

FORM – 8

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

CS/S&T/PSX/3QTRFS-21/21

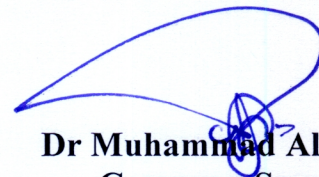
29th October, 2021

**TRANSMISSION OF QUARTERLY REPORT
FOR THE PERIOD ENDED SEPTEMBER 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 September 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!



THIRD QUARTERLY REPORT
2 0 2 1



LET'S
FLY
TOGETHER



Serving you the
WORLD!



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CORPORATE PROFILE

As at October 27, 2021

BOARD OF DIRECTORS

Mr Aslam R Khan

Chairman -PIACL

Mr Shoukat Ali

Secretary Aviation Division

Mr Atif Aslam Bajwa

Syed Muhammad Ali Gardezi

Mian Asad Hayauddin

Secretary Economic Affairs Division

Mr Zahid F Ebrahim

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 Lt Col (r)

Company Secretary

Sheikh Bilal Shams

Chief Internal Auditor

EXECUTIVE MANGEMENT

Air Marshal (Retd) Arshad Malik

Chief Executive Officer

AVM Irfan Zaheer

Director-Precision Engineering Complex

AVM Muhammad Amir Hayat

Advisor to CEO

Mr Jawad Zafar Chaudhary

Chief Operating Officer & CCDO

Mr Ali Tahir Qasim

Chief Commercial Officer

Mr Asif Zia

Acting Chief Financial Officer

Capt Asif Gilani

Chief of Flight Operations

Mr Asad Hasnain Bukhari

Acting 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 Accounts

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: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: 0092-21-99040000
UAN: 111-786-786
Web: www.piac.com.pk

BOARD COMMITTEES

As at October 27, 2021

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Mr Navaid H Malik Dr Zeelaf Munir	Chairman 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)	Syed Muhammad Ali Gardezi Air Marshal (Retd) Arshad Malik	Member Member

DIRECTORS REPORT - FOR THE PERIOD ENDED SEPTEMBER 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 nine months ended September 30, 2021. The Financial results for the period are summarized below:

Profit & Loss Statement	Period Ended September 30	
	2021	2020
	(PKR. In Million)	
Revenue	49,365	74,362
Cost of Services		
Fuel & Oil	(13,440)	(18,082)
Others	(46,513)	(56,982)
Gross Loss	(10,588)	(702)
Other Operating Expenses	(8,488)	(9,748)
Other Income	1,511	1,607
Loss from Operations	(17,565)	(8,843)
Exchange Loss	(5,180)	(7,577)
Finance Cost	(19,601)	(23,569)
Loss before Taxation	(42,346)	(39,989)

Due to extremely challenging environment on account of Covid-19, PIA has attained Gross Loss of Rs. 10.59 billion and Operating Loss of Rs 17.56 billion during the period ended September 2021. It was assumed that after the introduction of vaccine, operations will start to normalize in 2nd Quarter 2021. Hajj and Umrah market were also expected to gear up. However, 4th wave of COVID & strict border closures/quarantine condition affected PIA's key routes including KSA, Gulf, Malaysia, UK etc.

As per IATA Air passenger Market Analysis, Global domestic RPKs continued to recover, however performance was mixed across the key markets. Performance across 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 and elevated international travel restrictions and rising COVID-19 cases in some regions represent a risk to air travel rebound.

International air travel sustained its recovery 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 (Retd) Arshad Malik
Chief Executive Officer



Navaid H. Malik
Director

October 27, 2021

UNCONSOLIDATED
FINANCIAL
STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2021

	September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)	September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
Note-----Rupees in '000-----US\$ in '000-----				
ASSETS				
NON-CURRENT ASSETS				
Property, plant and equipment	5 81,529,379	90,629,224	477,737	567,020
Intangibles	301,777	317,264	1,768	1,985
	81,831,156	90,946,488	479,505	569,005
Long-term investments	4,670,661	4,580,748	27,369	28,659
Long-term deposits and prepayments	3,978,882	2,974,491	23,315	18,610
Total Non-Current Assets	90,480,699	98,501,727	530,189	616,274
CURRENT ASSETS				
Stores and spares	2,851,023	2,948,964	16,706	18,450
Trade debts	6 15,415,360	9,976,294	90,329	62,416
Advances	3,410,685	3,652,243	19,986	22,850
Trade deposits and short-term prepayments	4,460,581	3,300,925	26,138	20,652
Other receivables	7 8,036,552	16,854,091	47,091	105,447
Short-term investments	8 19,220	19,220	113	120
Cash and bank balances	9 4,141,110	5,739,761	24,266	35,911
Total Current Assets	38,334,531	42,491,498	224,629	265,846
TOTAL ASSETS	128,815,230	140,993,225	754,818	882,120
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Issued, subscribed and paid-up share capital	52,345,110	52,345,110	306,726	327,496
Reserves	4,533,699	4,443,786	26,566	27,802
Surplus on revaluation of property, plant and equipment - net	10,978,628	11,039,369	64,331	69,068
Accumulated losses	(559,250,352)	(516,595,078)	(3,277,032)	(3,232,064)
Total Shareholders' Equity	(491,392,915)	(448,766,813)	(2,879,409)	(2,807,698)
NON-CURRENT LIABILITIES				
Long-term financing	10 249,355,343	214,644,605	1,461,144	1,342,919
Term Finance and Sukuk Certificates	11 5,675,000	-	33,254	-
Lease liabilities	12 6,116,644	8,316,074	35,842	52,029
Advances from subsidiaries	7,024,380	6,589,987	41,161	41,230
Deferred liabilities	39,218,078	37,956,494	229,806	237,474
Total Non-Current Liabilities	307,389,446	267,507,160	1,801,207	1,673,652
CURRENT LIABILITIES				
Trade and other payables	13 197,039,931	193,602,208	1,154,592	1,211,266
Unclaimed dividend - Preference shares	3,297	3,297	19	21
Accrued interest	14 30,313,544	25,804,384	177,628	161,444
Taxation - net	970,678	655,598	5,688	4,102
Short-term borrowings - secured	15 30,740,156	30,576,613	180,128	191,302
Current maturity of non-current liabilities	16 53,751,093	71,610,778	314,965	448,031
Total Current Liabilities	312,818,699	322,252,878	1,833,020	2,016,166
TOTAL LIABILITIES	620,208,145	589,760,038	3,634,227	3,689,818
TOTAL EQUITY AND LIABILITIES	128,815,230	140,993,225	754,818	882,120

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 27 form an integral part of these 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Note	Nine months period ended		Quarter ended		Nine months period ended	
		September 30, 2021	September 30, 2020 (Restated)	September 30, 2021	September 30, 2020 (Restated)	September 30, 2021	September 30, 2020 (Restated)
		(Rupees in '000)				(US\$ in '000)	
REVENUE - NET	18	49,365,114	74,361,680	21,724,146	22,890,320	298,737	463,578
COST OF SERVICES							
Aircraft fuel		(13,439,685)	(18,082,109)	(5,808,833)	(3,424,739)	(81,331)	(112,726)
Others	19	(46,513,053)	(56,981,574)	(17,297,250)	(15,936,669)	(281,478)	(355,229)
		(59,952,738)	(75,063,683)	(23,106,083)	(19,361,408)	(362,809)	(467,954)
GROSS PROFIT / (LOSS)		(10,587,624)	(702,003)	(1,381,937)	3,528,912	(64,072)	(4,376)
Distribution costs		(3,466,613)	(3,934,714)	(1,277,549)	(1,131,798)	(20,978)	(24,529)
Administrative expenses		(3,968,386)	(4,528,756)	(1,370,147)	(1,435,068)	(24,015)	(28,233)
Other provisions and adjustments		(1,052,588)	(1,284,599)	(523,838)	(457,901)	(6,370)	(8,008)
Other income		1,510,508	1,606,874	567,749	313,636	9,141	10,017
		(6,977,079)	(8,141,195)	(2,603,785)	(2,711,130)	(42,222)	(50,753)
PROFIT / (LOSS) FROM OPERATIONS		(17,564,703)	(8,843,198)	(3,985,724)	817,782	(106,294)	(55,130)
Exchange gain / (loss)		(5,179,558)	(7,576,575)	(6,503,142)	2,186,595	(31,345)	(47,233)
PROFIT / (LOSS) BEFORE INTEREST AND TAXATION		(22,744,261)	(16,419,773)	(10,488,866)	3,004,377	(137,639)	(102,363)
Finance costs	20	(19,601,516)	(23,569,372)	(6,852,164)	(6,461,756)	(118,620)	(146,934)
LOSS BEFORE TAXATION		(42,345,777)	(39,989,145)	(17,341,030)	(3,457,379)	(256,259)	(249,297)
Taxation	21	(370,238)	(9,281)	(361,741)	(4,568)	(2,241)	(58)
LOSS FOR THE PERIOD		(42,716,015)	(39,998,426)	(17,702,771)	(3,461,948)	(258,500)	(249,355)
LOSS PER SHARE - BASIC AND DILUTED		(Rupees)				US\$	
Loss attributable to:							
'A' class ordinary shares of Rs. 10 each	22	(8.16)	(7.64)	(3.38)	(0.66)	(0.05)	(0.05)
'B' class ordinary shares of Rs. 5 each		(4.08)	(3.82)	(1.69)	(0.33)	(0.02)	(0.02)

The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.




Chief Executive Officer




Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer

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

	Nine months period ended		Quarter ended		Nine months period ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
		(Restated)		(Restated)		(Restated)
	(Rupees in '000)				(US\$ in '000)	
Loss for the period	(42,716,015)	(39,998,426)	(17,702,771)	(3,461,948)	(258,500)	(249,355)
Other comprehensive loss						
<i>Items that will not be reclassified subsequently to unconsolidated condensed interim statement of profit or loss</i>						
Unrealised gain / (loss) on re-measurement at FVOCI	89,913	(8,648)	81,265	(6,503)	544	(54)
Total comprehensive loss for the period	<u>(42,626,102)</u>	<u>(40,007,074)</u>	<u>(17,621,506)</u>	<u>(3,468,451)</u>	<u>(257,956)</u>	<u>(249,409)</u>

The annexed notes 1 to 27 form an integral part of these 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

		Nine months period ended		Nine months period ended	
		September 30, 2021	September 30, 2020 (Restated)	September 30, 2021	September 30, 2020 (Restated)
Note		(Rupees in '000)		(US\$ in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	23	25,525	15,238,543	154	94,999
Profit on bank deposits received		19,646	93,428	119	582
Finance costs paid		(15,091,026)	(19,632,369)	(91,325)	(122,390)
Taxes paid		(46,662)	(45,940)	(282)	(286)
Staff retirement benefits paid		(1,974,963)	(1,348,620)	(11,952)	(8,407)
Long-term deposits and prepayments - net		(1,004,390)	(1,278,690)	(6,078)	(7,971)
Net cash used in operating activities		(18,071,870)	(6,973,648)	(109,364)	(43,473)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(385,778)	(257,273)	(2,335)	(1,606)
Purchase of Intangibles		(103,479)	(20,133)	(626)	(126)
Proceeds from sale of property, plant and equipment		1,960	-	11	-
Net cash used in investing activities		(487,297)	(277,406)	(2,950)	(1,732)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(37,437,347)	(19,275,143)	(226,555)	(120,163)
Proceeds from long-term financing		54,657,444	39,726,739	330,765	247,661
Proceeds / (Repayment) of term finance certificates		5,675,000	(7,199,272)	34,343	(44,881)
Repayment of obligations under finance lease		(6,078,907)	(9,078,402)	(36,787)	(56,596)
Net cash generated from financing activities		16,816,190	4,173,922	101,766	26,021
Decrease in cash and cash equivalents		(1,742,977)	(3,077,132)	(10,548)	(19,184)
Cash and cash equivalents at the beginning of the period		5,023,148	11,334,502	30,398	70,662
Cash and cash equivalents at the end of the period		3,280,174	8,257,370	19,850	51,478
Cash and Cash Equivalents					
Short-term investments	8	19,220	-	116	-
Cash and bank balances	9	4,141,110	8,633,701	25,060	53,824
Running finance under mark-up arrangements	15	(880,156)	(376,331)	(5,326)	(2,346)
		3,280,174	8,257,370	19,850	51,478


The annexed notes 1 to 27 form an integral part of these unconsolidated condensed interim financial statements.




Chief Executive Officer




Chief Executive Officer



Chief Financial Officer



Director



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2021

	Capital Reserves			Revenue Reserves		
	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
				(Restated)		Accumulated losses
Balance as at January 01, 2020	52,345,110	2,501,038	171,720	20,009,516	22,682,274	1,779,674
Effect of retrospective application of changes in accounting policy	-	-	-	-	(10,345,465)	-
Balance as at January 01, 2020 as restated	52,345,110	2,501,038	171,720	9,664,111	12,336,469	1,779,674
Total comprehensive loss for the nine months period ended September 30, 2020:						
Loss for the period	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	(8,648)	-	(8,648)	-
Total comprehensive loss for the period	-	-	(8,648)	-	(8,648)	-
Surplus on revaluation of property, plant and equipment realized during the period ended September 30, 2020 on account of incremental depreciation charged thereon - Net of Tax	-	-	-	(122,695)	(122,695)	-
Balance as at September 30, 2020 as restated	52,345,110	2,501,038	163,074	9,541,416	12,205,526	1,779,674
Balance as at January 01, 2021	52,345,110	2,501,038	163,074	11,039,369	13,703,481	1,779,674
Balance as at January 01, 2021	52,345,110	2,501,038	163,074	11,039,369	13,703,481	1,779,674
Total comprehensive loss for the nine months period ended September 30, 2021:						
Loss for the period	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	89,913	-	89,913	-
Total comprehensive loss for the period	-	-	89,913	-	89,913	-
Surplus on revaluation of property, plant and equipment realized during the period ended September 30, 2021 on account of incremental depreciation charged thereon - Net of Tax	-	-	-	(60,741)	(60,741)	-
Balance as at September 30, 2021	52,345,110	2,501,038	252,987	10,978,628	13,732,653	1,779,674

The annexed notes 1 to 27 form an integral part of these unaudited condensed interim financial statements.

Chief Executive Officer

Chief Executive Officer

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 NINE MONTHS PERIOD ENDED SEPTEMBER 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, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Company and the Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of the 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.

- 1.2** The Business Units of the Company include the following:

Business Unit

Head Office

Geographical Location

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 condensed interim financial statements as required under Fourth Schedule to the Companies Act, 2017.

- 1.3** During current period, the Company incurred a net loss of Rs. 42,716.015 million (September 30, 2020: Rs. 39,998.426 million - restated) resulting in accumulated losses of Rs. 559,250.352 million as of September 30, 2021 (December 31, 2020: Rs. 516,595.078 million). Further, as of September 30, 2021, current liabilities of the Company exceeded its current assets by Rs. 274,484.168 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, the management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, the management believes that, though, the sustainability of 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 of 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, 2020-21, and 2021-22 Rs. 16,768 million, Rs. 28,263 million, Rs. 18,824 million and Rs. 4,566 million 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.

- 1.4 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 for the nine months period ended September 30, 2021 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
- Provisions of and directives issued under the Act.

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

These are separate unconsolidated condensed interim financial statements of the Company in which investment in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. 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 the consolidated interim financial information. The management expects a favourable response in this respect.

2.2 Basis of measurement

These unconsolidated condensed 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 these 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. 170.6576 = 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. 165.2460 = US \$ 1 (September 30, 2020: Rs. 160.4081 = US \$ 1).

3 SIGNIFICANT 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.

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

Standard or Interpretation	Effective date (annual periods beginning on or after)
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 these 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 September 30, 2020		
Effect in interim statement of profit or loss:	As previously reported	As-restated	Re-statement	
Depreciation (cost of service - others)	10,966,452	11,597,671	631,219	
Other income	1,117,263	1,606,874	489,611	
		September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)	
5 PROPERTY, PLANT AND EQUIPMENT	Note	-----Rupees in '000-----		
Operating fixed assets				
- Owned	5.1	71,512,314	76,583,735	
- Right of use asset	5.2	7,724,308	11,891,152	
		79,236,622	88,474,887	
Capital work-in-progress	5.3	2,292,757	2,154,337	
		81,529,379	90,629,224	

Nine months period ended
September 30, 2021 **September 30, 2020**
(Un-Audited) **(Un-Audited)**
-----Rupees in '000-----

5.1 Owned:

Additions / Transfers

Building	1,776	984
Aircraft fleet	-	2,649,201
Engineering equipment and tools	15,862	10,119
Furniture, fixtures and fittings	4,072	9,832
Office Equipment	84,557	21,006
Computer and office automation	14,347	20,978
Capital Spares	126,713	102,680
Land	-	5,496
	<u>247,327</u>	<u>2,820,296</u>

Deletions / Write offs net book value / Adjustments

		(Restated)
Aircraft fleet	-	370,087
Furniture, fixtures and fittings	22	-
Equipment	6	-
Computer and office automation	115	43
	<u>143</u>	<u>370,130</u>

5.2 Right Of Use Asset:

- Additions

- Deletions

Nine months period ended
September 30, 2021 **September 30, 2020**
(Un-Audited) **(Un-Audited)**
-----Rupees in '000-----

5.3 CWIP

Additions during the period	174,689	86,178
Transferred to operating assets	(36,270)	(2,653,123)

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

		(Restated)
Cost of services - others	9,522,363	11,597,671
Distribution costs	7,311	9,262
Administrative expenses	11,283	14,047
	<u>9,540,957</u>	<u>11,620,980</u>

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

6 TRADE DEBTS

Considered good

Due from GoP	3,505,436	4,515,651
Due from other customers	11,909,924	5,460,643
	<u>15,415,360</u>	<u>9,976,294</u>

Considered doubtful

Government related	337,109	337,109
Other customers	4,077,868	3,868,017
Less: Allowance for expected credit losses	(2,947,106)	(2,737,255)
Specific provision:		
- Government related	(337,108)	(337,108)
- Other customers	(1,130,763)	(1,130,763)
	<u>15,415,360</u>	<u>9,976,294</u>

		September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
7 OTHER RECEIVABLES			
Considered good			
- Related party			
Claims receivable		163,960	1,161,031
Excise duty		100,000	100,000
Sales tax receivable	7.1	5,311,284	5,187,032
Grant receivable from GoP	7.2	46,282	8,500,000
- Other than related party			
Lessor	7.3	223,561	880,759
Others		2,191,465	1,025,269
		8,036,552	16,854,091
Considered doubtful		337,431	337,431
Less: provision for doubtful other receivables		(337,431)	(337,431)
		-	-
		8,036,552	16,854,091

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 ST 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 aircraft.

		September 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 (2020: 325,491)			
		19,220	19,220

		September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
9 CASH AND BANK BALANCES	Note		
In hand		18,783	6,658
With banks			
- in current accounts	9.1	2,893,630	4,602,648
- in deposit accounts	9.2 & 9.3	1,228,697	1,130,455
		4,122,327	5,733,103
		4,141,110	5,739,761

9.1 This has been adjusted by aggregate amount of Rs. 861.652 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 673.51 million (December 31, 2020: BDT 673.069 million) equivalent to Rs.1,339.78 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.

		September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
10 LONG -TERM FINANCING	Note		
Opening Balance		277,230,558	253,950,790
Financing obtained during the period	10.1	54,657,444	43,819,771
Repayment during the period		(37,437,347)	(23,295,858)
Exchange loss		3,454,956	2,755,855
		297,905,611	277,230,558
Less: Current maturity		(48,550,268)	(62,585,953)
Closing Balance		249,355,343	214,644,605

10.1 During the period, the Company obtained additional financing 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
JS Bank	Term finance	PKR 19167	2021-2026	60 Monthly	19,167,000
Albaraka Islamic Bank Ltd.	Term finance	PKR 1000	2023-2026	36 Monthly	1,000,000
Markup reimbursement from GoP					16,990,444
Total					54,657,444

10.2 During the period, the 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 repayments of principal amounts 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 amounts without any penalty. Out of these principal payments deferred, Rs 34,841 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.

11 TERM FINANCE AND SUKUK CERTIFICATES

	Security	Repayment Period	Number of Installments	Mark-up (%)	September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
					Rupees in '000	
Sukuk Certificates	GoP Guarantee	2023-2031	96 Monthly	1 Month KIBOR +1%	5,675,000	-

12 LEASE LIABILITIES

Present value of minimum lease payments:

- Aircraft fleet including engines
- Buildings

Technical ground equipment

Less: Current maturity of lease liabilities

	September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Rupees in '000	
	10,427,933	16,202,025
	826,879	1,054,940
	11,254,812	17,256,965
	62,657	83,934
	11,317,469	17,340,899
	(5,200,825)	(9,024,825)
	6,116,644	8,316,074

		September 30, 2021 (Un-Audited)	December 31, 2020 (Audited)
		Rupees in '000	
10 LONG-TERM FINANCING	Note		
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Markup reimbursement from GoP					16,990,444
Total					54,657,444

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	826,879	1,054,940
	11,254,812	17,256,965
	62,657	83,934
	11,317,469	17,340,899
	(5,200,825)	(9,024,825)
	6,116,644	8,316,074

	Nine months period ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Un-audited)				
Rupees in '000				
18 REVENUE - NET				
Passenger	37,072,660	65,573,361	16,509,055	19,716,672
Cargo	3,134,544	3,544,718	1,242,161	1,800,440
Charter services	4,610,817	2,039,582	2,651,842	449,528
Others	4,547,093	3,204,019	1,321,088	923,681
	<u>49,365,114</u>	<u>74,361,680</u>	<u>21,724,146</u>	<u>22,890,320</u>

	Nine months period ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Restated) (Un-audited) (Restated)				
Rupees in '000				
19 COST OF SERVICES - OTHERS				
Salaries, wages and allowances	6,977,912	9,181,589	2,233,715	2,727,590
Welfare and social security costs	1,039,597	1,089,789	257,407	298,577
Retirement benefits	1,739,473	2,226,828	579,114	756,907
Compensated absences	145,215	162,089	46,191	52,784
Legal and professional charges	28,962	20,641	12,313	7,853
Stores and spares consumed	770,830	1,312,517	229,452	90,305
Maintenance and overhaul	6,412,830	10,859,766	2,372,991	2,595,584
Flight equipment rental	2,667,150	1,220,871	1,557,364	370,799
Aircraft Charter	3,040,867	-	1,816,469	-
Landing and handling	5,866,253	11,240,889	2,310,123	2,772,885
Passenger services	575,853	2,043,825	164,554	619,701
Crew layover	655,171	1,248,251	224,458	309,815
Utilities	25,784	31,576	10,424	9,350
Communication	938,863	1,182,051	327,247	236,200
Insurance	5,038,376	2,366,767	1,779,002	807,343
Rent, rates and taxes	530,010	503,768	267,739	138,083
Printing and stationery	118,002	216,114	22,251	37,014
Depreciation	9,522,363	11,597,671	2,915,760	3,906,308
Amortisation of intangibles	9,517	8,175	3,344	2,763
Others	410,023	468,397	167,332	196,807
	<u>46,513,053</u>	<u>56,981,574</u>	<u>17,297,250</u>	<u>15,936,669</u>

	Nine months period ended		Quarter ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
(Un-audited)				
Rupees in '000				
20 FINANCE COSTS				
Mark-up on:				
- long-term financing	12,821,345	15,259,325	4,437,230	4,442,176
- markup received as loan from GoP	3,141,045	2,636,010	1,162,006	799,133
- term finance certificates	-	226,704	-	-
- sukuk certificates	-	94,461	-	-
- short-term borrowings	2,047,420	2,770,884	690,098	667,282
- advance from a subsidiary	89,796	123,270	30,625	32,676
	<u>18,099,606</u>	<u>21,110,654</u>	<u>6,319,959</u>	<u>5,941,267</u>
Profit on sukuk certificates	-	94,461	-	-
Lease Liabilities	656,090	1,139,832	186,155	356,312
Interest on provident fund	509,736	700,389	169,423	162,138
Discounting on deposits	(16,815)	(39,771)	(4,651)	(11,405)
Arrangement, agency and commitment fee	321,190	503,790	321,188	5,651
Amortisation of prepaid exposure fee	-	5,658	-	-
Bank charges, guarantee commission and other related charges	31,709	54,359	(139,910)	7,793
	<u>19,601,516</u>	<u>23,569,372</u>	<u>6,852,164</u>	<u>6,461,756</u>

21	TAXATION	Nine months period ended		Quarter ended	
		September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
	Current	370,238	9,281	361,741	4,568

- 21.1 Upto the half year ended 30 June 2021, the Company was not recognising income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance 2001, 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 was 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 do 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 was confident that the minimum tax levied under Section 113 is not applicable to the Company. However, the definition of turnover is now updated through Finance Act 2021 covering the revenue streams of the Company in the tax net under section 113 of Income Tax Ordinance, 2001. Hence impact has been recorded in unconsolidated financial statements for the nine months period ended Sep 30, 2021.
- 21.2 There has been no material change in the status of tax contingencies as disclosed in note 31 to the unconsolidated financial statements for the year ended December 31, 2020.

22	LOSS PER SHARE - BASIC AND DILUTED	Nine months period ended	
		September 30, 2021 (Un Audited)	September 30, 2020 (Un Audited) (Restated)
		-----Rupees in '000-----	
	Loss for the year	(42,716,015)	(39,998,426)
	Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
	Loss per share attributable to:		
	(Rupees)		
	'A' class ordinary shares	(8.16)	(7.64)
	'B' class ordinary shares	(4.08)	(3.82)

23	CASH GENERATED FROM OPERATIONS	Nine months period ended	
		September 30, 2021 (Un Audited)	September 30, 2020 (Un Audited) (Restated)
		-----Rupees in '000-----	
	Loss before taxation	(42,345,777)	(39,989,145)
	Adjustments for:		
	Depreciation	9,540,957	11,620,980
	Gain on disposal / write-off of property, plant and equipment	(1,817)	(995,653)
	Amortization of intangibles	118,966	102,191
	Provision for slow moving stores and spares	263,746	51,275
	Provision for employees' benefits	3,174,647	4,031,211
	Provision for expected credit loss	209,851	543,724
	Finance costs	19,601,516	23,569,372
	Unrealised exchange loss	3,728,323	6,122,115
	Profit on bank deposits	(19,646)	(93,428)
		(5,729,234)	4,962,642

	Nine months period ended	
	September 30, 2021	September 30, 2020
	(Un Audited)	(Un Audited)
Working capital changes :		
Decrease in stores and spares	165,805	542,392
(Increase) / Decrease in trade debts	(5,648,917)	2,477,483
Decrease in advances	142,265	2,172,943
(Increase) / Decrease in trade deposits and prepayments	(1,159,656)	2,756,573
Decrease in other receivables	8,817,539	771,298
Increase in trade and other payables	3,437,723	1,555,212
	<u>5,754,759</u>	<u>10,275,901</u>
Cash generated from operations	<u>25,525</u>	<u>15,238,543</u>

24 TRANSACTIONS WITH RELATED PARTIES

- 24.1** 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:

		Nine months period ended	
		September 30, 2021	September 30, 2020
		-----Rupees in '000-----	
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	10,153	33,695
	Services Hired	363,238	555,766
PIA Investments Limited - Subsidiary	Management Fee Expense	196,553	170,495
	Finance Cost on Advance	89,813	123,270
	Advance from Subsidiary	6,849,380	6,657,674
Sabre Travel Network Pakistan (Private) Limited - Subsidiary	Advance from Subsidiary	175,000	175,000
Minhal France S.A - Sub-subsidiary	Management Fee Income	203,178	179,320
Retirement funds	Contribution to Provident Fund and Ot	528,104	1,753,445
	Interest on Loan from Pension / Provident Fund	509,736	700,389
	Donation	2,450	2,573
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	7,551,328	10,305,647
	Insurance Premium	1,176,840	2,027,456
	Late Payment Interest	670,660	788,291
	Airport Related Charges	5,256,275	6,033,148
GoP - Major shareholder	Finance Cost	3,739,401	3,234,917
National Bank of Pakistan (NBP)	Finance Cost	2,599,372	3,559,453
Key management personnel	Salaries, Wages and Other Benefits	81,094	124,876

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

- 24.3 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 and Relationship with the Company:

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited PIAIL	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
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

25 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

25.1 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.

These unconsolidated condensed interim financial statements do 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.

25.2 Fair value estimation

As at September 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.

26 SIGNIFICANT EVENTS AND TRANSACTIONS

26.1 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 vaccines, operations will start to normalize by the 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) has been reduced by 54.9% due to lower passenger capacity and traffic. However, during the nine months period ended September 30, 2021, charter revenue of the Company has been increased by 122.2% due to special charter flights operated by the Company.
- Aircraft fuel remained single largest element of total operating cost at 19.6%, and, during the period, fuel cost is decreased by 52.6% mainly due to lower fuel uplift on account of less number of flights. Further, direct expenses related to handling and passenger services are also decreased by 63.1%.


27 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 October 27, 2021.



Chief Executive Officer


Chief Executive Officer

Director

Chief Financial Officer


Chief Financial Officer



Company Secretary

PIA Headquarters,

Jinnah International Airport,

Karachi - 75200, Pakistan.

UAN: 111-786-786 / 111-FLY-PIA

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