

FORM – 8

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

CS/S&T/PSX/HYFS-21/21

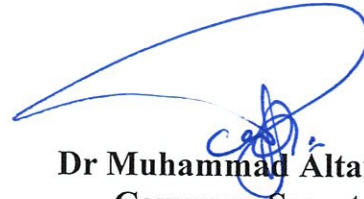
30 August, 2021

**TRANSMISSION OF QUARTERLY REPORT
FOR THE PERIOD ENDED JUNE 30, 2021**

Dear Sir,

1. We have to inform you that the Quarterly Report of Pakistan International Airlines Corporation Limited (PIACL) for the period ended June 30, 2021 have been transmitted through PUCARS and is also available on Company's website.
2. You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,



**Dr Muhammad Altaf Tahir
Company Secretary**



Rising & Reviving!



HALF YEARLY REPORT
2 0 2 1

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CORPORATE PROFILE

As at August 27, 2021

BOARD OF DIRECTORS

Mr Aslam R Khan
Chairman-PIACL

Mr Shoukat Ali
Secretary Aviation Division

Mr Atif Aslam Bajwa

Mr Zahid F Ebrahim

Syed Muhammad Ali Gardezi

Dr Jawaid Ghani

Mr Yusuf Khan
Secretary Finance Division

Air Marshal (Retd.) Arshad Malik
Chief Executive Officer

Mr Navaid H Malik

Dr Zeelaf Munir

Dr Muhammad Altaf Tahir
Company Secretary

Sheikh Bilal Shams
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 Asif Gilani
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 (CDCSRL)

CDC House, 99-B, Block-B, S.M.C.H.S.,

Main Sharah-e-Faisal Krachi-74400 PAKISTAN

Ph:0800CDCPL(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

City 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

BOARD COMMITTEES

As at August 27, 2021

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Mr Navaid H Malik Dr Zeelaf Munir Dr Jawaid Ghani	Chairman Member Member Member
Board HR& Nomination Committee (BHRNC)	Mr Zahid F Ebrahim Dr Zeelaf Munir Air Marshal (Retd.) Arshad Malik	Chairman Member Member
Board Procurement Committee (BPC)	Dr Jawaid Ghani Syed Muhammad Ali Gardezi Air Marshal (Retd.) Arshad Malik	Chairman Member Member

Directors' Report – For the Period Ended June 30, 2021

On behalf of the Board of Directors, we are pleased to present the Company's Review Report together with the Financial Statements for the period of six months ended June 30, 2021. The Financial results for the period are summarized below:

Profit & Loss Statement	Period Ended June 30	
	2021	2020
	(PKR in Millions)	
Revenue	27,641	51,471
Cost of Services		
Fuel & Oil	(7,631)	(14,657)
Others	(29,216)	(41,045)
Gross Loss	(9,206)	(4,231)
Other Operating Expenses	(5,316)	(6,723)
Other Income	943	1,293
Loss from Operations	(13,579)	(9,661)
Exchange Gain / (Loss)	1,323	(9,763)
Finance Cost	(12,749)	(17,108)
Loss before Taxation	(25,005)	(36,532)
Taxation	(8)	(4)
Net Loss	(25,013)	(36,536)

Due to extremely challenging environment on account of COVID-19, PIA has attained Gross Loss of Rs 9.2 billion and Operating Loss of Rs 13.6 billion during the period ended June 2021. It was assumed that after the introduction of vaccine, operations will start to normalize in 2nd Quarter of 2021, Hajj and Umrah market was also expected to gear up. However, 4th wave of COVID-19 & strict border closures/quarantine conditions affected PIA's key routes including KSA, Gulf, Malaysia, UK & Europe etc.

Air Passenger Market Analysis

As per IATA slow air travel recovery continued in June amidst modest improvements in both domestic and international travel. Industry-wide revenue passenger kilometers (RPKs) declined by 60.1% compared with the pre-crisis June 2019.

Mixed Developments Across Key Domestic Markets

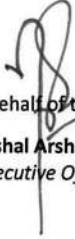
As per IATA Air passenger Market Analysis Global domestic RPKs continued to recover, however performance was mixed across the key domestic markets. Aggregated domestic RPKs fell by 22.4% in June compared with the same period two years ago. Performance across the key domestic markets was mixed reflecting pandemic developments and government restrictions. Having said that, some of the most popular tourist destinations recently started to implement rules that will allow only vaccinated passengers. This also reduced passengers' willingness to travel.

International Air Travel Sustained its Recovery in June

Passenger's willingness to travel remains strong but elevated international travel restrictions and rising COVID-19 cases in some regions represent a risk to further air travel rebound.

International air travel sustained its recovery in June, albeit slowly due to still elevated international restrictions that have been one of the key obstacles to faster air travel rebound. The measures have been the strictest in Asia Pacific where vaccination has been slow and governments are risk-averse towards border openings to limit the spread of the virus. That being said, travel regulations remained elevated even in the regions with swift vaccine rollouts and more successful pandemic control, such as North America and Europe.

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.



For on behalf of the board

Air Marshal Arshad Malik
Chief Executive Officer



Dr. Jawaid Ghani
Director

Date: August 27, 2021

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan International Airlines Corporation Limited

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan International Airlines Corporation Limited ("the Company") as at June 30, 2021 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements as at and for the six-month period ended June 30, 2021 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to the following:

- i. Note 1.2 to the unconsolidated condensed interim financial statements which inter-alia states that in view of the financial position of Company and business disruption due to COVID-19, the Government of Pakistan has confirmed to extend necessary financial support to the Company to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.
- ii. Notes 12.2 and 13 to the unconsolidated condensed interim financial statements which state that an aggregate amount of Rs. 14,885.783 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 6,639.606 million on account of the Company and employees' contributions and Rs. 8,246.177 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under Section 218 of the Companies Act, 2017.

iii. Note 16 to the unconsolidated condensed interim financial statements read with note 31.1 and note 39.1 to the annual financial statements for the year ended December 31, 2020 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 the management in respect of these contingencies in the unconsolidated condensed interim financial statements.

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

Other matter

The figures of unconsolidated condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended June 30, 2021 and June 30, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six-months period ended June 30, 2021.

The engagement partners on the review resulting in this independent auditors' review report are **Muhammad Khalid Aziz and Zulfikar Causer.**

BDO Ebrahim & Co.
Chartered Accountants

Grant Thornton Anjum Rehman
Chartered Accountants

Place: Karachi

Date:

UNCONSOLIDATED
FINANCIAL
STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Note	Rupees in '000		US\$ in '000	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	84,399,538	90,629,224	535,721	567,020
Intangibles		298,446	317,264	1,894	1,985
		84,697,984	90,946,488	537,615	569,005
Long-term investments		4,572,101	4,580,748	29,021	28,659
Long-term deposits and prepayments		2,870,623	2,974,491	18,221	18,610
Total Non-Current Assets		92,140,708	98,501,727	584,857	616,274
CURRENT ASSETS					
Stores and spares		2,847,127	2,948,964	18,072	18,450
Trade debts	6	10,250,708	9,976,294	65,066	62,416
Advances		3,528,397	3,652,243	22,396	22,850
Trade deposits and short term prepayments		4,107,717	3,300,925	26,074	20,652
Other receivables	7	8,018,014	16,854,091	50,894	105,447
Short-term investments	8	450,854	19,220	2,862	120
Cash and bank balances	9	5,232,436	5,739,761	33,213	35,911
Total Current Assets		34,435,253	42,491,498	218,577	265,846
TOTAL ASSETS		126,575,961	140,993,225	803,434	882,120
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	332,258	327,496
Reserves		4,435,138	4,443,786	28,152	27,802
Surplus on revaluation of property, plant and equipment- net		10,998,875	11,039,369	69,815	69,068
Accumulated losses		(541,567,827)	(516,595,078)	(3,437,572)	(3,232,064)
Total Shareholders' Equity		(473,788,704)	(448,766,813)	(3,007,347)	(2,807,698)
NON-CURRENT LIABILITIES					
Long-term financing	10	254,854,618	214,644,605	1,617,676	1,342,919
Lease liabilities	11	6,827,996	8,316,074	43,340	52,029
Advances from subsidiaries		6,498,049	6,589,987	41,246	41,230
Deferred liabilities		38,762,492	37,956,494	246,042	237,474
Total Non-Current Liabilities		306,943,155	267,507,160	1,948,304	1,673,652
CURRENT LIABILITIES					
Trade and other payables	12	190,603,069	193,602,208	1,209,843	1,211,266
Unclaimed dividend - Preference shares		3,297	3,297	21	21
Accrued interest	13	29,250,267	25,804,384	185,664	161,444
Taxation - net		624,670	655,598	3,965	4,102
Short-term borrowings	14	30,814,691	30,576,613	195,595	191,302
Current maturity of non-current liabilities	15	42,125,516	71,610,778	267,389	448,031
Total Current Liabilities		293,421,510	322,252,878	1,862,477	2,016,166
TOTAL LIABILITIES		600,364,665	589,760,038	3,810,781	3,689,818
TOTAL EQUITY AND LIABILITIES		126,575,961	140,993,225	803,434	882,120

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Note	Six months period ended		Quarter ended		Six months period ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
		(Restated)		(Restated)		(Restated)	
		(Rupees in '000)				(USD in '000)	
REVENUE - NET	17	27,640,968	51,471,360	12,137,549	15,028,401	174,183	318,585
COST OF SERVICES							
Aircraft fuel	18	(7,630,852)	(14,657,370)	(3,342,897)	(2,350,806)	(48,087)	(90,723)
Others		(29,215,803)	(41,044,905)	(14,394,038)	(18,044,048)	(184,107)	(254,050)
		(36,846,655)	(55,702,275)	(17,736,935)	(20,394,854)	(232,194)	(344,773)
GROSS LOSS		(9,205,687)	(4,230,915)	(5,599,386)	(5,366,453)	(58,011)	(26,188)
				-	-		-
Distribution costs		(2,189,063)	(2,802,915)	(1,138,691)	(1,357,083)	(13,795)	(17,349)
Administrative expenses		(2,598,238)	(3,093,690)	(1,325,846)	(1,545,163)	(16,373)	(19,149)
Other provisions and adjustments		(528,749)	(826,698)	(360,810)	(580,711)	(3,332)	(5,117)
Other income		942,760	1,293,238	262,344	354,476	5,941	8,005
		(4,373,291)	(5,430,065)	(2,563,004)	(3,128,481)	(27,559)	(33,610)
LOSS FROM OPERATIONS		(13,578,978)	(9,660,980)	(8,162,390)	(8,494,934)	(85,570)	(59,798)
Exchange gain / (loss)		1,323,584	(9,763,170)	(2,820,291)	(3,636,334)	8,341	(60,430)
LOSS BEFORE INTEREST AND TAXATION		(12,255,394)	(19,424,151)	(10,982,681)	(12,131,268)	(77,229)	(120,228)
Finance costs	19	(12,749,352)	(17,107,616)	(6,509,154)	(7,492,075)	(80,342)	(105,889)
LOSS BEFORE TAXATION		(25,004,746)	(36,531,767)	(17,491,835)	(19,623,344)	(157,571)	(226,117)
Taxation	20	(8,497)	(4,713)	(3,470)	(3,202)	(54)	(29)
		(25,013,243)	(36,536,480)	(17,495,305)	(19,626,546)	(157,625)	(226,146)
LOSS FOR THE PERIOD							
LOSS PER SHARE - BASIC AND DILUTED		Rupees				US\$	
Loss attributable to:							
'A' class ordinary shares of Rs. 10 each	21	(4.78)	(6.98)	(3.34)	(3.75)	(0.03)	(0.04)
'B' class ordinary shares of Rs. 5 each		(2.39)	(3.49)	(1.67)	(1.87)	(0.02)	(0.02)

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial statements.

Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Six months period ended		Quarter ended		Six months period ended	
	June 30,	June 30,	June 30,	June 30,	June 30	June 30,
	2021	2020	2021	2020	2021	2020
	(Restated)		(Restated)		(Restated)	
	(Rupees in '000)		(Rupees in '000)		(US\$ in '000)	
Loss for the period	(25,013,243)	(36,536,480)	(17,495,305)	(19,626,546)	(157,625)	(226,146)
Other comprehensive loss						
<i>Items that will not be reclassified subsequently to unconsolidated condensed interim statement of profit or loss</i>						
Unrealised loss on re-measurement at FVOCI	(8,648)	(2,144)	(8,648)	(2,144)	(54)	(13)
Total comprehensive loss for the period	<u>(25,021,891)</u>	<u>(36,538,624)</u>	<u>(17,503,953)</u>	<u>(19,628,690)</u>	<u>(157,679)</u>	<u>(226,159)</u>

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial statements.



Chief Executive Officer



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

	Six months period ended		Six months period ended	
	June 30, 2021	June 30, 2020 (Restated)	June 30, 2021	June 30, 2020 (Restated)
Note	(Rupees in '000)		(US\$ in '000)	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	22	202,980	9,594,420	1,279	59,385
Profit on bank deposits received		13,520	62,829	85	389
Finance costs paid		(9,303,471)	(15,529,304)	(58,627)	(96,120)
Taxes paid		(39,425)	(34,058)	(248)	(211)
Staff retirement benefits paid		(1,267,646)	(528,189)	(7,988)	(3,269)
Long-term deposits and prepayments - net		103,868	(1,352,804)	655	(8,373)
Net cash used in operating activities		(10,290,174)	(7,787,106)	(64,844)	(48,199)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(234,696)	(170,918)	(1,479)	(1,058)
Purchase of Intangibles		(58,341)	(6,743)	(368)	(42)
Proceeds from sale of property, plant and equipment		465	-	3	-
Net cash used in investing activities		(292,572)	(177,661)	(1,844)	(1,100)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term financing		(14,554,698)	(16,791,717)	(91,718)	(103,933)
Proceeds from long-term financing		29,924,006	36,171,553	188,571	223,886
Repayment of term finance certificates		-	(7,199,272)	-	(44,560)
Repayment of obligations under finance lease		(5,081,110)	(4,723,704)	(32,019)	(29,238)
Net cash generated from financing activities		10,288,198	7,456,860	64,834	46,155
Decrease in cash and cash equivalents		(294,548)	(507,907)	(1,854)	(3,144)

Cash and cash equivalents at the beginning of the period

5,023,148 11,334,503 31,654 70,156

Cash and cash equivalents at the end of the period

4,728,600 10,826,596 29,800 67,012

Cash and Cash Equivalents

Short-term investments	8	450,854	-	2,862	-
Cash and bank balances	9	5,232,436	11,747,822	33,213	72,714
Running finance under mark-up arrangements	14	(954,691)	(921,226)	(6,277)	(5,702)
		4,728,600	10,826,596	29,800	67,012

The annexed notes 1 to 26 form an integral part of this unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Director


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED

	Issued, subscribed, and paid-up share capital	Capital reserves	Unrealised gain on remeasurement of investments	Surplus on revaluation of property, plant and equipment - net	Sub Total	Revenue reserves	Accumulated losses	Total Reserves
				(Rupees in '000)				
				(Restated)				
Balance as at January 01, 2020	₹ 52,345,110	2,501,038	171,720	20,095,516	22,682,274	1,779,674	(500,065,115)	(423,258,057)
Effect of retrospective application of changes in accounting policy	-	-	-	(10,345,405)	(10,345,405)	-	17,193,828	6,848,423
Balace as at Janary 01, 2020 as restated	₹ 52,345,110	2,501,038	171,720	9,664,111	12,336,869	1,779,674	(482,871,287)	(416,409,534)
Total comprehensive loss for the six months period ended June 30, 2020:								
Loss for the period	-	-	-	-	-	-	-	(36,536,480)
Other comprehensive loss for the period	-	-	(2,144)	-	(2,144)	-	-	(2,144)
Total comprehensive loss for the period	-	-	(2,144)	-	(2,144)	-	-	(36,536,480)
Surplus on revaluation of property, plant and equipment realised during the period ended June 30, 2020 on account of incremental depreciation charged thereon - Net of Tax.	-	-	-	-	(85,999)	-	85,999	(36,538,624)
Balanee as at June 30, 2020 as restated	₹ 52,345,110	2,501,038	169,576	9,578,112	12,246,726	1,779,674	(519,331,768)	(485,948,550)
Balane as at January 01, 2021	₹ 52,345,110	2,501,038	163,074	11,039,269	13,703,481	1,779,674	(516,595,078)	(448,766,813)
Balane as at January 01, 2021	₹ 52,345,110	2,501,038	163,074	11,039,269	13,703,481	1,779,674	(516,595,078)	(448,766,813)
Total comprehensive loss for the six months period ended June 30, 2021:								
Loss for the period	-	-	(8,648)	-	(8,648)	-	-	(25,013,243)
Other comprehensive loss for the period	-	-	-	-	-	-	-	(8,648)
Total comprehensive loss for the period	-	-	(8,648)	-	(8,648)	-	-	(25,021,891)
Surplus on revaluation of property, plant and equipment realised during the period ended June 30, 2021 on account of incremental depreciation charged thereon - Net of Tax.	-	-	-	-	(40,494)	-	40,494	-
Balane as at June 30, 2021	₹ 52,345,110	2,501,038	154,426	10,998,875	13,654,339	1,779,674	(541,567,827)	(473,788,704)

The annexed notes 1 to 26 form an integral part of this unaudited condensed interim financial statements.


Chief Executive Officer


Chief Executive Officer


Director


Chief Financial Officer


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2021

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 Airlines 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** During current period, the Company incurred a net loss of Rs. 25,013.243 million (June 30, 2020: Rs. 36,536.480 million) resulting in accumulated losses of Rs. 541,567.827 million as of June 30, 2021 (December 31, 2020: Rs. 516,595.078 million). Further, as of June 30, 2021, current liabilities of the Company exceeded its current assets by Rs. 258,986.257 million (December 31, 2020: Rs. 279,761.380 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) effective from July 1, 2020, as a result of which the Company's operations have slowed down. However, the Company is closely monitoring the situation and, to counter the above adverse impacts, the Company has taken several cost cutting measures including rationalization of capacity and greater focus on cargo/charter operations during 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 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 condensed interim 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:
- financing of long-term loans 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 extension repayment period of the term finance certificates;
 - provision of 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, it was agreed by GoP that mark-up support would be provided on GoP guaranteed loans for 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, 2019-20 and 2020-21, Rs. 16,768 million, Rs. 28,263 million and Rs. 18,824 respectively have been provided by the GoP in respect of markup support.
- c) On April 4, 2019 in another meeting, 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.

- 1.3** During last 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. The recommendations of the committee have been duly reviewed by Economic Coordination Committee (ECC) and recommended for approval of the Federal Cabinet.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Act; and
- Provision of and directives issued under the Act.

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

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

The US \$ amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of this unconsolidated condensed interim financial statements. The US \$ amounts in the unconsolidated condensed interim statement of financial position, have been translated into US \$ at the rate of Rs. 157.5437 = US \$ 1 (December 31, 2020: Rs. 159.8344 = US \$ 1). The US \$ amounts in unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been translated into US \$ at the average rate of Rs. 158.6891 = US \$ 1 (June 30, 2020: Rs. 161.5623 = US \$ 1).

3 ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended December 31, 2020.

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

Amendments to IFRS 16 'Leases' - COVID-19 related rent concessions

June 01, 2020

- 3.2 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Company

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

Standard or Interpretation

IFRS 9 - Fees in the '10 per cent' test for derecognition of financial liabilities (Amendments to IFRS 9)

January 1, 2022

Onerous contracts - cost of fulfilling a contract (Amendments to IAS 37)

January 1, 2022

IAS 16 - proceeds before intended use (Amendments to IAS 16)

January 1, 2022

IAS 41 - Taxation in fair value measurement (Amendments to IAS 41)

January 1, 2022

Updating a reference to the conceptual framework (Amendments to IFRS 3)

January 1, 2022

The Company is in the process of assessing the impact of these standards, amendments and interpretations to the published standards on the unconsolidated condensed interim financial statements of the Company

3.3 Standards, amendments and interpretations to the published standards that are not yet notified by the securities and exchange commission of Pakistan (SECP)

Standard or Interpretation	Effective date (annual periods beginning on or after)
IFRS 17 'Insurance Companies'	January 1, 2023
IFRS 1 'First-time adoption of international financial reporting standards'	July 1, 2009

3.4 Accounting estimates and judgements

Estimates and judgements made by the management in the preparation of this unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended December 31, 2020.

4 RESTATED COMPARATIVE FIGURES

As disclosed in note 6 of the annual unconsolidated financial statements of the Company for the year ended December 31, 2020, the Company changed its accounting policy in respect of subsequent measurement of aircraft fleet. The change was accounted for retrospectively and the comparative amounts were restated, as a result of which the following amounts in unconsolidated condensed interim statement of profit or loss are also restated as follows:

For the period ended June 30, 2020			
Effect in interim statement of profit or loss:	As previously reported	As-restated	Re-statement
Depreciation (cost of service - others)	7,566,074	7,691,363	125,289
Other income	803,627	1,293,238	489,611
		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
5 PROPERTY, PLANT AND EQUIPMENT	Note	Rupees in '000	
Operating fixed assets			
- Owned	5.1	73,168,666	76,583,735
- Right of use asset	5.2	8,901,374	11,891,152
		82,070,040	88,474,887
Capital work-in-progress	5.3	2,329,498	2,154,337
		84,399,538	90,629,224
Six months period ended			
		June 30, 2021 (Un-Audited)	June 30, 2020 (Un-Audited)
5.1 Owned		Rupees in '000	
<i>Additions / Transfers</i>			
Building		1,478	136
Aircraft fleet		-	2,649,201
Engineering equipment and tools		15,509	-
Furniture, fixtures and fittings		3,998	8,892
Equipment		8,006	9,571
Computer and office automation		10,890	13,585
Capital Spares		118,918	69,399
		158,799	2,750,784
<i>Deletions / Write offs net book value / Adjustments</i>			
Aircraft fleet		-	859,699
Furniture, fixtures and fittings		22	-
Equipment		6	-
Computer and office automation		115	-
		143	859,699
5.2 Right Of Use Asset - Addition		55,477	-

	Six months period ended	
	June 30, 2021 (Un-Audited)	June 30, 2020 (Un-Audited)
	Rupees in '000	
5.3 CWIP		
Additions during the period	206,992	82,512
Transferred to operating assets	(31,831)	(2,653,123)
	<u>175,161</u>	<u>(2,570,611)</u>

5.4 Depreciation charge for the period has been allocated as under:

	(Restated)	
Cost of services - others	6,606,604	7,691,363
Distribution costs	4,876	2,635
Administrative expenses	7,529	3,999
	<u>6,619,009</u>	<u>7,697,997</u>

	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Rupees in '000	

6 TRADE DEBTS

Considered good

Due from GoP	3,444,019	4,515,651
Due from other customers	6,806,689	5,460,643
	<u>10,250,708</u>	<u>9,976,294</u>

Considered doubtful

Government related	337,109	337,109
Other customers	3,977,868	3,868,017
Less: Allowance for expected credit loss	(2,847,106)	(2,737,255)
Specific provision:		
- Government related	(337,108)	(337,108)
- Other customers	(1,130,763)	(1,130,763)
	<u>-</u>	<u>-</u>
	<u>10,250,708</u>	<u>9,976,294</u>

7 OTHER RECEIVABLES

Considered good

- Related party

Claims receivable	278,090	1,161,031
Excise duty	100,000	100,000
Sales tax receivable	7.1 5,243,508	5,187,032
Grant receivable from GoP	7.2 46,282	8,500,000

- Other than related party

Lessors	7.3 479,932	880,759
Others	1,870,202	1,025,269
	<u>8,018,014</u>	<u>16,854,091</u>

Considered doubtful

Less: provision for doubtful other receivables	(337,431)	(337,431)
	<u>-</u>	<u>-</u>
	<u>8,018,014</u>	<u>16,854,091</u>

7.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2020: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

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

7.2 This represents amount receivable from Government in respect of VSS obligations as details disclosed in note 27.3 of the unconsolidated financial statements of the Company for the year ended December 31, 2020. During the period, the Company has paid off most of the VSS liability after receiving funds from the Government.

7.3 This represents receivable from lessors in respect of overhauling incurred by the company on leased aircrafts.

		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
8	SHORT-TERM INVESTMENTS	Note	
	Fair value through other comprehensive income - unquoted		
	SITA INC N.V.		
	Equity shares 325,491 (2019: 325,491)		19,220 19,220
	Amortised Cost		
	Term deposit receipts (TDR)	8.1	431,634 -
			450,854 19,220

8.1 During the period, the Company deposited Rs. 431.634 million in term deposit receipts held with The Bank of Punjab for a period of 1 week on roll over basis.

		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
9	CASH AND BANK BALANCES	Note	
	In hand		11,189 6,658
	With banks		
	- in current accounts	9.1	1,995,391 4,602,648
	- in deposit accounts	9.2 & 9.3	3,225,856 1,130,455
			5,221,247 5,733,103
			5,232,436 5,739,761

9.1 This has been adjusted by aggregate amount of Rs. 835.119 million (December 31, 2020: Rs. 871.405 million), representing book overdrafts.

9.2 These carry interest ranging from 0.75% to 7.5% (December 31, 2020: 0.1% to 7.5%) per annum.

9.3 This includes a bank balance of BDT 673.611 million (December 31, 2020: BDT 673.069 million) equivalent to Rs. 1,251.149 million (December 31, 2020: Rs. 1,270.452 million) held at National Bank of Pakistan, Dhaka and Habib Bank Limited, Dhaka. The management of the Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.

		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
10	LONG -TERM FINANCING	Note	
	Opening		277,230,558 253,950,790
	Financing obtained during the period	10.1	29,924,006 43,819,771
	Repayment during the period		(14,554,698) (23,295,858)
	Exchange (gain) / loss		(1,107,002) 2,755,855
			291,492,864 277,230,558
	Less: Current maturity		(36,638,246) (62,585,953)
	Closing Balance		254,854,618 214,644,605

10.1 During the period, the Company obtained additional financings from the following:

Financier	Type of facility	Facility amount (million)	Repayment period	Number of Installments / Mode	Amount in PKR ----'000----
Bank of Punjab	Term finance	PKR 18000	2022-2027	60 Monthly	5,000,000
Albaraka Islamic Bank Ltd.	Term finance	PKR 2500	2023-2026	36 Monthly	2,500,000
Bank of Punjab	Term finance	PKR 5000	2023-2028	36 Monthly	5,000,000
Albaraka Islamic Bank Ltd.	Term finance	PKR 2000	2023-2026	36 Monthly	2,000,000
Faysal Bank Ltd.	Term finance	PKR 3000	2023-2026	36 Monthly	3,000,000
Markup reimbursement from GoP					12,424,006
Total					29,924,006

- 10.2** During the period, SBP introduced revision in regulation R-8 of Prudential Regulations through its circular BPRD No. 13 of 2020 to relieve the stress on the corporate / commercial sector arising due to COVID 19 pandemic situation. Under this scheme, the financial institutions have deferred repayment of principal amount by 6 to 12 months from the date of original maturity, provided that the Company will continue to service the markup amount as per agreed terms and conditions. As a result of this, these loans are repayable starting earliest from October 2021 and ending by April 2022. However, the Company has option to prepay these amount without any penalty. Out of these principal payments deferred, Rs 30,696 million has been classified as non current based on unconditional right to defer repayments as their revised maturity dates fall beyond the 12 months period.

		June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Note	-----Rupees in '000-----	
11 LEASE LIABILITIES			
Present value of minimum lease payments:			
- Aircraft fleet including engines		11,339,937	16,202,025
- Buildings		903,191	1,054,940
		12,243,128	17,256,965
Technical ground equipment		72,138	83,934
		12,315,266	17,340,899
Less: Current maturity of lease liabilities		(5,487,270)	(9,024,825)
		6,827,996	8,316,074
12 TRADE AND OTHER PAYABLES			
Trade creditors			
Goods		21,537,614	23,013,305
Services		19,059,850	16,366,460
Airport related charges		43,236,433	42,114,934
		83,833,897	81,494,699
Others			
Accrued liabilities	12.1	12,166,786	13,912,905
Employees VSS obligations		32,210	6,445,294
Advance against transportation (unearned revenue)		6,291,807	6,224,862
Obligation for compensated absences		5,488,306	5,361,085
Unredeemed frequent flyer liabilities		545,374	545,374
Advances from customers		3,087,385	1,646,925
Payable to employees' provident fund	12.2	6,639,606	7,816,384
Collection on behalf of others		56,035,007	54,812,515
Customs, Federal Excise Duty and Sales tax		3,046,279	2,424,312
Federal excise duty - International travel		10,923,120	10,718,453
Income tax deducted at source		1,971,681	1,492,558
Short-term deposits		541,611	706,842
		190,603,069	193,602,208

- 12.1** This include management fee amounting to Rs. 183.168 million (December 31, 2020: Rs. 173.989 million) payable to PIA Investments Limited, a subsidiary company.
- 12.2** This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund, which could not be paid within 15 days as required by Section 218 of the Act, 2017 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.

	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	
13 ACCRUED INTEREST		
Mark-up / profit payable on:		
- long-term financing	11,394,651	10,339,395
- mark-up reimbursement loan from GoP	7,580,277	5,601,238
- short-term borrowings	694,064	663,843
- provident fund	8,246,177	7,905,865
- advance from a subsidiary	1,335,098	1,294,043
	<u>29,250,267</u>	<u>25,804,384</u>

14 SHORT-TERM BORROWINGS

Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	954,691	716,613
	<u>30,814,691</u>	<u>30,576,613</u>

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

	June 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	
15 CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long-term financing	36,638,246	62,585,953
Lease liabilities	5,487,270	9,024,825
	<u>42,125,516</u>	<u>71,610,778</u>

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingencies

The status of contingencies as at June 30, 2021 is same as reported in the annual unconsolidated financial statements of the Company for the year ended December 31, 2020, except for the amounts claimed by the Civil Aviation Authority which are not acknowledged by the Company amounting to Rs. 34,797 million as of June 30, 2021 (December 2020: 33,083 million).

The aggregate amount of the contingencies including tax matters as of June 30, 2021 is Rs. 58,986 million (December 2020: 57,430 million).

16.2 Commitments

- Commitments for capital expenditure amounted to Rs. 40,850 million (December 2020: Rs. 15,126 million).
- Outstanding letters of guarantee amounted to Rs. 199,240 million (December 2020: Rs. 224,365 million).
- In 2012, the Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527,904 million (December 31, 2020: US\$ 1,527,904 million) equivalent to Rs. 240,711.649 million (December 31, 2020: Rs. 244,211.619 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

	Six months period ended		Quarter ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	(Un-audited)			
	-----Rupees in '000-----			
17 REVENUE - NET				
Passenger	20,563,605	45,856,689	7,920,249	13,494,034
Cargo	1,892,383	1,744,278	1,087,210	694,167
Charter services	1,958,975	1,590,054	1,225,011	784,692
Others	3,226,005	2,280,339	1,905,078	55,509
	<u>27,640,968</u>	<u>51,471,360</u>	<u>12,137,548</u>	<u>15,028,401</u>

18	COST OF SERVICES - OTHERS	Six months period ended		Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2021	2020	2021	2020
		(Restated)		(Restated)	
		(Un-audited)			
Rupees in '000					
	Salaries, wages and allowances	4,744,197	6,453,999	2,325,277	2,878,486
	Welfare and social security costs	782,191	791,213	323,151	364,269
	Retirement benefits	1,160,359	1,469,921	580,192	734,400
	Compensated absences	99,023	109,305	48,482	58,995
	Legal and professional charges	16,649	12,789	7,256	6,730
	Stores and spares consumed	541,378	1,222,212	237,249	702,307
	Maintenance and overhaul	4,039,839	8,264,182	2,246,929	4,194,039
	Flight equipment rental	1,109,786	850,071	783,482	421,172
	Aircraft Charter	1,224,398	-	595,929	-
	Landing and handling	3,556,130	8,468,004	1,585,699	2,684,328
	Passenger services	411,299	1,424,124	146,031	428,473
	Crew layover	430,713	938,436	172,112	357,782
	Utilities	15,361	22,225	8,650	14,675
	Communication	611,616	945,850	289,152	294,713
	Insurance	3,259,374	1,559,423	1,589,335	782,855
	Rent, rates and taxes	262,271	365,685	124,619	180,537
	Printing and stationery	95,751	179,100	77,390	132,332
	Depreciation	6,606,604	7,691,363	3,099,014	3,731,057
	Amortisation of intangibles	6,173	5,413	3,164	2,706
	Others	242,691	271,591	150,925	74,191
		29,215,803	41,044,905	14,394,038	18,044,048

		Six months period ended		Quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2021	2020	2021	2020
		(Un-audited)			
		Rupees in '000			
19	FINANCE COSTS				
	Mark-up on:				
	- long-term financing	8,384,116	10,911,611	4,243,009	4,643,894
	- markup received as loan from GoP	1,979,039	1,836,877	1,055,728	820,119
	- term finance certificates	-	226,704	-	51,627
	- short-term borrowings	1,357,322	2,103,603	680,839	956,549
	- advance from a subsidiary	59,171	90,595	28,823	36,416
		11,779,648	15,169,390	6,008,399	6,508,606
	Profit on sukuk certificates	-	94,461	-	20,900
	Lease Liabilities	469,935	783,520	214,302	386,521
	Interest on provident fund	340,313	538,251	162,650	220,307
	Discounting on deposits	(12,163)	(28,365)	(12,163)	(28,365)
	Amortisation of prepaid exposure fee	-	5,658	-	-
	Bank charges, guarantee commission and other related charges	171,619	544,700	135,966	384,106
		12,749,352	17,107,616	6,509,154	7,492,075

20	TAXATION				
Current	8,497	4,713	3,470	3,202	

- 20.1 Upto the half year ended 30 June 2019, the Company recognised income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance, 2001. However, during the period, the Company has not recognised the minimum tax for the half year ended 30 June 2021 amounting to Rs. 207,307 million till 30 June 2021, based on the management's interpretation that Section 113 is not to be levied on the Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these do not fall under the ambit of "gross fees for rendering of services" as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation is in line with the recent decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company, holding that the above mentioned revenues generated by the Company does not fall under the ambit of turnover as defined in section 113 of Income Tax Ordinance, 2001. Accordingly, the management, based on consultation with its tax advisor is confident that the minimum tax levied under Section 113 is not applicable to the Company. The Company has revised its income tax returns for tax year 2015 to 2019.
- 20.2 There has been no material change in the status of tax contingencies as disclosed in notes 31 to the unconsolidated financial statements for the year ended December 31, 2020.

	Six months period ended	
	June 30, 2021	June 30, 2020
	(Un Audited)	(Un Audited)
	(Restated)	
	-----Rupees in '000-----	
21 LOSS PER SHARE - BASIC AND DILUTED		
Loss for the year	(25,013,243)	(36,536,480)
Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
Loss per share attributable to:		
'A' class ordinary shares	(4.78)	(6.98)
'B' class ordinary shares	(2.39)	(3.49)
22 CASH GENERATED FROM OPERATIONS		
Loss before taxation	(25,004,746)	(36,531,767)
Adjustments for:		
Depreciation	6,619,010	7,697,997
Gain on disposal / write-off of property, plant and equipment	(322)	(995,696)
Amortization of intangibles	77,160	67,658
Provision for slow moving stores and spares	264,403	52,626
Capital Spares written-off	-	-
Deficit released on aircraft disposed off	-	-
Provision for employees' benefits	2,116,434	2,658,452
Provision for expected credit loss	109,851	184,604
Finance costs	12,749,352	17,107,616
Unrealised exchange (gain) / loss	(1,222,509)	7,198,926
Profit on bank deposits	(13,520)	(62,829)
	(4,304,887)	(2,622,411)

(Un Audited) (Un Audited)

Rupees in '000

Working capital changes :

(Increase) / Decrease in stores and spares
(Increase) / Decrease in trade debts
Decrease in advances
(Increase) / Decrease in trade deposits and prepayments
Decrease in other receivables
(Decrease) / Increase in trade and other payables

(162,567)	541,527
(384,265)	7,364,913
24,553	1,065,972
(806,792)	(1,145,744)
8,836,077	790,006
(2,999,139)	3,600,155
4,507,867	12,216,829
202,980	9,594,420

Cash generated from operations

23 TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited PIAL	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Minhal France S.A	-	Sub-subsiary
Al-Shifa Trust	-	CSR Setup
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
Air Cdre Aamer Altaf	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Arshad Akram Khan	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
AVM Irfan Zaheer	-	Key management personnel
Air Cdre Jawad Zafar Chaudhry	-	Key management personnel
Air Cdre Jibran Saleem Butt	-	Key management personnel
Air Cdre Khalid Ur Rehman	-	Key management personnel
Khalilullah Shaikh	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Dr. Muhammad Altaf Tahir	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Air Cdre Shahid Qadir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel

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

Name of Related Parties and relationship with the Company		June 30, 2021	June 30, 2020
		-----Rupees in '000-----	
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	9,000	62,381
	Services hired	309,725	358,780
PIA Investments Limited - Subsidiary	Management Fee expense	183,168	165,812
	Finance cost on advance	59,171	90,595
	Advance from subsidiary	6,323,049	6,414,987
Sabre Travel Network Pakistan (Private) Limited - Subsidiary	Advance from subsidiary	175,000	175,000
Minhal France S.A - Sub-subsidiary Retirement funds	Management Fee income	189,089	170,819
	Contribution to provident Fund and others	929,098	1,175,217
	Interest on Loan from pension / provident fund	340,313	538,251
Al-Shifa Trust	Donation	1,750	1,523
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	4,557,305	8,608,875
	Insurance premium	491,453	1,362,335
	Late payment interest	444,484	548,666
	Airport Related charges	2,824,936	4,525,315
GoP - Major shareholder	Finance cost	2,375,751	2,234,691
National Bank of Pakistan (NBP)	Finance cost	1,738,885	2,719,198
Key management personnel	Salaries, wages and other benefits	59,366	88,128

- 23.2 The Company's sales of transportation services to subsidiaries, associates, directors and key management personnel are not determinable.

24 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

24.1 Financial risk factors

The Company activities expose it to a variety of financial risks: market risk (including interest rate risk, currency risk and price risk), credit risk and liquidity risk.

This unconsolidated condensed interim financial statements does not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2020. There have been no changes in any risk management policies since the year end.

24.2 Fair value estimation

As at June 30, 2021, all the Company's assets and liabilities are carried at cost except for those mentioned below:

The Company's leasehold land, buildings on leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less accumulated depreciation and subsequent accumulated impairment losses, if any;

The Company classifies long-term investments in listed companies measured in the unconsolidated condensed interim statement of financial position at fair values; and

The carrying value of all financial and non-financial assets and liabilities measured at other than cost in these unconsolidated condensed interim financial statements approximate their fair values.

25 SIGNIFICANT EVENTS AND TRANSACTIONS

25.1 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 are still affecting air travel significantly. The Company is also no exception in this scenario and facing challenges due to dip in revenues.

It was assumed that after introduction of vaccine, operations will start to normalize by end of first quarter of 2021, however third wave of COVID-19 and stricter border closures/ quarantine conditions have put airline industry into more jeopardy. As per IATA forecast, airline industry is expected to recover to its pre-Covid levels gradually by 2024. Accordingly, PIA is also under strain with limited operations as compared to pre COVID levels. All the key routes including Saudia Arabia, Gulf, Malaysia, UK and Canada have been affected.

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 55% due to lower passenger capacity and traffic. However, during the period ended June 30, 2021, charter revenue of the Company increased by 59% due to special charter flights operated by the Company.
- Aircraft fuel remained single largest element of total operating cost at 18.3%, and, during the period, fuel cost decreased by 54.2% 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 59.7%.

26 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on August 27, 2021.



Chief Executive Officer



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer



Company Secretary

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