claimants and the Company. During the year 2019, the Court rewarded a judgement against the Company to pay GBP 5,171 million, equivalent to Rs. 1,128,950 million based on calculations made by the claimants. Conversely, the Company has recorded the provision of GBP 2,982 million, equivalent to Rs. 650,885 million against the said judgement based on the calculation carried out by the management, and for the remaining amount, the Company has filed the appeal, which management, based on its consultation with its legal advisors, believes that will be decided in favor of the Company.
- k) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatements aggregating to Rs. 3,901,481 million (2019: Rs. 3,605,461 million). The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 3,789,819 million (2019: Rs. 789,819 million). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialise.

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Civil Court Lahore	Abdul rauf lodged a claim against Chairman PIACL for unlawfully use his property by PIA.	2020	Dr. Abdul Rauf Vs Chairman PIACL etc	Recovery of damages Rs. 3,000 million.
High court of Sindh	Mandatory retirement from service	2020	Sikandar Elahi Vs PIACL	Recovery of damages Rs. 86.433 million.
High court of Sindh	Issuance of show cause notice and termination from employment.	2020	Captain Qasim Qadir Vs PIACL & Others	Recovery of damages Rs. 70 million.
Sindh High Court	Counter Appeals filed against grant of less damages/compensation.	2017	"Mustafa F. Ansari Vs PIA Mumtaz Ahmed Vs PIA Sikandar Elahi Vs PIA Shaid Islam"	Recovery of damages Rs. 1,072.598 million
Sindh High Court	Mr Salchuddin booked two mercedes however cars arrived Karachi late due to alleged delay by PIA	2000	Salchuddin Razzok Vs PIA & Others.	Recovery of damages Rs. 100 million
Sindh High Court	Sher Muhammad Zafar filed suit alleged his juniors were promoted but he was not promoted.	2006	Sher Muhammad Zafar Vs PIA	Recovery of damages Rs. 100 million
Sindh High Court	Aziz Rahman's father died during inflating the nose wheel of B-737, prayed for recovery under Fatal Accident Act 1855.	2007	Aziz Rahman & another Vs PIA	Recovery of damages Rs. 65.5 million
Sindh High Court	Fazid Ahmed Mughal filed suit for final settlement of Rs. 55 million	2013	Fazid Ahmed Mughal Vs PIA	Recovery of damages Rs. 55 million
Sindh High Court	Abbas Haider Janvi filed suit as he was not granted rescheduling of simulator training and engaged in domestic affairs	2015	Abbas Haider Janvi Vs PIA	Recovery of damages Rs. 52.07 million
Sindh High Court	Yaseen Alladin kept 25% of meal for passengers resulting in inconvenience, he was compulsorily retired, prayed for recovery of salary	2006	Yaseen Alladin Vs PIA	Recovery of damages Rs. 50.6 million
Sindh High Court	Mr Nasir filed suit for alleged wrongful mandatory retirement from service, prayed for reinstatement	2006	Nasir Ali Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Muhammad Asim Malik prayed for recovery against show cause notice on account of fake submission of motic certificate	2015	Muhammad Asim Malik Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Sadia Sumbul Butt Sr Aithress was detained in London and was found in possession unauthorized foreign currency and cell phones. She was terminated, and she challenged termination	2015	Sadia Sumbul Butt Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	M/s. Airport Hotel issued plaintiff letter to vacate the Room No. D-025 allotted to him. He was issued show cause notice, suspended from duties with immediate effect. Prayed to restore.	2013	Lt Colonel (R) Ahtor Lateef Vs PIA & M/s Sky Room Ltd, Etc	Recovery of damages Rs. 50 million
Sindh High Court	Ahtor Hussain Khichi was called back from position of manager Bahrain on administrative grounds, prayed to declare the transfer letter as illegal	2014	Ahtor Hussain Khichi Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Wazir Ahmed Jahrani Assistant Manager PHS was issued show cause notice on account of releasing 10KG excess baggage without EBT, filed suit for declaration permanent and mandatory injunction	2015	Wazir Ahmed Jahrani Vs PIA & others	Recovery of damages Rs. 50 million
Sindh High Court	Noreen Durani claimed that on account of her prevailing medical condition, she has been advised against coming in contact with electrical appliances emitting electro-magnetic impulses. Therefore he was repeatedly exempted from duty, filed suit for injunction.	2019	Noreen Durani Vs PIACL	Recovery of damages Rs. 50 million
Sindh High Court	HR Manager Flight Operations issued letter to Capt Latif Farooqi regarding retirement on medical grounds. He was permanently grounded on account of "Uncontrolled Diabetic Mellitus, prayed for guaranteed payments.	2019	M. Latif Farooqi Vs PIACL	Recovery of damages Rs. 50 million
Sindh High Court	Mr Arshad Iqbal was terminated on account of manpower rationalization and right sizing. He alleged that no stigma or disciplinary grounds has been mentioned in termination letter except "manpower rationalization and right sizing" etc He has prayed to set aside termination letter	2019	Ashad Iqbal Vs PIACL & Others	Recovery of damages Rs. 47.5 million
Sindh High Court	Captain Naseem Ahmed Chowdhary removed from service on account of misconduct	2016	Naseem Ahmed Chowdhary Vs PIA	Recovery of damages Rs. 323 million

- l) Outstanding letters of guarantee amounted to Rs. 224.365 million (2019: Rs. 216.450 million)
- m) Contingencies relating to income tax matters are disclosed in note 39.1 to these unconsolidated financial statements.



31.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 15,126 million (2019: Rs. 44,999 million).
b) In 2012 the Company entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527,904 million equivalent to Rs. 244,211.619 million (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.

32.	REVENUE - NET	Note	2020	2019
			----- (Rupees in '000) -----	
	Passenger		80,518,062	132,205,391
	Cargo		4,631,146	4,914,618
	Excess baggage		699,232	1,000,643
	Charter services		3,153,594	1,642,843
	Engineering services		1,129,577	1,461,363
	Handling and related services		498,884	697,946
	Mail		82,304	185,782
	Cancellation charges		1,911,630	2,285,179
	Expired tickets - fare		2,078,131	1,781,286
	Others		286,831	1,325,078
			<u>94,989,391</u>	<u>147,500,129</u>
32.1	Revenue by geographical segments			
	Revenue analysis			
	USA & Canada		4,096,588	6,698,555
	Europe & UK		9,758,366	26,937,436
	Middle East & Africa		30,310,964	27,038,314
	Asia (excluding Pakistan)		1,195,607	2,194,703
	Pakistan		49,627,866	84,631,121
			<u>94,989,391</u>	<u>147,500,129</u>
32.2	Gross Revenue			
	Revenue		103,644,689	166,715,077
	Less: Commission and discount		(3,110,990)	(3,747,123)
	Federal Excise Duty		(4,346,221)	(11,556,375)
	Provincial sales tax		(48,970)	(113,904)
	Foreign tax		(1,149,117)	(3,797,546)
	Net Revenue		<u>94,989,391</u>	<u>147,500,129</u>
33.	COST OF SERVICES - OTHERS			
	Salaries, wages and allowances	33.1	11,241,974	14,027,819
	Welfare and social security costs		1,552,877	1,740,764
	Retirement benefits	33.2	2,528,862	3,412,710
	Legal and professional charges		32,913	43,375
	Stores and spares consumed		1,756,199	1,819,300
	Maintenance and overhaul		12,650,308	16,737,282
	Flight equipment rental	33.3	3,119,229	1,131,544
	Landing and handling		12,989,032	21,076,429
	Passenger services		2,395,457	4,544,204
	Crew layover		1,475,650	3,538,809
	Staff training		8,811	56,798
	Utilities		39,200	43,718
	Communication		1,653,976	2,860,318
	Insurance		3,235,590	2,300,815
	Rent, rates and taxes		695,036	849,053
	Printing and stationery		271,216	196,609
	Depreciation	7.4	14,751,179	14,737,709
	Amortisation on intangibles	8.2.1	11,004	8,860
	Others		966,331	798,305
			<u>71,374,844</u>	<u>89,924,422</u>

- 33.1 This includes reversal of compensated absences amounting to Rs. 832.952 million (2019: charge of Rs. 214,975 million).
- 33.2 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited financial statements of the provident fund as at December 31, 2020 and 2019.

The information related to provident fund established by the Corporation is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Size of provident fund	21,738,209	21,075,304
Cost of investments made	4,364,768	4,471,818
Percentage of investments made	20.50%	23.82%
Fair value of investment (Rupees)	4,456,945	5,019,600

The break-up of fair value of investments is as follows:

	2020	2019	2020	2019
	-----Percentage-----		----- (Rupees in '000) -----	
Term finance certificates	3.7%	9.0%	800,575	1,905,176
Pakistan investment bonds	0.0%	0.0%	-	-
Islamic bonds	1.6%	12.4%	355,084	2,611,900
PIAC shares	0.0%	0.0%	-	2,524
Mutual funds	15.1%	2.4%	3,282,498	500,000
Others	0.1%	0.0%	18,788	-
Total	20.50%	23.82%	4,456,945	5,019,600

- 33.2.1 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose..

33.2.2	Number of employees of the Company:	2020	2019
		(Number)	
	Average number of employees during the year	10,779	11,740
	Number of employees as at year end	10,549	11,009

- 33.2.3 The number includes over 1900 employees who have opted for the VSS.

- 33.3 This represents lease payments classified under IFRS 16 as short term leases.

		2020	2019
		----- (Rupees in '000) -----	
34.	DISTRIBUTION COSTS	Note	
	Salaries, wages and allowances	34.1	1,057,236
	Welfare and social security costs		194,288
	Retirement benefits		1,311,262
	Distribution and advertising expenses		1,215,419
	Legal and professional charges		58,512
	Insurance		74,659
	Printing and stationery		156,070
	Communication		193,375
	Staff training		4,305
	Rent, rates and taxes		141,136
	Utilities		19,600
	Depreciation	7.4	12,262
	Others		302,185
			4,740,309
			6,220,924

- 34.1 This includes reversal of compensated absences amounting to Rs. 431.901 million (2019: charge of Rs. 43,302 million).



		2020	2019
	Note	----- (Rupees in '000) -----	
35. ADMINISTRATIVE EXPENSES			
Salaries, wages and allowances	35.1	2,026,613	2,625,239
Welfare and social security costs		287,261	322,017
Retirement benefits		842,954	1,137,570
Legal and professional charges		274,275	361,459
Insurance		113,387	109,041
Printing and stationery		77,416	32,480
Staff training		42,132	59,569
Rent, rates and taxes		507,716	639,207
Utilities		921,207	1,027,382
Auditors' remuneration	35.2	20,900	20,900
Communication		61,169	100,494
Depreciation	7.4	18,589	30,141
Amortisation	8.2.1	126,552	101,895
Donations	35.3	3,973	6,750
Others		382,146	371,523
		<u>5,706,290</u>	<u>6,945,667</u>

35.1 This includes reversal of compensated absences amounting to Rs. 277.651 million (2019: charge of Rs. 53,282 million).

35.2 Auditors' remuneration

	2020			2019		
	Grant Thornton Thornton Anjum Rahman	BDO Ebrahim & Co.	Total	Grant Thornton Thornton Anjum Rahman	BDO Ebrahim & Co.	Total
	----- (Rupees in '000) -----					
Audit fee	6,464	6,464	12,928	6,464	6,464	12,928
Fee for review of interim financial information	1,878	1,878	3,756	1,878	1,878	3,756
Consolidated financial statements	961	961	1,922	961	961	1,922
Code of Corporate Governance	322	322	644	322	322	644
Out of pocket expenses	825	825	1,650	825	825	1,650
	<u>10,450</u>	<u>10,450</u>	<u>20,900</u>	<u>10,450</u>	<u>10,450</u>	<u>20,900</u>

35.3 Donations includes payments aggregating Rs. 3.97 million (2019: Rs. 6.75 million) to its CSR setup viz Al-Shifa Trust, situated at Terminal 2, Road, Karachi Airport, Pakistan in which the Chief Executive Officer of the Company acts as a Trustee / Chairman. Besides this, none of the directors or their spouse have any interest in the donee.

		2020	2019 (Restated)
	Note	----- (Rupees in '000) -----	
36. OTHER PROVISIONS AND ADJUSTMENTS - net			
Provision for slow moving and obsolete spares	12.1	(265,474)	803,461
Provision for impairment against doubtful debts	13.3	169,680	44,001
(Reversal) / provision for impairment against doubtful deposits	11.2 & 15.1	-	(5,222)
Provision for VSS employees	36.1 & 27.3	2,465,243	-
Late payment surcharge on fuel		1,024,531	1,164,639
Others		535,930	575,699
		<u>3,929,910</u>	<u>2,582,578</u>

36.1 This represent VSS obligations to outgoing employees. During the year, as part of HR restructuring, the Company has announced VSS to its permanent employees and over 1900 employees opted for the scheme.

		2020	2019
		----- (Rupees in '000) -----	
37. OTHER INCOME	Note		
Income from financial assets			
Profit on bank deposits		101,209	81,953
Interest on maintenance reserve		-	19,098
		<u>101,209</u>	<u>101,051</u>
Income from assets other than financial assets			
Profit on disposal of property, plant and equipment		830,827	-
Expired tickets income		293,074	410,682
Gain on lease termination	7.2.2 & 7.2.3	615,694	468,424
VSS - Grant from GoP		8,500,000	-
Others		894,352	1,122,146
		<u>11,133,947</u>	<u>2,001,252</u>
		<u>11,235,155</u>	<u>2,102,303</u>
38. FINANCE COSTS			
Mark-up on:			
- long-term financing		19,504,726	22,431,255
- interest on loan from GoP against markup		3,504,597	2,023,265
- term finance certificates		226,704	1,137,840
- short-term borrowings		3,434,627	4,567,631
- advance from a subsidiary		154,789	244,313
		<u>26,825,443</u>	<u>30,404,304</u>
Profit on sukuk certificates		94,461	880,915
Lease liabilities	24.1 & 26.5	1,441,901	1,947,427
Discounting on deposits		(60,539)	(101,166)
Interest on provident fund	27.7	850,045	1,341,781
Arrangement, agency and commitment fee		504,790	1,014,800
Amortisation of prepaid exposure fee	11.3	5,658	33,381
Bank charges, guarantee commission and other related charges		62,753	15,907
		<u>29,724,512</u>	<u>35,537,349</u>
39. TAXATION			(Restated)
Current tax			
- For the year	39.1	10,587	14,260
Deferred tax (income)		<u>(721,449)</u>	<u>(774,036)</u>
		<u>(710,862)</u>	<u>(759,776)</u>

39.1 Current

- 39.1.1 Till 2018, the Company recognised income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance, 2001 (ITO, 2001) at the rate defined for the Company in Division IX of the Income Tax Ordinance, 2001.



However, during the year, the Company has not recognised minimum tax amounting to Rs. 712,420 million, 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 abovementioned 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.

Therefore, the management, based on consultation with its tax advisors is confident that the minimum tax levied under Section 113 is not applicable to the Company. The Company has revised its income tax returns for tax years 2015 to 2019. Similarly, the return for the tax year 2020 was filed without recognising minimum tax. However ACIR has issued orders seeking explanation with respect to the levy of minimum tax. The Company has filed appeals at CIR (A) level but no hearing date has been fixed to date.

No numeric tax rate reconciliation is given as the deferred tax asset have been recognized to the extent of deferred tax liability (refer note 39.2.1).

- 39.1.2** The Company has filed tax returns for tax years up to tax year 2020. The tax returns from tax years 2003 to 2016 have been filed under self assessment scheme. All assessments for tax years 1991 to 2002 have been finalized by the tax department. The minimum tax liability under section 80D of the ITO, 2001 had been levied by the department from assessment year 1991-92 to assessment year 2002-03 after adding 10% of net turnover on estimated basis. The Company had filed appeals against the above demands which had been decided in favor of the Company at ATIR level. The tax department had filed appeal against the decision before Sindh High Court which was decided on certain technical grounds in favor of the Company. Thereafter, the tax department has filed an appeal against the decision of Sindh High Court before Supreme Court which is pending to date. Based on consultation with legal advisor, the management believes that this issue will be decided in favor of the Company without any additional tax liability.

- 39.1.3** As per Order dated March 13, 2011 a demand of Rs. 898,177 million (2019: Rs. 898,177 million) was raised by the Deputy Commissioner Inland Revenue (DCIR) by issuing an amended order in relation to the tax year 2005. The main contention among others was disallowance of depreciation claimed on leased aircrafts. The Company claimed the depreciation on those aircrafts which were obtained under hire purchase arrangement which has been approved by Ministry of Finance as a financing arrangement. The tax department did not accept the Company's standing and disallowed depreciation expense as inadmissible. An amount of Rs. 48,235 million was also recovered by FBR in this respect.

The Company filed an appeal at CIR (A) level which was decided partially in favor of the Company. Being further aggrieved, the Company has filed appeal at Income Tax Appellate Tribunal (ITAT) level which is partially heard on September 27, 2016. Based on consultation with legal advisor, the management is confident that this issue will ultimately be decided in its favor of the Company and the amount will be recovered.

Further, the ACIR has issued orders dated June 27, 2012 and June 25, 2013 under section 122 (5A) of the ITO, 2001 in respect of tax years 2006 and 2007 disallowing the depreciation claimed on leased aircraft and other provisions amounting to Rs. 3,480,442 million and Rs. 20,462,797 million, respectively. The Company has filed an appeal to CIR (A) against the said orders. CIR(A) in its Appellate order dated September 10, 2015 disposed off the appeal and maintain partial disallowance of depreciation and deleted other provision amount. The Company has filed an appeal to ATIR against the decision of CIR(A), however, the matter is still pending for adjudication.

- 39.1.4** ACIR had issued an order dated June 30, 2014 in respect of tax year 2008 on account of disallowance of depreciation on leased aircraft and other provisions amounting to Rs. 18,892,227 million. Subsequently, CIR(A) vide its order dated January 17, 2018 had annulled the ACIR's order as it was time barred. ACIR has filed an appeal before ATIR against the above order.

ACIR has passed an order dated December 19, 2016 under section 124/122 (5A) of the ITO, 2001 in respect of tax year 2009 and raised a demand of Rs. 109.428 million while maintaining the disallowance of depreciation, exchange loss and tax credit amounting to Rs. 17,069.522 million, Rs. 6.030 million and Rs. 168.744 million respectively, demanded in the earlier order dated June 15, 2015. The Company filed an appeal before CIR(A) and CIR(A) vide its order dated February 14, 2018 maintained the disallowance of depreciation, deleted the disallowance of exchange loss and remanded back the short allowed tax credit under various sections. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order dated February 14, 2018.

ACIR issued an order dated June 30, 2016 under section 122 (5A) of the ITO, 2001 in respect of tax year 2010 and raised a demand of Rs. 143.075 million, disallowing depreciation claimed on leased aircrafts and other provisions amounting to Rs. 12,810 million. The Company filed a rectification application against the above order and ACIR vide its order dated December 12, 2017 maintained the disallowance of depreciation and other provisions but allowed certain tax credits and revised a tax demand of Rs. 109.663 million. The Company filed an appeal before CIR(A) against these above order whereas CIR(A) vide its order dated January 01, 2018 upheld the matter related to disallowance of depreciation and remanded back disallowance of other provisions and tax credits. The Company has filed an appeal before ATIR against the said order.

The CIR(A) disposed off Company's appeal and issue Combined appellate order dated October 30, 2015 through which CIR(A) maintained disallowance depreciation and deleted other provisions. The Company has filed an appeal against the CIR(A) decision of ATIR, however, the matter is still pending for adjudication and the management is confident that this issue will ultimately be decided in favour of the Company. The ACIR issued an order dated June 20, 2015 for tax year 2011 and raised a demand of Rs. 327.535 million by applying 1% minimum tax rate against the Company's contention of 0.5% in addition to disallowing depreciation claimed on leased aircraft and other provisions amounting to Rs. 7,692.992 million. The Company has filed an appeal before CIR(A) against the said orders whereas CIR(A) vide its order dated October 30, 2015 upheld the matter related to minimum tax and disallowance of depreciation and remanded back disallowance of other provisions and tax credits. However, Company on the advice of its tax consultant has made the provision of Rs. 537.657 million being the difference of 0.5% and 1% minimum tax for tax year 2011. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order which is pending for hearing.

The ACIR has issued the orders dated June 30, 2018 and January 05, 2017 under section 122(5A) of the ITO, 2001 in respect of tax years 2012 and 2014 and disallowed depreciation on leased aircrafts and other provisions amounting to Rs. 9,725.915 million and Rs. 11,007.920 million respectively. The Company has filed an appeal before CIR(A) against these said orders. Subsequently, CIR(A) issued Appellate order dated December 26, 2019 and February 14, 2018 in respect of tax years 2012 and 2014 respectively and disposed the appeal by deleting the demand of tax years 2014 while maintaining the disallowed depreciation on leased aircrafts and other provisions for tax years 2012 and 2014. The Company has filed an appeal to ATIR against the decision of CIR(A), however, the matter is still pending for adjudication.

However, if the above matters are decided against the Company, it may erode the benefit of tax depreciation, which remains available for an indefinite period, compared to business losses.

- 39.1.5** The tax department has also issued order dated December 31, 2012 under section 161/205 of the ITO, 2001 pertaining to tax year 2011 and raised a demand of Rs. 324.319 million. The Company has filed an appeal against the order before CIR(A) which are pending adjudication.
- 39.1.6** The tax department has also issued a showcase notice under section 161 / 205 of the Income Tax Ordinance, 2001 pertaining to tax year 2016 to provide reconciliations under rule 44(4) of the Income Tax Rules, 2002, of the amounts shown in the statement of accounts and amounts reflected in the monthly/annual statements filed under section 165 of the ITO, 2001. The Company has responded the showcase notice.



	2020	2019
	----- (Rupees in '000) -----	
39.2 Deferred taxation		
Deferred tax credits:		
Accelerated tax depreciation	14,179,380	15,366,707
Surplus on revaluation of property, plant and equipment	734,782	414,854
Right of use asset	3,448,444	4,866,221
	<u>18,362,606</u>	<u>20,647,782</u>
Deferred tax debits:		
Unused tax losses	(2,345,536)	(3,061,806)
Provisions for liabilities and to write down other assets	(10,988,209)	(9,820,274)
Lease liability	(5,028,861)	(7,765,702)
	<u>(18,362,606)</u>	<u>(20,647,782)</u>
	-	-

39.2.1 In accordance with the accounting policy of the Company [see note 5.11], deferred tax asset of Rs. 122,911,350 million [2019: Rs. 114,051,628 million] has not been recognised in these unconsolidated financial statements due to uncertainty in availability of sufficient future taxable profits. It includes Rs. 71,594,605 million [2019: 65,193,094 million] and Rs. 51,316,745 million [2019: Rs. 48,858,534 million] pertaining to unused tax losses and unabsorbed depreciation respectively.

	Balance as at January 01, 2019	Impact of change in accounting policy	*Recognised in statement of profit or loss*	*Recognised in equity*	Balance as at December 31, 2019*	*Recognised in statement of profit or loss*	Recognised in equity	*Balance as at December 31, 2020*
	----- (Rupees in '000) -----							
Deferred tax credits:								
Accelerated tax depreciation	15,161,283	-	205,424	-	15,366,707	(1,187,327)	-	14,179,380
Surplus on revaluation of property, plant and equipment	6,325,473	(5,734,824)	(175,795)	-	414,854	(65,103)	385,031	734,782
Right of use asset	-	6,475,752	(1,609,531)	-	4,866,221	(1,417,777)	-	3,448,444
	<u>21,486,756</u>	<u>740,928</u>	<u>(1,579,902)</u>	-	<u>20,647,782</u>	<u>(2,670,207)</u>	<u>385,031</u>	<u>18,362,606</u>
Deferred tax debits:								
Unused tax losses	(12,176,836)	9,428,912	(313,882)	-	(3,061,806)	716,270	-	(2,345,536)
Provisions for liabilities and to write down other assets	(9,309,920)	(331,670)	(962,720)	774,036	(9,820,274)	(1,504,353)	336,418	(10,988,209)
Lease liabilities	-	(9,838,170)	2,072,468	-	(7,765,702)	2,736,841	-	(5,028,861)
	<u>(21,486,756)</u>	<u>(740,928)</u>	<u>805,866</u>	<u>774,036</u>	<u>(20,647,782)</u>	<u>1,948,758</u>	<u>336,418</u>	<u>(18,362,606)</u>
	-	-	<u>(774,036)</u>	<u>774,036</u>	-	<u>(721,449)</u>	<u>721,449</u>	-

	2020	2019
	----- (Rupees in '000) -----	
40. LOSS PER SHARE - BASIC AND DILUTED		
Loss for the year	(34,642,811)	[52,601,610]
Weighted average number of ordinary shares outstanding	<u>5,235,261,117</u>	<u>5,235,261,117</u>
Loss per share attributable to		
'A' class ordinary share (Rupees)	(6.62)	[10.05]
'B' class ordinary share (Rupees)	(3.31)	[5.02]

41. CASH GENERATED FROM OPERATIONS

	2020	2019 (Restated)
	----- (Rupees in '000) -----	
Loss before taxation	(35,353,673)	(53,361,386)
Adjustments for:		
Depreciation	14,782,030	14,787,750
Gain on disposal of property, plant and equipment - net	(830,827)	-
Gain on lease termination	(615,694)	-
Amortisation of intangibles	137,556	110,755
Provision for slow moving and obsolete spares	(265,474)	803,461
Provision for impairment against doubtful debts	169,680	44,001
Reversal of impairment against doubtful deposits	-	(5,222)
Provision for employee benefits	2,681,160	6,130,705
Finance cost	29,724,512	35,537,349
Unrealised exchange loss	3,737,369	11,267,818
Profit on bank deposits	(101,209)	(81,953)
	14,065,430	15,233,278
Working capital changes:		
Decrease / (increase) in stores and spares	846,773	(351,832)
Decrease / (increase) in trade debts	8,462,788	(3,336,867)
Decrease / (increase) in advances	143,954	(1,204,637)
Decrease / (increase) in trade deposits and prepayments	1,985,485	(3,111,413)
Increase in other receivables	(8,230,954)	(555,559)
Increase in trade and other payables	6,688,011	24,349,577
	9,896,057	15,789,269
	23,961,487	31,022,547

41.1 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2020				
	Liabilities				Total
	Short term borrowing (including accrued markup)	Long Term Financing (including accrued markup)	TFC's and Sukuk (including accrued markup)	Lease liabilities	
	----- (Rupees in '000) -----				
Balance as at January 01, 2020	31,114,381	266,068,776	7,919,924	26,778,283	331,881,364
Changes from financing cash flows					
Proceeds from loans and borrowings	-	43,819,771	-	-	43,819,771
Repayment of loans and borrowings	-	(23,295,858)	(7,199,272)	-	(30,495,130)
Payment of finance lease liabilities	-	-	-	(13,240,307)	(13,240,307)
Total changes from financing cash flows	-	20,523,913	(7,199,272)	(13,240,307)	84,334
Other changes - liability related	-	2,755,855	-	3,802,922	6,558,777
Interest expense	3,434,627	23,009,323	321,165	1,441,901	28,207,016
Interest paid	(4,025,165)	(19,186,980)	(1,041,817)	(1,441,901)	(25,695,863)
Total liability - related other changes	(590,538)	6,578,198	(720,652)	3,802,922	9,069,930
Total equity - related other changes	-	-	-	-	-
Balance as at December 31, 2020	30,523,843	293,170,887	-	17,340,899	341,035,629

42. REMUNERATION OF CHIEF EXECUTIVE, HEAD OF DEPARTMENTS AND EXECUTIVES

	(Key Management Personnel)					
	Chief Executive Officer		Directors		Executives	
	2020	2019	2020	2019	2020	2019
	(Rupees in '000)					
Managerial remuneration	9,425	7,389	134,272	130,650	1,595,569	1,730,035
Corporation's contribution to provident fund	-	-	1,518	1,657	83,802	55,811
Other perquisites	-	512	10,822	19,321	652,475	1,608,091
	9,425	7,901	146,612	151,628	2,331,846	3,393,937
Number	1	1	17	17	501	501

42.1 Aggregate amount charged in these unconsolidated financial statements for fee to directors was Rs. 0.283 million (2019: Rs. 0.420 million).

43. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's senior management carries out financial risk management under governance approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks, wherever necessary.

43.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as fuel price and equity price risk. Financial instruments affected by market risk include loans and borrowings, bank deposits and investments at FVOCI.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's revenue streams are denominated in a number of foreign currencies resulting in exposure to foreign exchange rate fluctuations. In addition, the Company has substantial foreign currency borrowings and lease liabilities that are primarily denominated in US Dollar (USD), Saudi Riyal (SAR), United Arab Emirates Dirham (AED) and Great Britain Pound (GBP). The Company can experience adverse or beneficial effects arising from foreign exchange rate movements. The Company manages some of its currency risk by utilising its foreign currency receipts to satisfy its foreign currency obligations. The following table demonstrates the sensitivity of financial instruments to a reasonable possible change in the foreign currency exchange rates, with all other variables held constant, on financial performance of the company at the end of the reporting period:

	2020	2019	2020	2019
	(Rupees in '000)			
	+5%		-5%	
Change in USD rate (Increase) / Decrease in loss	(3,840,050)	5,571,989	3,840,050	(5,571,989)
before tax Change in SAR rate (Increase) / Decrease in loss	2,060	(90,113)	(2,060)	90,113
before tax Change in AED rate (Increase) / Decrease in loss	16,211	(57,547)	(16,211)	57,547
Change in GBP rate before tax (Increase) / Decrease in loss before tax	13,998	(6,385)	(13,998)	6,385

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the following:

	2020	2019
	----- (Rupees in '000) -----	
Variable rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	269,230,558	245,950,790
Term finance and sukuk certificates	-	7,199,272
Lease liabilities	17,340,899	26,778,282
Advance from a subsidiary	6,414,987	6,218,348
Short-term borrowings	30,576,613	31,580,219
	<u>323,563,057</u>	<u>317,726,911</u>
Financial assets		
Long-term deposits	(217,973)	(337,246)
Short term investments	-	(6,197,400)
	<u>323,345,084</u>	<u>311,192,265</u>
Fixed rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	8,000,000	8,000,000
Short-term borrowings	-	-
	<u>8,000,000</u>	<u>8,000,000</u>
Financial assets		
Bank deposits	(1,130,455)	(1,978,774)
	<u>6,869,545</u>	<u>6,021,226</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect unconsolidated statement of profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Company's financial performance at the end of the reporting period:

	KIBOR		LIBOR	
	2020	2019	2020	2019
	----- (Rupees in '000) -----			
Change in interest rate	+ 1%		+0.25%	
Increase in loss before tax	(2,288,725)	(2,044,557)	(193,581)	(266,841)
	----- (-1%) -----		----- (-0.25%) -----	
Decrease in loss before tax	2,288,725	2,044,557	193,581	266,841

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not significantly exposed to equity securities price risk as majority of its investments are in subsidiaries and associated companies which are stated at cost.

d) Fuel price risk

The Company's earnings are affected by changes in price of aircraft fuel. The Company hedges fuel prices to a limited extent through use of derivative contracts. There were no derivative contracts during the financial period and outstanding at the end of the reporting period.

43.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents, financing facilities and through support of GoP either in the form of capital / loans or in the form of guarantee to obtain financing from lenders (refer note 1.3).

The following table shows the Company's remaining contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
----- (Rupees in '000) -----					
2020					
Long-term financing	277,230,558	346,424,043	85,517,055	201,634,871	59,272,117
Term finance and sukuk certificates	-	-	-	-	-
Lease liabilities	17,340,899	18,791,139	9,800,897	8,184,677	805,565
Advance from a subsidiary	6,414,987	6,414,987	6,414,987	-	-
Trade and other payables	150,926,961	150,926,961	150,926,961	-	-
Accrued interest / mark-up / profit	17,898,519	17,898,519	17,898,519	-	-
Short-term borrowings	30,576,613	30,562,429	30,562,429	-	-
	500,388,537	571,018,078	301,120,848	209,819,548	60,077,682
	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
----- (Rupees in '000) -----					
2019					
Long-term financing	253,950,790	329,098,233	79,304,562	238,993,318	10,800,354
Term finance and sukuk certificates	7,199,272	8,154,216	8,154,216	-	-
Lease liabilities	26,778,282	29,150,624	12,425,973	16,347,036	377,616
Advance from a subsidiary	6,393,348	6,393,348	-	6,393,348	-
Trade and other payables	138,871,386	138,871,386	138,871,386	-	-
Accrued interest / mark-up / profit	15,199,583	15,199,583	15,199,583	-	-
Short-term borrowings	31,580,219	31,580,219	31,580,219	-	-
	479,972,880	558,447,609	285,535,939	261,733,702	11,177,969

43.3 Credit risk

Credit risk is the risk that the Company as a party to a financial instrument will suffer a financial loss by the other party due to failing to discharge an obligation. All financial assets comprising debt instruments are subject to credit risk. The carrying amount of such financial assets as at December 31, 2020 represents the maximum credit exposure, which is as follows:

	2020	2019
	----- (Rupees in '000) -----	
Long-term deposits	2,974,491	4,632,644
Trade debts	5,460,643	12,783,378
Advances	3,533,464	3,708,973
Trade deposits	3,157,472	5,156,096
Short term investments	-	6,197,400
Other receivables	2,186,300	1,048,595
Bank balances	5,733,103	6,847,499
	<u>23,045,473</u>	<u>40,374,585</u>

Trade debts

The Company has a credit policy in place for customers and the exposure to credit risk is monitored on an on-going basis. The Company normally grants a credit term of 30 to 60 days to customers and in certain circumstances such exposure is partially protected by bank guarantees. Trade debtors mainly represent passenger and freight sales due from agents and government organizations. The majority of the agents are connected to the settlement systems operated by the International Air Transport Association ("IATA") who is responsible for checking the credit worthiness of such agents and collecting bank guarantees or other monetary collateral according to local industry practice. In most cases amounts due from airlines are settled on net basis via an IATA clearing house. The credit risk with regard to individual agents and airlines is relatively low.

Ageing of trade debts is disclosed in note 13 to these unconsolidated financial statements.

Other financial assets

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably good credit rating i.e. at least "A3" or equivalent for short term and "BBB" or equivalent for long term.

There is no credit risk on aircraft lease deposits because they are secured against the finance lease obligation. Other deposits are not significantly exposed to credit risk as they have been paid as security deposits to receive future services.

There is no significant credit risk against other receivables as majority of the receivables are from GoP.

43.4 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company has incurred losses in recent years and the disclosure in respect of the Company's ability to continue as a going concern is disclosed in note 1.3 to these unconsolidated financial statements.

44 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

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

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

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:



Financial assets measured at fair value

Long-term investments

Financial assets not measured at fair value

Non current assets

Investments in unquoted securities

Long-term deposits

Current assets

Trade debts

Advances

Trade deposits

Other receivables

Short-term investment

Cash and bank balances

2020							
Carrying amount				Fair value			
Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
164,267	-	-	164,267	164,267	-	-	164,267
Financial assets not measured at fair value							
Non current assets							
-	-	371	371	-	-	371	-
-	2,974,491	-	2,974,491	-	-	-	-
Current assets							
-	9,976,294	-	9,976,294	-	-	-	-
-	3,652,243	-	3,652,243	-	-	-	-
-	3,157,472	-	3,157,472	-	-	-	-
-	2,186,300	-	2,186,300	-	-	-	-
19,220	-	-	19,220	-	-	19,220	19,220
-	5,733,103	6,658	5,739,761	-	-	-	-
183,487	27,679,903	7,029	27,870,419	164,267	-	19,591	183,487

2020

Carrying amount			Fair value			
Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)						
-	277,230,558	277,230,558	-	-	-	-
-	-	-	-	-	-	-
-	17,340,899	17,340,899	-	-	-	-
-	6,414,987	6,414,987	-	-	-	-
-	150,926,961	150,926,961	-	-	-	-
-	17,898,519	17,898,519	-	-	-	-
-	30,576,613	30,576,613	-	-	-	-
-	500,388,537	500,388,537	-	-	-	-

2019

Carrying amount				Fair value			
Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
172,913	-	-	172,913	172,913	-	-	172,913
Financial assets not measured at fair value							
Non current assets							
-	-	371	371	-	-	371	-
-	4,632,644	-	4,632,644	-	-	-	-
Current assets							
-	18,607,089	-	18,607,089	-	-	-	-
-	3,796,198	-	3,796,198	-	-	-	-
-	5,156,096	-	5,156,096	-	-	-	-
-	1,048,595	-	1,048,595	-	-	-	-
19,220	6,197,400	-	6,216,620	-	-	19,220	19,220
-	6,847,499	9,823	6,857,322	-	-	-	-
192,133	46,285,521	10,194	46,487,848	172,913	-	19,591	192,133

	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial liabilities not measured at fair value							
Long-term financing	-	253,950,790	253,950,790	-	-	-	-
Term finance and sukuk certificates	-	7,199,272	7,199,272	-	-	-	-
Lease liabilities	-	26,778,282	26,778,282	-	-	-	-
Advances from subsidiary	-	6,393,348	6,393,348	-	-	-	-
Trade and other payables	-	138,871,386	138,871,386	-	-	-	-
Accrued interest	-	15,199,583	15,199,583	-	-	-	-
Short-term borrowings	-	31,580,219	31,580,219	-	-	-	-
	-	479,972,880	479,972,880	-	-	-	-

45. TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited - (Sabre)	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
Mr. Amir Ali	-	Key management personnel
Mr. Younus M Khan	-	Key management personnel
Mr. Amanullah Qureshi	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Mr. Nayyar Hayat	-	Key management personnel
Mr. Omer Razaq	-	Key management personnel
Mr. Aljaz Mazhar	-	Key management personnel
AVM Soban Nazir Syed	-	Key management personnel
AVM Noor Abbas	-	Key management personnel
Mr. Muhammad Shuaib	-	Key management personnel
Mr. Arshad Akram Khan	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
Air Cdre Khalid Ur Rehman	-	Key management personnel
Air Cdre Jibran Saleem Butt	-	Key management personnel
Air Cdre Jawad Zafar Chaudhry	-	Key management personnel
Air Cdre Shahid Qadir	-	Key management personnel
Mr. Khalidullah Shaikh	-	Key management personnel
Air Cdre Aamer Altaf	-	Key management personnel

45.2 The related parties 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 according to the terms of employment / regulations and those not mentioned elsewhere in these unconsolidated financial statements are as follows:

Name of Related Parties	Nature of Transaction	2020	2019
		----- (Rupees in '000) -----	
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	77,546	265,285
	Services hired	865,609	925,510
PIA Investments Limited - Subsidiary	Management fee expense	26,681	78,757
	Finance cost on advance	154,789	244,313
Minhal France S.A. - Sub-subsidiary	Management fee income	24,513	82,902
Sabre Travel Network Pakistan (Private) Limited - (Sabre)	Charges in respect of courier services	116	112
Retirement funds	Contribution to provident fund and others	1,729,941	2,284,101
	Interest on overdue balance of provident fund	850,045	1,341,781

Related party by virtue of GoP holdings

The Federal Government of Pakistan directly holds 92% of the Company's issued share capital and is entitled to appoint Directors under the PIACL Act 2016, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties. The Company has availed exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

Profit oriented state-controlled entities - common ownership	Nature of Transaction	2020	2019
		----- (Rupees in '000) -----	
Pakistan State Oil (PSO)	Purchase of fuel	12,152,807	27,802,000
	Late Payment Interest	1,024,531	1,164,639
Civil Aviation Authority (CAA)	Airport related charges	8,386,940	13,118,883
National Insurance Company (NICL)	Insurance premium	2,981,798	2,271,297
National Bank of Pakistan (NBP)	Finance costs	4,387,883	2,023,264
GoP - Major shareholder	Finance cost	4,304,597	2,823,264
	Hajj revenue	-	6,079,130

- 45.3** Transactions with the directors, chief executive and key management personnel have been disclosed in note 42 to these unconsolidated financial statements.
- 45.4** Details of balances held with the aforementioned related parties excluding profit oriented state-controlled entities have been disclosed in respective notes.
- 45.5** During the reporting period, the Company's sales of transportation services to subsidiaries, associates and directors are not determinable. The issuance of ticket at concessional rates to Key Management Personnel amounts to Rs. 0.6 million (2019: Rs. 8.613 million).

46. IMPACT OF COVID-19

The outbreak of COVID-19 resulted in a challenging operational environment for all businesses around the globe. Airline industry is one of the worst hit sectors as lockdowns and virtual closure of borders with strict quarantine conditions still affecting air travel significantly. The Company is also no exception in this scenario and facing challenges due to dip in revenues.

Even though the Company's performance was well ahead of budget in the first two months of the year 2020, but from March 2020, the pandemic slowed down Company's progress. Many routes remained closed fully/ partially for several months in 2020 and the Company missed its key Umrah and Hajj operations as well.

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, handling and related services) reduced by 53.8% due to lower passenger capacity and traffic. However, during COVID-19 period, charter revenue of the Company increased by 97.0% due to special charter flights operated by the Company.
- Aircraft fuel remained single largest element of total cost at 19.5%, and, during the period, fuel cost decreased by 67.8% mainly due to lower fuel uplift on account of less number of flights. Further, direct expenses related to handling and passenger services also decreased by 50.9%.

In order to navigate through challenging COVID-19 crisis, the employees opted for voluntary reduction in their salaries that helped curtail salary expenses by Rs. 770.316 million. The Company also 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. 36,742.106 million. Despite all the challenges posed by pandemic, the Company was able to serve the nation by running one of the largest repatriation operation in 2020, bringing back over 200,000 Pakistanis from across the globe.

47. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched the BESOS for employees of certain State Owned Enterprises (SOEs) including the Company and Non-State Owned Enterprises (Non-SOEs) where GoP holds significant investments. BESOS is applicable to permanent and contractual employees who were in employment of these entities on its launch date, subject to completion of five years' vesting period by all contractual employees and by permanent employees in certain instances.



BESOS provides for a cash payment to employees on retirement or termination based on the price of shares of the Company. Under the scheme, Pakistan Employees Empowerment Trust (PEET) was formed and 12% of the shares held by the Ministry of Defence were transferred to the Trust. The eligible employees have been allotted units by PEET in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from PEET in exchange for the surrendered units as would be determined based on market price of shares of the Company. The shares relating to the surrendered units would be transferred back to GoP.

BESOS also provides that 50% of dividend related to shares transferred to PEET would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by PEET to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in PEET to meet the repurchase commitment would be met by GoP.

BESOS which has been developed in compliance with the policy of the GoP for empowerment of employees of SOEs needs to be accounted for by the covered entities, including the Company, under the provisions of the IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under BESOS, the Securities and Exchange Commission of Pakistan on receiving representations from some of entities covered under BESOS and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 in respect of BESOS vide SRO 587 (i) 2011 dated June 07, 2011.

Had the exemption not been granted, the accumulated losses as at December 31, 2020 would have been higher by Rs. 725.707 million (2019: Rs. 725.707 million).

48. GENERAL

All figures have been rounded off to the nearest thousand Pakistan Rupees unless otherwise stated.

49. CORRESPONDING FIGURES

Corresponding figures have been rearranged and regrouped, wherever necessary for the purpose of comparison and for better presentation.

50. AUTHORISATION OF FINANCIAL STATEMENTS

These unconsolidated financial statements were authorised for issue by the Board of Director in their meeting held on April 6th, 2021.

Air Marshal Arshad Malik
Chief Executive Officer

Khalilullah Shaikh
Chief Financial Officer

Aslam R. Khan
Director

PROXY FORM FOR FIFTH AGM OF PIACL

I / We of being Shareholder(s) of Pakistan International Airlines Corporation limited holding the following Shares:

Folio No Participant ID No. / Account No.	"A" Class Shares	"B" Class Shares

hereby appoint Mr / Mrs / Miss of or failing him / her of who is / are also a Shareholder(s) of the PIACL vide Registered Folio / Participant ID No. Account No. as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Fifth Annual General Meeting of PIACL to be held on Friday, April 30, 2021, and at any adjournment thereof.

As witness my / our hand / seal this Day of April, 2021.

Signed by the said in the presence of

WITNESSES

1. Name	<input type="text"/>
CNIC No	<input type="text"/>
Address	<input type="text"/>
2. Name	<input type="text"/>
CNIC No	<input type="text"/>
Address	<input type="text"/>

Signature
(Affix Revenue
Stamp of
appropriate
value)

NOTES

- (1) This proxy Form, duly executed, must be lodged at the office of Company Secretary, PIACL Registered Office, Karachi, not less than 48 hours before the time fixed for holding the Meeting i.e. upto 10:00 A.M. Wednesday, April 28, 2021.
- (2) No person shall act as Proxy unless he himself/she herself is a Shareholder of the PIACL except that a corporate entity may appoint a person who is not a Shareholder.
- (3) Proxies without Folio / Participant ID Number and Account / Sub-Account number will not be entertained.
- (4) Signature of the appointer Shareholder should agree with his / her specimen signature registered with the PIACL.
- (5) If a Shareholder appoints more than one proxy and more than one instruments of proxy are deposited by a Shareholder with the PIACL, all such instruments shall be rendered invalid.
- (6) In addition to the above the following requirements have to be met by CDC Account Holders / Corporate Entities:
 - (i) Attested copies of CNIC or Passport of the Beneficial Owner and the Proxy holder shall be furnished with the Proxy Form whereas the Proxy holder shall also show his / her original CNIC or Passport at the Meeting.
 - (ii) In case of corporate entity, the Board's Resolution / Power of Attorney with specimen signature of the Nominee Attorney shall be produced at the Meeting unless these documents have already been provided.
- (7) Detailed procedure is provided in the Notes to the Notice of Fifth AGM.

پراکسی فارم برائے پانچواں سالانہ اجلاس عام پاکستان انٹرنیشنل ایئر لائنز کارپوریشن لمیٹڈ

میں / ہم..... بن / بنتی ہیں..... بحیثیت..... پاکستان انٹرنیشنل ایئر لائنز کارپوریشن لمیٹڈ، عامل مندرجہ ذیل شخص

فولیو نمبر اشتراک کنندہ کا ID نمبر / اکاؤنٹ نمبر	۸۰ - کس شخص	۸۱ - کس شخص

ذریعہ بجا بنام / محترم..... بن / بنتی ہیں..... یان کی غیر موجودگی میں..... بن / بنتی ہیں.....
 جو کہ پی آئی اے سی ایل کے شخص یافتہ بھی ہے / ہیں، رجسٹرڈ فلیٹ اشتراک کنندہ کا ID نمبر..... اکاؤنٹ نمبر..... کو اپنے اہلکار سے ایوارڈ پر اپنی ابتدائی غیر معاشی پر مشورہ 130 اپریل 2021 بروز جمعہ متفقہ ہونے والے پانچویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا اہلکار پراکسی (مقرر) مقرر کرنا کرتی ہوں / کرتے ہیں۔
 آج بروز..... اپریل 2021 کو میرے اہلکار سے بطور گماہ دھلا اہلکار سے جاری ہوا۔

دھلا شدہ، بجانب..... کی موجودگی

مکالمہ

۱) ۲۴:

پی آئی اے سی ایل نمبر

۲۵:

۲) ۲۴:

پی آئی اے سی ایل نمبر

۲۵:

نوٹس

- ۱۔ یہ پراکسی فارم پانچواں سالانہ اجلاس عام میں شرکت کے مقصد سے 48 گھنٹے قبل یعنی 28 اپریل 2021 بروز جمعہ 10:00 بجے تک پُر کرنا۔ پی آئی اے سی ایل، پی آئی اے، رجسٹرڈ آفس، کراچی کے دفتر میں لازماً وصول ہو جائے۔
- ۲۔ کارپوریشن کے غیر شخص یافتہ کو بطور پراکسی مقرر نہیں کیا جاسکتا، البتہ کارپوریشن کی غیر شخص یافتہ کو مقرر کر سکتی ہے۔
- ۳۔ فلیٹ اشتراک کنندہ کا ID نمبر اور اکاؤنٹ اسب اکاؤنٹ نمبر کے بغیر پراکسی پر غور نہیں کیا جائے گا۔
- ۴۔ مقرر کرنے والے شخص یافتہ کے دھلا پی آئی اے سی ایل میں رجسٹرڈ دھلا کے نمونے کے مطابق ہونے چاہئیں۔
- ۵۔ اگر شخص یافتہ ایک سے زائد پراکسی مقرر کرے اور شخص یافتہ کی جانب سے پراکسی کے ایک سے زائد نامہ اسٹریٹس لینا پی آئی اے سی ایل کو منع کر دئے گئے تو ایسے تمام اسٹریٹس کو کالعدم قرار دیا جائے گا۔
- ۶۔ درج بالا کے ساتھ ہی ڈی سی اکاؤنٹ ہولڈرز / کارپوریشن دھلا پیٹریکٹور درج ذیل پر عمل کریں۔
 - ا۔ تنظیم اسٹریٹس لینا پی آئی اے سی ایل سپورٹ کی مصدقہ نقل اور پراکسی ہولڈر پراکسی فارم کے ساتھ میٹا کرے جبکہ پراکسی ہولڈر اجلاس کے وقت اپنا اصل پی آئی اے سی ایل سپورٹ دیکھائے گا۔
 - ب۔ کارپوریشن اسٹریٹس لینا پی آئی اے سی ایل سپورٹ میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف ایٹوری نامہ / کثدہ کے دھلا کے نمونے ۱۱ اپریل کے ساتھ اجلاس کے وقت میٹا کریں۔ بکواس کے کہ یہ دستاویزات پہلے سے میٹا کر دیئے گئے ہوں۔
 - ۷۔ تفصیلی طریقہ کار چھ سالانہ اجلاس عام کے نوٹس میں میٹا کر دیا گیا ہے۔

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Company Secretary

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