FORM – 5

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

CS/PSX/PUCARS/AR-22/23
26th May, 2023

TRANSMISSION OF ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

Dear Sir,

1. We have to inform you that the Annual Report of Pakistan International Airlines Corporation Limited (PIACL) for the year ended December 31, 2022 has been transmitted through PUCARS and is also available on Company's website.

2. You may please inform the TRE Certificate Holders of the Exchange accordingly.

Yours truly,

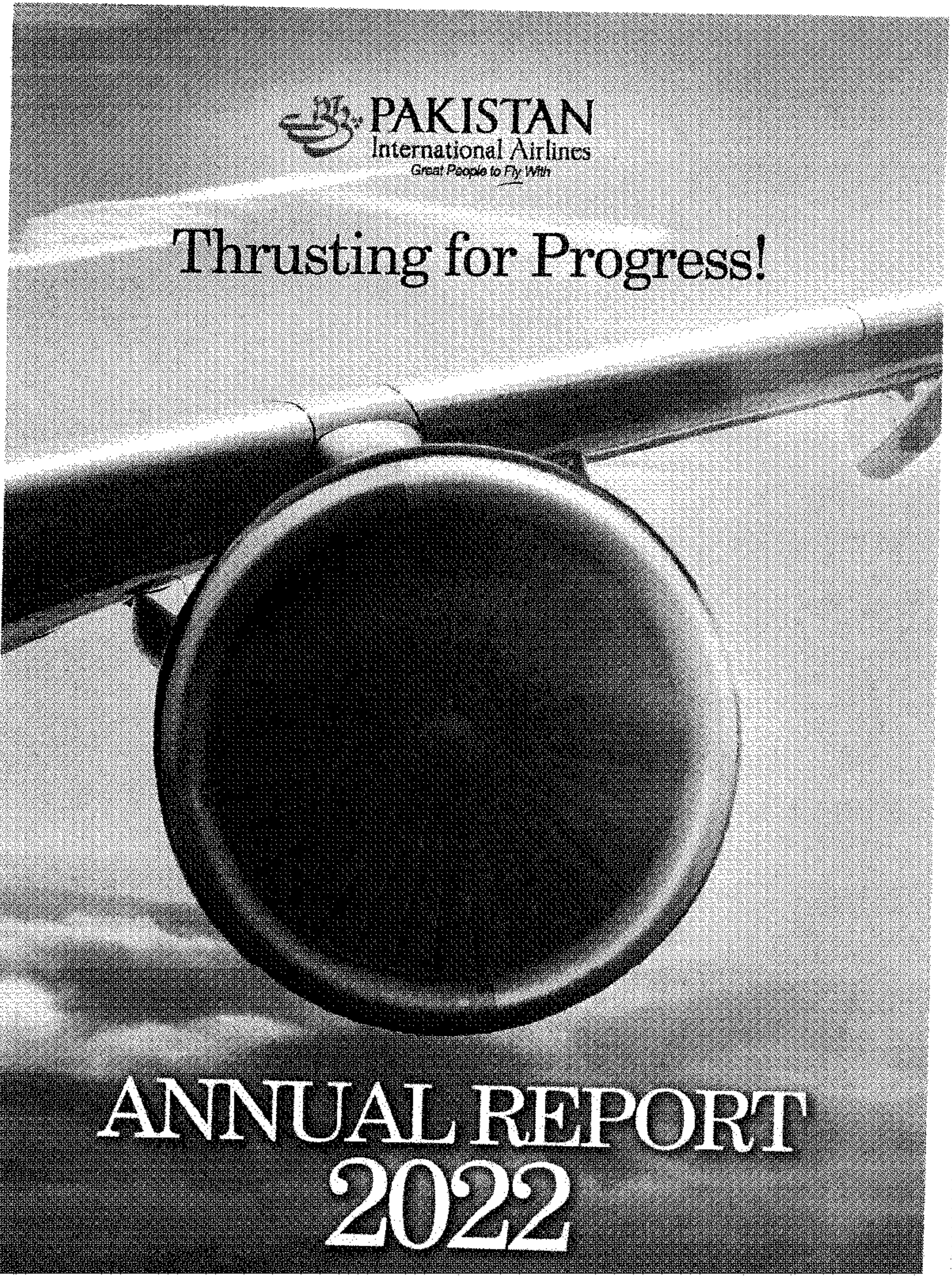
Rao Muhammad Imran
Company Secretary

Pakistan International Airlines Corporation Limited
Head Office: Karachi Airport-Pakistan
Tel : 9904 4850
E-mail : secretary@piac.aero
Website : www.piac.com.pk

Printed at PIA Press(9583)

PAKISTAN
International Airlines
Great People to Fly With

Thrusting for Progress!



ANNUAL REPORT 2022

CONTENTS

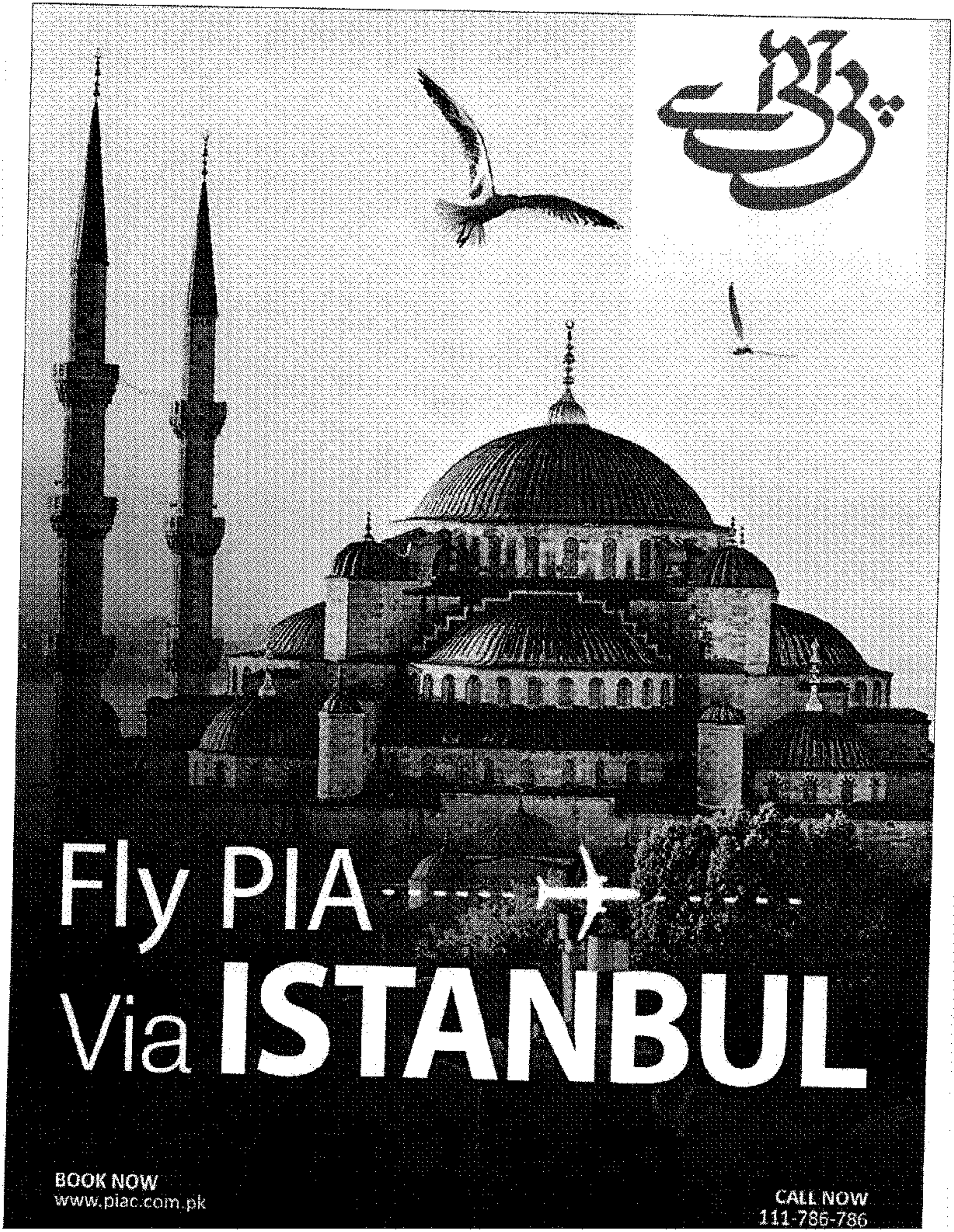
VISION

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

MISSION

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

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


Fly PIA
Via ISTANBUL
BOOK NOW
www.piac.com.pk
CALL NOW
111-786-786

CORE VALUES

CUSTOMER EXPECTATIONS
(Convenience, Care, Affordability)

SERVICE
(Personalized, Courteous, Passionate)

INNOVATION
(New Ideas, Products, Value Added Services)

COHESIVENESS
(Respect for Individuals, Teamwork and Effective Communication)

INTEGRITY
(Business Ethics, Accountability and Transparency)

RELIABILITY
(Loyalty and Consistency)

SAFETY
(Passengers, Employees, Environment)

SOCIAL RESPONSIBILITY
(Welfare, Health, Education)

NOTICE OF SEVENTH ANNUAL **GENERAL MEETING**

Notice is hereby given that 7th Annual General Meeting of the Shareholders of Pakistan International Airlines Corporation Limited (PIACL) will be held at 10:00 A.M. on Saturday, June 17, 2023 at PIA Training Centre, Star Avenue, Near PIA Head Office, Karachi and through Video Conferencing to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended December 31, 2022 together with the Auditors' and Directors' Reports.
2. To appoint External Auditors for FY 2023 and fix their remuneration.
3. Review and Approval of Directors Remuneration.
4. To circulate the Annual Audited Financial Statements to Members through QR enabled code and weblink.
5. To transact any other business with the permission of the Chair.

Karachi
May 27, 2023

By order of the Board
Rao Muhammad Imran
Company Secretary

NOTES:

1. The Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to Shares Registrar / Transfer Agent, are once again reminded to send the same at the earliest directly to CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please mention Folio Number / CDC Account Number with the copy of CNIC / NTN details. Reference is also made to the SECP Notification which mandate that the dividend warrants should bear CNIC number of registered Shareholder or authorized person, except in case of minor(s) and Corporate Shareholders.
2. Share Transfer Books will be closed from Friday, June 9, 2023 to Saturday, June 17, 2023 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of PIACL's Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi up to 05:00 P.M. on Thursday, June 8, 2023, will be treated in time for the purpose of exercising the right to vote.
3. Shareholder may appoint another Shareholder as proxy to attend and vote in respect of him/her. Duly completed instrument of proxy must be lodged with the Company Secretary at the Registered Office, PIA Building, Jinnah International Airport, Karachi-75200, Pakistan, through courier or through email on the address secretary@piac.aero at least forty-eight (48) hours before the time of the meeting.
4. In pursuance of Section 242 of Companies Act, 2017, all Shareholders are notified that details of bank accounts for transmission of any dividend should be registered with our Share Registrar / Transfer Agent, CDC Share Registrar Services Limited (CDCSR). Subsequently, no dividend payment through other means, except electronic mode directly into bank account designated by the Shareholders, shall be made.
5. Any change of address of Shareholders should be immediately notified to the Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

   CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the SECP.

PARTICIPATION OF SHAREHOLDERS THROUGH ELECTRONIC MEANS:

6. In light of the relevant guidelines issued by Securities & Exchanges Commission of Pakistan (SECP) vide Letter No SMDSE/2(20)2021 dated December 15, 2021 and Pakistan Stock Exchange Limited vide Notice No PSX/N-1477 dated December 15, 2021 respectively, the Shareholders are encouraged to participate in the General Meeting through electronic facility organized by PIACL.
7. In order to attend the AGM through electronic facility, the Shareholders are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at secretary@piac.aero
8. The shareholders are required to provide the information as per below format:

Folio / CDC A/c #	Company	Name of Shareholder	CNIC #	Cell No.	Email Address
	Pakistan International Airlines Corporation Limited				

9. The details of the electronic facility will be sent to the Shareholders on the email address provided by them.
10. The login facility will be opened at 09:30 a.m. on June 17, 2023 enabling the participants to join the proceedings which will start at 10:00 A.M. sharp.

CONVERSION OF PHYSICAL SHARES INTO BOOK ENTRY FORM

11. Section 72 (2) of the Companies Act, 2017 provides that every existing company shall be required to replace its physical shares with book-entry form within four (04) years from the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, Securities and Exchange Commission of Pakistan (SECP) has directed Listed Companies to pursue their such Shareholders who are still holding shares in physical form to convert the same into book entry form. In order to ensure compliance with the aforementioned provisions, all shareholders having physical shareholding are encouraged to open a CDC sub-account with any of the brokers or an Investor Account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want.

For Attending the Meeting through Proxies:

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

نوٹس برائے ساتواں سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ پاکستان انٹرنیشنل ایئرلائنز کارپوریشن لمیٹڈ (پی آئی اے سی ایل) کے شیئر ہولڈرز کا ساتواں سالانہ اجلاس عام مورخہ 17 جون 2023 بروز ہفتہ صبح دس (10:00) بجے بمقام پی آئی اے بریفنگ سینٹر، اسٹار ایونیو، نزد پی آئی اے ہیڈ آفس کراچی اور ویڈیو کانفرنسنگ کے ذریعے منعقد ہوگا جس میں درج ذیل کاروباری امور کی انجام دہی کے لیے منعقد کیا جائے گا:

1. 31 دسمبر 2022 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالی گوشواروں بمعہ ڈائریکٹرز اور آڈیٹرز رپورٹس کی وصولی اور منظوری۔
2. مالی سال 2023 کے لیے بیرونی آڈیٹرز کا تقرر اور ان کے مشاہرے کا تعین۔
3. ڈائریکٹرز کے مشاہرے کا جائزہ و منظوری۔
4. QR کوڈ اور ویب لنک کے ذریعہ ممبران کو سالانہ آڈٹ شدہ مالیاتی گوشواروں کی ترسیل۔
5. چیئرمین کی منظوری سے دیگر امور کی انجام دہی۔

کراچی

27 مئی 2023

بحکم بورڈ

راؤ محمد عمران

کمپنی سیکریٹری

گزارشات:

1. ایسے تمام شیئر ہولڈرز جنہوں نے تاحال اپنے درست کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی فوٹو کاپی شیئر رجسٹرار/ٹرانسفر ایجنٹ کو جمع نہیں کروائی ہے، انہیں ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ جلد از جلد اسے براہ راست CDC شیئر رجسٹرار سروسز لمیٹڈ (CDCSR) کو CDC ہاؤس، 99-B، بلاک-B، SMCHS میں شاہراہ فیصل، کراچی پر ارسال کریں۔ کارپوریٹ اداروں سے درخواست کی جاتی ہے کہ وہ اپنا نیشنل ٹیکس نمبر (NTN) فراہم کریں۔ براہ کرم NTN/CNIC تفصیلات کی کاپی کے ہمراہ فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر دیں۔ بحوالہ ایس ای سی پی نوٹیفکیشن، جس کے احکامات کے تحت ماسوائے نابالغ اور کارپوریٹ شیئر ہولڈرز ہونے کی صورت میں، ڈیویڈنڈ وارنٹس میں رجسٹرڈ شیئر ہولڈر یا مجاز شخص کا CNIC نمبر لازماً منسلک ہونا چاہیے۔
2. منتقلی حصص کی کتب بروز جمعہ مورخہ 09 جون، 2023 تا بروز ہفتہ مورخہ 17 جون، 2023 (بشمول دونوں ایام) تک بند رہیں گی، اس دوران رجسٹریشن کے لیے حصص کی منتقلی قبول نہیں کی جائے گی۔ پی آئی اے سی ایل کے شیئر رجسٹرار/ٹرانسفر ایجنٹ کے دفتر سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر) سی ڈی سی ہاؤس، 99-بی، بلاک-بی، ایس ایم سی ایچ ایس مین شاہراہ فیصل، کراچی میں بالترتیب شام 05:00 بجے تک بروز جمعرات مورخہ 08 جون، 2023 اختتام کاروبار تک موصول ہونے والی منتقلیاں ووٹ کا حق استعمال کرنے کے مقصد سے بروقت تصور کی جائیں گی۔
3. اجلاس میں شرکت اور رائے دہی کے اہل ممبر اپنی جانب سے شرکت کرنے اور رائے دہی کیلئے دوسرے ممبر پراکسی مقرر کر سکتے ہیں۔ پراکسیز مؤثر العمل ہونے کے لئے درست طور پر پُر کردہ پراکسیز اجلاس کے انعقاد سے کم از کم اڑتالیس (48) گھنٹے قبل کمپنی سیکریٹری کے پاس رجسٹرڈ آفس پی آئی اے بلڈنگ، جناح انٹرنیشنل ایئرپورٹ، کراچی-75200، پاکستان، بذریعہ کوریئر یا بذریعہ ای میل secretary@piac.aero موصول ہو جانی چاہئیں۔
4. کمپنیز ایکٹ، 2017 کے سیکشن 242 کی تعمیل میں، تمام شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کسی بھی ڈیویڈنڈ کی ترسیل کے لیے بینک اکاؤنٹس کی تفصیلات ہمارے شیئر رجسٹرار/ٹرانسفر ایجنٹ، سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر) کے پاس رجسٹر کروائی جائیں۔ بعد ازاں ماسوائے شیئر ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں براہ راست بذریعہ الیکٹرانک ذرائع کے، دیگر کسی بھی ذرائع سے ڈیویڈنڈ کی ادائیگی نہیں کی جائے گی۔
5. شیئر ہولڈرز سے ایڈریس میں کسی بھی تبدیلی کی اطلاع فوری طور پر شیئر رجسٹرار/ٹرانسفر ایجنٹ یعنی سی ڈی سی شیئر رجسٹرار سروسز لمیٹڈ (سی ڈی سی ایس آر)، سی ڈی سی ہاؤس 99-بی، بلاک-بی، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی کو دی جائے۔ سی ڈی سی اکاؤنٹ ہولڈرز کو ایس ای سی پی کے ذریعے بیان کردہ ذیل میں دی گئی ہدایات پر عمل پیرا ہونا ہوگا۔

الیکٹرانک ذرائع سے شیئر ہولڈرز کی شرکت:

6. سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی طرف سے جاری کردہ متعلقہ رہنما خطوط کی روشنی میں، معزز شیئر ہولڈرز کو PIACL کے زیر اہتمام الیکٹرانک سہولت کے ذریعے جنرل میٹنگ میں شرکت کی ترغیب دی جاتی ہے۔
7. الیکٹرانک سہولت کے ذریعے AGM میں شرکت کرنے کے لیے، حصص یافتگان سے درخواست کی جاتی ہے کہ وہ کمپنی سیکریٹری کے پاس AGM کے وقت سے کم از کم 24 گھنٹے قبل secretary@piac.aero پر رجسٹرڈ ہو جائیں۔
8. شیئر ہولڈرز کو درج ذیل فارمیٹ کے مطابق معلومات فراہم کرنے کی ضرورت ہے:

فولیو/سی ڈی سی اکاؤنٹ نمبر	کمپنی	شیئر ہولڈر کا نام	سی این آئی سی نمبر	موبائل نمبر	ای میل ایڈریس
	پاکستان انٹرنیشنل ایئرلائنز کارپوریشن لمیٹڈ				

9. الیکٹرانک سہولت کی تفصیلات شیئر ہولڈرز کو ان کے فراہم کردہ ای میل ایڈریس پر ارسال کر دی جائیں گی۔
10. لاگ ان کی سہولت مورخہ 17 جون، 2023 کو صبح 09:30 بجے دستیاب ہوگی جس سے شرکا کارروائی میں شامل ہو سکیں گے جس کا آغاز ٹھیک صبح 10:00 بجے ہوگا۔

فزیکل شیئرز کو بک انٹری فارم میں تبدیل کرنا:

11. کمپنیز ایکٹ، 2017 کے سیکشن 72 (2) کے تحت ہر موجودہ کمپنی کو ایکٹ کے نفاذ کی تاریخ سے چار (04) سال کی مدت کے اندر اپنے فزیکل شیئرز کو بک انٹری فارم کے ساتھ تبدیل کرنا ہوگا۔ مزید برآں، مورخہ 26 مارچ 2021 کے اپنے جاری کردہ مراسلے کے ذریعے، سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے لسٹڈ کمپنیوں کو ہدایت کی ہے کہ وہ اپنے ان شیئر ہولڈرز کی پیروی کریں جو تاحال فزیکل شکل میں حصص رکھتے ہیں تاکہ انہیں بک انٹری فارم میں تبدیل کیا جائے۔ مذکورہ بالا ہدایات کی تعمیل کو یقینی بنانے کے لیے، فزیکل شیئر ہولڈنگ رکھنے والے تمام شیئر ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ سی ڈی سی ذیلی اکاؤنٹ کھولیں یا سی ڈی سی کے ساتھ براہ راست ایک انویسٹر اکاؤنٹ کھولیں تاکہ وہ اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں تبدیل کر سکیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا، بشمول محفوظ تحویل اور حصص کی باسہولت فروخت۔

پراکسی کے ذریعے میٹنگ میں شرکت کے لیے:

12. افراد کے معاملے میں، اکاؤنٹ ہولڈر/سب اکاؤنٹ ہولڈر اور/یا ضوابط کے مطابق اپ لوڈ کی گئی رجسٹریشن کی تفصیلات کے مطابق پراکسی فارم جمع کروائیں گے۔
13. پراکسی فارم پر دو افراد گواہ ہوں گے جن کے نام، پتے اور CNIC نمبر فارم پر درج ہوں گے۔
14. CNIC کی تصدیق شدہ کاپیاں یا بینیفیشل اونرز کے پاسپورٹ اور پراکسی کو پراکسی فارم کے ہمراہ پیش کیا جائے گا۔
15. پراکسی کو میٹنگ کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرنا ہوگا۔
16. کارپوریٹ ادارے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی کارپوریٹ ادارے کی جانب سے نمائندگی اور ووٹ دینے کے لیے نامزد شخص کے دستخط نمونے کے ہمراہ پراکسی فارم کے ساتھ کمپنی کو جمع کروایا جائے گا۔

CORPORATE PROFILE

May 18, 2023

BOARD OF DIRECTORS

Mr Aslam R Khan
Chairman PIACL

Ms Parveen Agha

Capt. (Retd) Saif Anjum
Secretary Aviation Division

Mr Atif Aslam Bajwa

Mr Zahid F Ebrahim

Syed Muhammad Ali Gardezi

AVM Muhammad Amir Hayat
Acting Chief Executive Officer

Mr Khalid Mahmood

Mr Navaid H Malik

Dr Kazim Niaz
Secretary Economic Affairs Division

Mr Hamed Yaqoob Sheikh
Secretary Finance Division

REGULATORY APPOINTEES

Rao Muhammad Imran
Company Secretary

Sheikh Bilal Shams
Chief Internal Auditor

EXECUTIVE MANGEMENT

AVM Muhammad Amir Hayat
Acting Chief Executive Officer

AVM Syed Hasan Kashif
Director General Precision Engineering Complex

Mr Amanullah Qureshi
Chief Operating Officer & Chief Training & Development

Mr Khurram Mushtaq
Chief Projects Officer & Head of Security and Vigilance

Mr Nausherwan Adil
Chief Commercial Officer

Capt. Asif Gilani
Chief of Flight Operations

Mr Amos Nadeem
Chief Financial Officer

Mr Amir Ali
Chief Technical Officer

Mr Saqlain Gardezi
Acting Chief Information Officer

Mr Ather Hussain
Acting Chief Human Resource Officer

OTHER CORPORATE INFORMATION

MESSRS GRANT THORNTON & CO
Chartered Accountants

MESSRS BDO EBRAHIM & CO
Chartered Accountants

LEGAL ADVISOR
Mr Haroon Rashid Abbasi

SHARES REGISTRAR

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

BANKERS

Al Baraka Bank
Askari Bank Limited
Bank Islami
The Bank of Punjab
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

REGISTERED OFFICE

PIA Building Jinnah International Airport
Karachi -75200 Pakistan
Tel: 0092-21-99040000
UAN: 111-786-786
Web: www.piac.com.pk

BOARD OF **DIRECTORS**

Mr Aslam R Khan
Chairman-PIACL

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

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

Capt (Retd) Saif Anjum
SECRETARY, AVIATION DIVISION

Capt (Retd) Saif Anjum, is a nominated Director on PIACL Board since December 23, 2022. He has completed his Masters in Development Policy and Management from the University of Manchester, UK. Mr Saif Anjum is an Officer of the Pakistan Administrative Service and currently serving as the Secretary, Aviation Division.

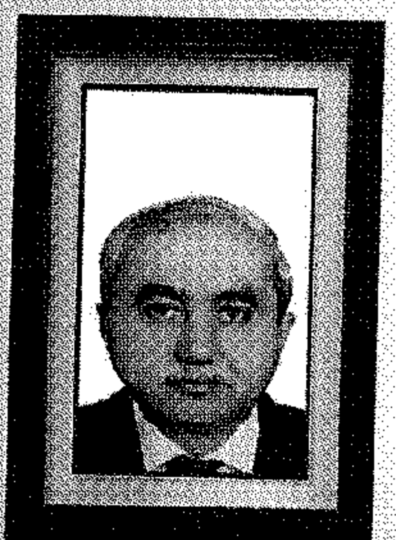
During his career, Mr Saif Anjum has served in various Senior Administrative Positions at the Federal as well as Provincial Governments. He has also served as Special Secretary, Interior Division, Secretary Environment Protection, Transport Department, Secretary Irrigation, Special Secretary and Additional Secretary of Home Department, Government of Punjab, District Coordination Officer, Okara. He also served as Director General Sasti Roti Authority and PSO to Chief Minister, Punjab.

BOARD OF **DIRECTORS**

Mr Atif Aslam Bajwa

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

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



Syed Muhammad Ali Gardezi

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

BOARD OF **DIRECTORS**

AVM Muhammad Amir Hayat
Acting Chief Executive Officer (CEO)

AVM Muhammad Amir Hayat was commissioned in the Engineering Branch of Pakistan Air Force in 1990. Graduated as an Aerospace Engineer from PAF Academy, Risalpur, he holds a Master's degree in Business Administration and also holds Master's degree in National Security and War Studies from the prestigious National Defence University. During his illustrious career spanning over 03 decades, he has served in PAF at various levels of aviation engineering and management. His diplomatic experience includes appointment as Technical Attaché to Beijing, China.

He has also commanded an Engine MRO and held the portfolio of Managing Director, Aircraft Rebuild Factory, Pakistan Aeronautical Complex. Following his notable contributions to PAF, he was subsequently deputed to PIACL. His rich and vast experience has gained him a deep insight of the military as well as commercial aviation industry. In recognition of his outstanding services, he was also awarded the coveted Sitara-i-Imtiaz (Military).

BOARD OF **DIRECTORS**

Mr Hamed Yaqoob Sheikh

Additional Secretary Finance Division

Mr Hamed Yaqoob Sheikh, Additional Secretary (Incharge,) Finance Division, is a nominated Director on PIACL Board since December 6, 2021. Mr Hamed earned his MBA from IBA Karachi and MSc Development Studies from School of Oriental & African Studies (SOAS), United Kingdom, on Chevening Scholarship. He was awarded Hubert Humphrey Fellowship in 2013.

Mr Hamed is a PAS officer from 20th CTP. He has more than 29 years of experience of working in a broad range of organizations both within the public sector as well as outside. Mr Hamed has served in three provinces (Sindh, Khyber Pakhtunkhwa and Punjab) and Federal Government in various positions. He has extensive experience of working in the realm of public finance. His last assignment was Secretary, Planning Development and Special Initiatives, Government of Pakistan.

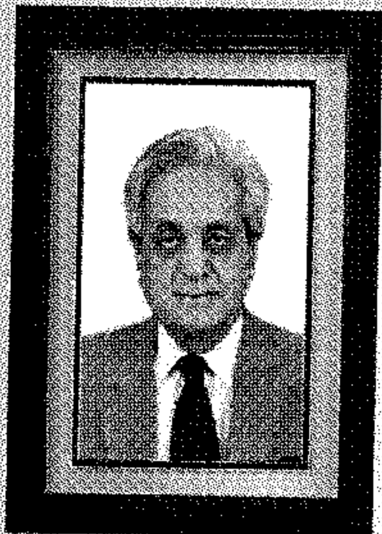
Mr Hamed Yaqoob Sheikh has also served at key positions in the provincial hierarchy both at the provincial level as well as in the field including Chairman Planning and Development, Secretary Finance, Commissioner Bahawalpur, Secretary Livestock & Dairy Development Department Punjab, Special Secretary Finance, Chief Economist at Planning & Development Department, etc. In his assignment as Finance Secretary Punjab, he saw through transitions of elected governments as well as local government system.

He has worked with international development partners as advisor and consultant in the realm of policy and governance reforms especially relating to public finance. He headed DFID/UKaid funded governance reform program titled Sub-National Governance Program in Punjab under which, support was provided to Punjab Government for transition to new local government system, PFM reforms besides running an innovation fund to test several service delivery models.

Mr Zahid F Ebrahim

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

BOARD OF **DIRECTORS**



Mr Navaid H. Malik

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

BOARD OF **DIRECTORS**

Dr Kazim Niaz

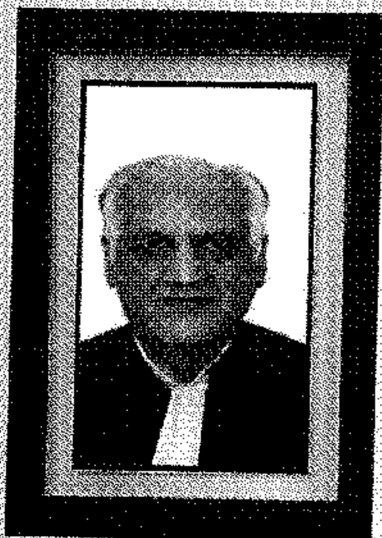
Secretary, Economic Affairs Division

Dr Kazim Niaz is nominated Director on PIACL Board since August 30, 2022. Dr Kazim Niaz is a Senior CSS officer of Pakistan Administrative Services and is presently serving as Secretary, Ministry of Economic Affairs (Economic Affairs Division), Government of Pakistan, Islamabad.

During his career, Dr Kazim Niaz has served in various positions at the Federal as well as Provincial Governments. He has also served as AC in different areas (UT) Sargodha, Khel, Chakwal, Taxila and APA Nawagai and also served as Chief of Section (Health) PE&D. Dr Kazim also worked for International Rescues Committee as Deputy Field Coordinator, Chief of Section, P&D, Project Director, Barani Area Dev. Project, P&D, Department, Political Agent, Orakzai Agency, Project Implementation Officer (Rural Dev.) Asian Development Bank, PD FATA Rural Development Project, Political Agent Mohmand Agency, Secretary (Admn. & Coord.) FATA, Community Welfare Attache, Riyadh, Saudi Arabia, Joint Secretary, EAD, Islamabad, Member Environmental Capital Development Authority, Secretary Local Government Baluchistan , Joint Secretary PM Office, Islamabad, Chief Secretary, Gilgit Baltistan, Additional Secretary, EAD, Islamabad, Additional Secretary, PM Office, Additional Secretary, Establishment Division, Chief Secretary, Khyber Pakhtunakhwa, Secretary, Ministry of Water Resources and currently serving as Secretary, Ministry of Economic Affairs.

Dr Kazim Naiz's Academic achievements include MBBS, MBA (Public Services) from UK, MA Political Science and Common Training Programmes at CSA Lahore, Specialized Training Programme at CSA Lahore, Senior Management Course, NIM from Lahore and National Management Course, NIM, Lahore. He has also attended varied courses abroad namely Environmental Leadership Program, University of Berkley, USA, Conflict Resolution, University of Leister Derry, Northern Ireland Public Health Emergencies, University of Colombia, Mombana, Kenya, and URBAN Poverty Alleviation, Dhaka, Bangladesh.

BOARD OF **DIRECTORS**



Mr Khalid Mahmood

Mr. Khalid Mahmood is a nominated Director since December 28, 2022. Educated at Government Central Model School and Government College Lahore, Mr. Khalid Mahmood holds Master's degrees in History (Gold Medalist) and Political Science. He obtained a law degree from the Punjab University Lahore and later did his L.L.M. from Harvard Law School, U.S.A.

After qualifying the CSS exam in 1967, Mr. Khalid Mahmood was placed in the Tax Group and retired as a Secretary to the Government of Pakistan in 2005. He held a number of important positions in the Federal Board of Revenue (FBR) and other Federal Government agencies such as Secretary (FBR), Commissioner of Income/Wealth Tax, Member Income Tax Appellate Tribunal, Member Finance, Water and Power Development Authority (WAPDA), Director, Kot Adu Power Company (KAPCO), Director Finance, Oil and Gas Development Company Limited (OGDCL), Director General, Civil Services Academy, and Principal, Pakistan Administrative Staff College (renamed NSPP), Lahore. His last appointment while in Government service was Chairman, Technical Education and Vocational Training Authority (TEVTA) Punjab. On the basis of his extensive and varied experience, he was sworn in as the 5th Ombudsman for the Province of Punjab on December 8th, 2008 and served in that capacity for the next four years.

His keen interest in sports particularly cricket, provided Mr. Khalid Mahmood opportunities to serve Pakistan Cricket Board (PCB) in various capacities: Honorary Secretary (1975-1976), Member PCB Council (1988-94), Manager of Pakistan Cricket Team touring England, South Africa and the West Indies (1992- 1993) and as Chairman PCB (1998-1999).

Mr. Khalid Mahmood is also a writer and a columnist. His report on "Corporatization and Restructuring of WAPDA" depicts the valuable experience gained by him while serving in WAPDA. Similarly, after visiting England as Manager of Pakistan Cricket Team, his publication "Eye of the Storm" was well received by the general public particularly cricket lovers in Pakistan. He contributed regular columns for daily Nawa-I-Waqt Lahore and later in Daily Dunya.

Currently, he is Chairman Maulana Zafar Ali Khan Trust, a non-political, sociocultural, educational and literary society, working to bring to light the legacy and works of Maulana Zafar Ali Khan in the fields of journalism, educational, poetry, politics and also his contribution in making of Pakistan.

BOARD OF **DIRECTORS**

Ms Parveen Agha

Ms Parveen Agha is a nominated Director Since December 28, 2022. She Joined Civil Service of Pakistan 9th Common Training Programme (CTP) in 1981. Ms Parveen Agha served in various positions in the Office of the Auditor General of Pakistan as well as in the Punjab Government on deputation. She retired as Federal Secretary Railways in 2018 after putting in 37 years of Government service. Academically joined service after post graduation in Applied Psychology from University of Punjab in 1979 -1980. Due to her enviable service record as a Financial Manager, she was selected in 1991 under Commonwealth Technical Programme and proceeded on secondment to the Ministry of Finance Government of Mozambique Africa. Attended long/short courses in Financial Administration in Pakistan and abroad including Harvard University Boston Massachusetts and Princeton University USA. Ms Parveen Agha served as Member Punjab Public Service Commission from 2018-2021. She is currently serving as member on the Board of Punjab Health Initiative Management Company (PHIMC) and member Board of Punjab Institute of Neuro Sciences Government of Punjab.

REGULATORY **APPOINTMENTS**

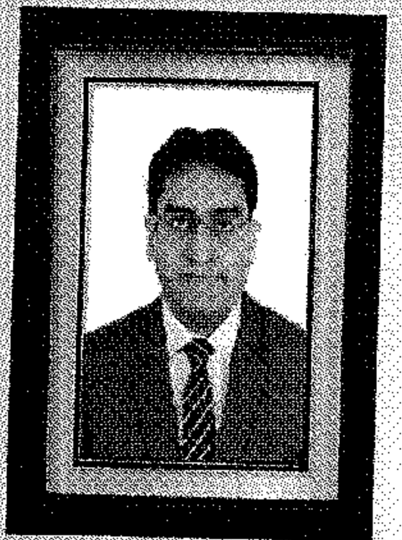
Mr Amos Nadeem
Chief Financial Officer

Mr Amos Nadeem is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and carries a diversified experience of twenty-eight years. His work experience includes transformational projects at ICI Pakistan, PARCO and Pakistan Telecommunications Company Limited. He has also worked with Marie Stopes International (a London based NGO) in the international team as Director Finance for West Asia region. He posses a strong and varied experience in both strategic and operational roles in leading teams through change, building relationships with internal and external stakeholders and leading innovation at work place for value addition. He is ex-officio director of PIA subsidiary vis Skyrooms (Pvt) Ltd. He is also ex-officio Trustee of Al-Shifa Trust.

Rao Muhammad Imran
Company Secretary

Mr Rao Muhammad Imran is Company Secretary of PIACL since January 2023. He holds a Masters degree in Business Administration, with 20 years of diversified corporate experience in Marketing, Human Resource Management, Operations, Corporate Affairs and Compliances. He is a Certified Director from Pakistan Institute of Corporate Governance. Mr Imran also serves as Secretary of Board Audit Committee, Board Procurement Committee as well as Board's HR & Nomination Committee. Besides, he is also serving as Secretary and Executive Trustee of Board of Trustees of PIA's flagship CSR project namely Al-Shifa Trust. He also serves as Vice President of PIA Cricket Academy.

REGULATORY **APPOINTMENTS**



Mr Sheikh Bilal Shams
Chief Internal Auditor

Mr Sheikh Bilal Shams is a Fellow Chartered Accountant, CISA certified and Masters in Economics. He is also an Associate Member of the Institute of Bankers of Pakistan. He possesses 14 years of post-qualification experience and 20 years total professional experience in Internal & External Audit, Internal Controls, Accounts & Finance, in the financial / non-financial sector at senior management level advising Board of Directors and Board Audit Committee. He has vast experience in developing and implementing Internal Control systems particularly in Commercial Banking, Investment Banks and Islamic Banking. He was part of various management committees for the implementation of SBP regulatory requirements such as EFT regulations, Enterprise Technology Governance and Risk Management Framework. For last two years he is heading the Internal Audit Division in PIACL. Previously, he has served as Divisional Head Overseas & Information System Audit in Bank Al Falah, Head of Internal Control Department Sindh Bank, Manager Group Internal Audit Emirates NBD / Emirates Islamic Bank (UAE) and AVP Internal Audit / Group Compliance Officer IGI Financial Services. He completed his mandatory CA training from KPMG Taseer Hadi & Co, a member firm of KPMG International including two International Secondments to KPMG Oman & KPMG Cambodia.

BOARD **COMMITTEES**

May 18, 2023

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Mr Navaid H Malik Syed Muhammad Ali Gardezi	**Chairman** Member Member
Board HR & Nomination Committee (BHR&NC)	Mr Zahid F Ebrahim Syed Muhammad Ali Gardezi AVM Muhammad Amir Hayat	**Chairman** Member Member
Board Procurement Committee (BPC)	Syed Muhammad Ali Gardezi AVM Muhammad Amir Hayat	**Chairman** Member

DIRECTORS' REPORT
FOR THE YEAR ENDED DECEMBER 31, 2022

Dear Shareholders

The Directors of Pakistan International Airlines Corporation Limited (PIACL) are pleased to present the Annual Report 2022 of PIACL along with the Financial Statements for the Year Ended December 31, 2022.

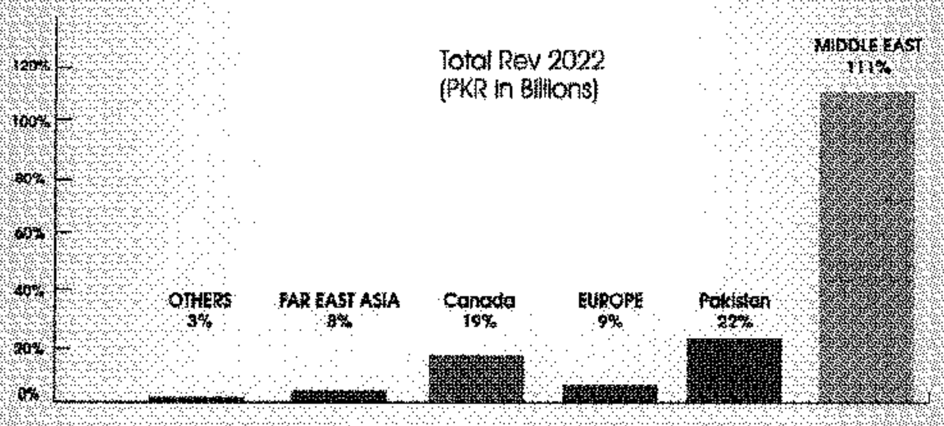
INDUSTRY REVIEW:

The lingering effects of COVID-19 crisis continue to hamper the airline industry globally. However, like every other exogenic shock event, the initial impact of COVID-19 on commercial aviation is beginning to damp down and the industry expects a return to profitability in 2023. The airlines continue to cut losses stemming from the effects of the COVID-19 pandemic to their business in 2022. Passengers are taking advantage of the return of their freedom to travel. A recent IATA poll of travellers in 11 global markets revealed that nearly 70% are traveling as much or more than they did prior to the pandemic.

Resilience has been the hallmark for airlines in the COVID-19 crisis. The estimated global airline losses in 2022 amount to $6.9 billion, a significant improvement over 2020 and 2021, when the industry realized losses of $137.7 and $42.0 billion, respectively. Thus, there are plenty of reasons to be optimistic about 2023. The global economic uncertainties, spread of new COVID variants will continue to affect the timing and shape of industry's recovery. However, going forward, the aviation sector is expected to return to profitability, albeit a much lower level compared to pre-pandemic times. Expectations of lower oil price inflation and continuing pent-up demand should help airlines to continue their strong growth trend. As per IATA estimates, around 0.5 million jobs are supported by air transport and tourists arriving by air in Pakistan. Previously (2018) IATA forecasted an increase of 184% growth in air transport business in Pakistan over the next 20 years. However, the projection has also been adversely affected by the pandemic; nonetheless the industry is recuperating as is evident from the airlines' business outlook.

BUSINESS REVIEW:

2022 has been the year for airlines to bounce back and recover from the staggering effects of COVID 19 pandemic. The path has been tedious coupled with onerous regulations, high costs, inconsistent government policies in lifting COVID restrictions, inefficient infrastructure & highly erratic exchange rate. The airline is on its way to recovery which can be observed in the shape of Available Seat Kilometer (ASKs) of 13.07 Million KMs in 2022 as compared to 7.68 KMs ASKs in 2021. However, the recovery has been slow (71%) ASKs as compared to pre-COVID operations. During the year ended, the airline generated a total revenue of PKR 172 Billion as compared to PKR 86.18 Billion in 2021; witnessing an increase of nearly 100%. Business in terms of geographical segment (Revenue) during FY 2022 is depicted in chart below:



PIACL managed to reduce the gross loss from PKR 8.5 Billion in 2021 to PKR 4.1 Billion in 2022. Aircraft fuel remained the single largest element of total cost at 30% with significant increment over average fuel costs and exceptionally high exchange rates during the year under review.

In addition, the net loss surged to PKR 88.0 Billion (2021: PKR 50.1 Billion) mainly on account of adverse exchange rates and corresponding financial costs. The airline suffered exchange loss of PKR 25.2 Billion (2021: PKR 7.3 Billion) witnessing an enormous impact of 243 % over the last year. The ongoing liquidity crises and financial constraints led to increased borrowing to meet working capital needs. Resultantly the business took a hit of nearly PKR 49.9 Billion (2021: PKR 27.3 Billion) on account of financial costs.

PIA Management is continuously pursuing avenues to maximize its revenue by making strenuous efforts to grip the market opportunities which can further boost the National flag carrier's revenue. In the stated efforts, PIA has significantly expanded the customer base during last year. PIA has restarted operations on many key routes which were closed due to COVID-19 and has increased frequencies of flights based on demand prospects and commercial viability. In this connection, special flights were also operated for Najaf & Damascus. Similarly new routes have also been started including Baku, Kuwait which expanded the network to secure better revenue.PIA fleet has also increased with four new aircraft inducted in the year under review. However, due to continuing liquidity constraints, significant cash inflows would be required from GoP for repayment of debts, capital expenditures and to settle long outstanding liabilities.

CHANGE IN BOARD OF DIRECTORS:

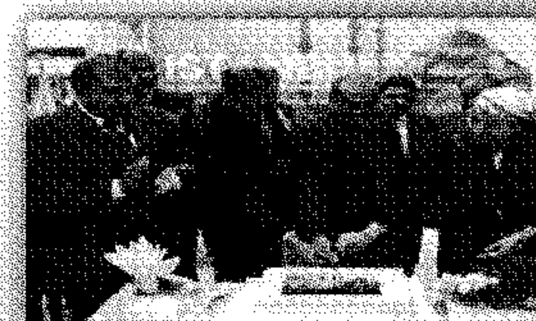
Since the publication of PIACL Annual Report 2021, the following changes were made during the period:

Nominated	Relinquished
AVM Muhammad Amir Hayat Acting Chief Executive Officer April 26, 2022	**Dr Zeelaf Munir** April 01, 2022
Mr Muhammad Humair Karim Additional Secretary, Economic Affairs Division August 10, 2022	**Air Marshal (Retd) Arshad Malik** Chief Executive Officer April 26, 2022
Capt (Retd) Saif Anjum Secretary, Aviation Division December 23, 2022	**Mian Asad Hayauddin** Secretary, Economic Affairs Division August 06, 2022
Mr Khalid Mahmood December 28, 2022	**Mr Muhammad Humair Karim** Additional Secretary, Economic Affairs August 30, 2022
Ms Parveen Agha December 28, 2022	**Mr Shoukat Ali** Secretary, Aviation Division December 23, 2022

The Board welcomes the new Directors. It also wishes to record its appreciation for the valuable services rendered by the outgoing Directors.

PIA's Code Share Arrangement with Turkish Airlines

The year 2022 saw PIA commencing flight operations for Istanbul. The first 1.5 month soft launch of this flight service had already seen the sale of more than 45,000 tickets, generating a whopping sales revenue of over PKR3 Billion.



The first flight for Istanbul took off from the Allama Iqbal International Airport Lahore on November 15, 2022. The airline is now operating six weekly flights from Pakistan to Istanbul. This service has enabled Pakistani passengers to fly to 28 cities in Europe, UK and USA under the PIA/Turkish Airlines Code-Share Program. The national flag carrier had commenced the flight operation to Istanbul to commemorate the 75thAnniversary of diplomatic relations between Pakistan and Turkey.

A simple ceremony was held at Lahore Airport on the departure of the first flight. Minister for Aviation Khawaja Saad Rafique was the chief guest at the occasion. Sharing his views, Mr. Rafique declared that Pakistan and Turkey had strong brotherly relations and this flight operation to Istanbul would greatly improve and strengthen the people to people contact between the two countries. He further said that PIA was making efforts to improve its services and expand its network for the convenience of passengers.

Chief Executive Officer PIA, AVM Amir Hayat, Chief Commercial Officer, Mr. Naushenwan Adil and other senior officials of PIA were also present at the occasion. PIA is currently operating four flights a week to Istanbul from Islamabad and two flights a week from Lahore.

On arrival of the national flag carrier's first flight at the Istanbul airport, it was given a water canon salute. The CEO of Turkish Airlines Mr. Bilal Uksi and Istanbul Airport authorities accorded a warm welcome to the CEO PIA and the passengers on-board the inaugural flight.

On this occasion, Mr. Uksi said that he considers the people of Pakistan as brothers and that Turkish Airlines will do whatever is possible to play a role in PIA's progress.

Various agreements were finalized between PIA and Turkish Airlines, with both airlines agreeing to cooperate in the areas of Food Services, Cargo and Engineering. Passengers traveling from Pakistan appreciated the service quality of PIA and expressed their best wishes for it.

The number of passengers along this route has been increasing and the partnership has proved to be very fruitful for both carriers.

The partnership between PIA and Turkish Airlines, which entails a code share arrangement, now provides passengers with access to 28 destinations through Turkish Airlines with the hub being in Istanbul. These 28 destinations are spread across USA, UK and Europe.

PIA Travel Partners awarded for their performance in FY 2022

PIA Business Partners Award Ceremonies were held at Karachi, Lahore, Rawalpindi, Islamabad, Peshawar and other cities during the month of December, 2022. These ceremonies were attended by Sales Agents. The best performance awards for the year 2022 (domestic territory) were distributed amongst the Passenger Sales Agent, BSA (IATA Sales Agents), Cargo Sales Agents, Virtual Agents and Ziarat Sales Agents. The winners were awarded shields and airplane models to appreciate and recognize their hard work. Chief Commercial Officer PIA Mr. Naushenwan Adil congratulated and praised PIA's travel partners for their support in increasing the airline's sales.

General Manager Sales Mr Muhammad Shafique, General Manager Market Planning Mr Qamar Shamim and General Manager Cargo Mr. Faisal Kharal also spoke at these ceremonies and congratulated the travel agents for achieving good results. Discussions were held with travel partners and their valuable feedback aimed at improving airline sales was appreciated. HITIT's Head of Pakistan operations Mr Sohail Sajid as well as senior officials of PIA and HITIT also attended these ceremonies.

PIA signs MoU with JS Bank

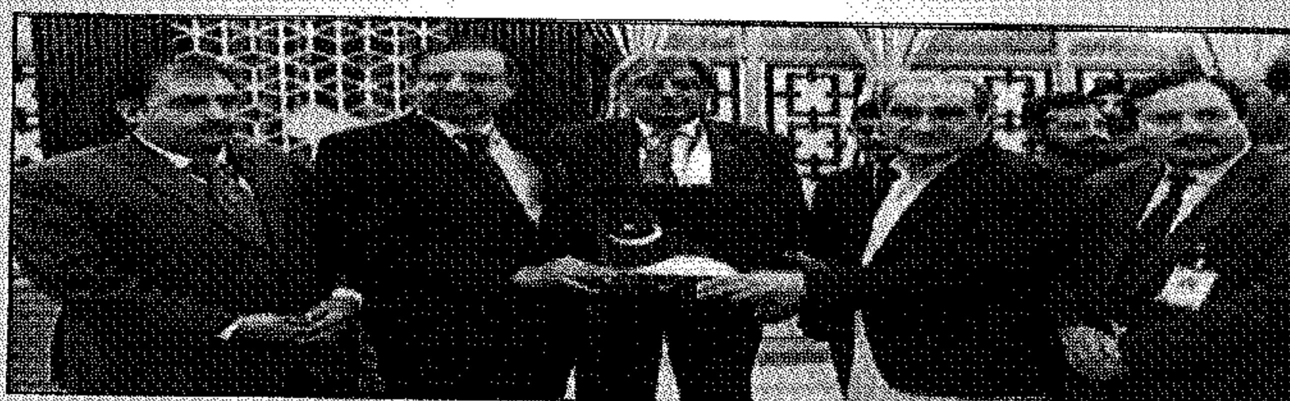
PIA and JS Bank have signed an agreement that offers discounts on domestic and international PIA tickets. Customers of JSBank will now be able to enjoy discounted airline tickets. The agreement was signed between CEO PIA Mr.Amir Hayat and President JS Bank Mr. Basir Shamsi. An enhanced focus on partnerships and alliances with organizations like JS Bank will help in improving travel and tourism, while also making travel more rewarding for JS Bank customers. JS Bank and PIA have a longstanding business relationship and this new alliance will now allow JS Bank card-holders to enjoy discounts on their domestic and international travel via PIA. Transactions can be made both at the PIA booking offices (domestic and international) as well as through its corporate website, making the process convenient and seamless for customers. The signing ceremony was attended by senior officials of PIA and JS Bank.

New aircraft induction in PIA

During the year 2022, PIA had planned induction of four A320 aircraft. With arrival of the fourth aircraft in December, 2022, the total number of A320 aircraft in PIA's fleet has now reached to 14.

PIA Executive Lounge inaugurated in Lahore

Federal Minister for Aviation Khawaja Saad Rafique inaugurated the PIA Executive Lounge at Lahore Airport. The up-gradation of the Executive Lounge had been long overdue and this project has been completed in record time. PIA Business Class passengers will benefit from the services provided by this lounge. Snacks, hot and cold beverages will be served to passengers, free of cost. Apart from Lahore, the renovation of Executive Class lounge has also been completed at Karachi Airport.



CEO PIA, AVM Amir Hayat presenting PIA Flag tail shield to Federal Minister for Aviation, Khawaja Saad Rafique at PIA Executive Lounge, Allama Iqbal International Airport, Lahore.

Service with a Smile

In order to bring further improvement to PIA's services, a Customer Services Week was organized by HR department, in partnership with the Passenger Handling Services Division at all domestic airports. Passengers were presented with free gifts, cakes were cut on their birthdays while children were given free gift hampers in collaboration with Abbott Nutrition. The best performing employees during the Customer Services Week were rewarded with appreciation letters. The purpose of this activity was to further improve customer service standards at airports as well as to help in improving the service quality of the sales and customer service staff.

PIA TRAINING CENTRE

PIA Training Centre (PTC) has a network of eight training centers spread over eight major cities across Pakistan. It is an institution dedicated to imparting quality training in all major areas associated with civil air transport. Established in 1960, PTC is the leading aviation training institution in the region, with a recognized history and cherished heritage. PTC headquarter is based in Karachi and remains a central hub for all training activities.

Following are the key highlights of various achievements of PTC during the year 2022:

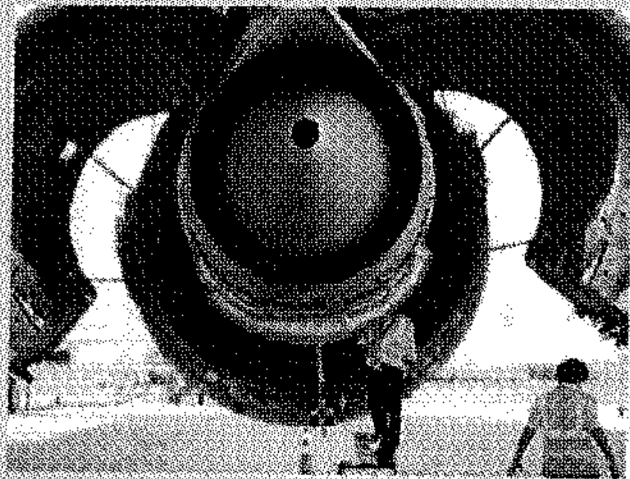
- PTC generated revenue of PKR 87 Million during the year through imparting self-finance training.
- PTC got affiliated with the Sindh Board of Technical Education for Diploma of Associate Engineering (DAE) in addition to Certificate of Recognition for B1and B2 Trainees after completion of a four-year course.
- PTC established an affiliation with the Pakistan Institute of Training & Development for mutual learning and sharing training standards.
- Procurement and Installation of Door Trainers A-320 & B-777 at PTC Mock-up.
- PTC achieved PCAA Certification for its Lahore workshop for conducting Engineering & Maintenance practical trainings and OJT(On the Job Training) for B1and B2 apprentice trainees.
- PTC was able to successfully develop and launch a dedicated new website (https://ptc.edu.pk).

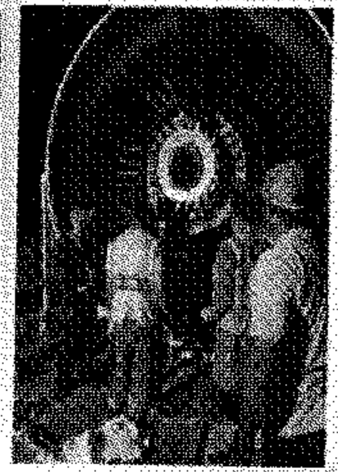
PIA Engineering & Maintenance

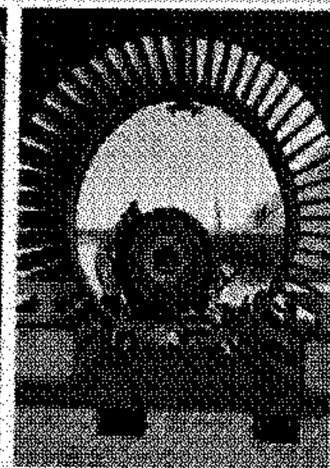
The year 2022 showed considerable signs of improvement in business models and post-pandemic activities. PIA's Engineering & Maintenance strategy banked on retention of existing business volumes and striving to explore new avenues of revenue streams. Following are few of the achievements highlighted for the mentioned period:

1. PIA E&M generated the highest-ever revenue of around PKR 1.8 Billion, showing a remarkable growth of 44%from the revenue generated in the previous year, which stood at PKR 1.2 Billion.
2. PIA E&M capability was enhanced by training more engineers to operate on the state-of-the-art Boeing 787 Dreamliner.
3. PIA E&M assisted in successfully recovering Qatar Airways (QR) B777 aircraft, which made an emergency landing in Karachi due to the failure of the Engine. The engine was successfully changed at the PIA E&M Ispahani Hangar, Karachi base. This maintenance activity resulted in a lucrative revenue earning of PKR 65 Million. The Qatar Airways management team appreciated the PIA E&M team's efforts in successfully reviving the aircraft.

   PIA's Engineering team professionally managed to perform its first-ever Boeing 777 engine change activity on Saudi Airlines HZ-AK18 at the New Islamabad International Airport. The aircraft landed back after Engine No. 02 had shut down as engine failure during the flight. The task was completed in record time and enabled an earning of around PKR90 Million.







Quality and Safety Standards

PIA Engineering has worked hard in improving overall quality and safety standards, which will help in winning the confidence of International airworthiness authorities like ICAO, EASA and FAA.

1. MRO IT, an ERP solution for maintenance activities, has been made fully functional and implemented for PIA's maintenance activities.

2. PIA Engineering, through internal ramp inspections, strived hard in improving and maintaining the national carrier's Safety and Airworthiness status. PIA's EU Ramp Inspections Index was at1.84 in 2019, which has improved substantially since then and currently is at 0.41. The same is significantly ahead of the industry average index of 1.0.

3. The Engineering & Maintenance department participated actively in the recent IATA Operational Safety Audit (IOSA) Re-Certification Audit, where compliance level of around 98.6% was achieved for all applicable clauses.

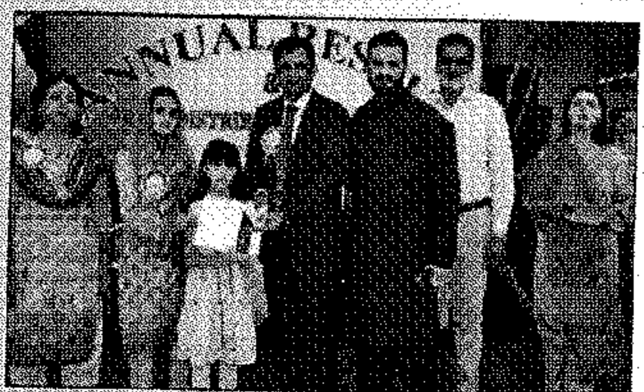
Inauguration of Nur Khan Engineering Complex in Islamabad

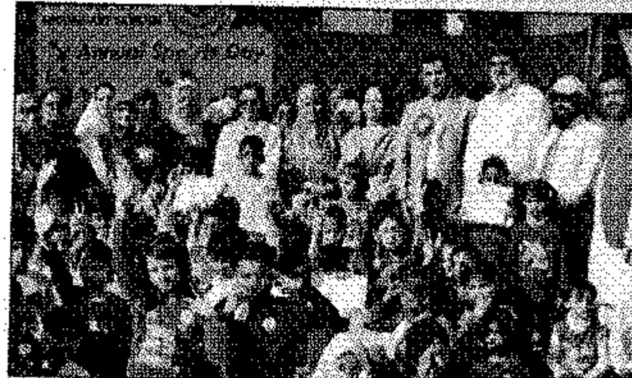
In another first, the national flag carrier's first engineering hangar at the New Islamabad International Airport was inaugurated in April 2022. The hangar has been named Nur Khan Engineering Complex after Air Marshal Nur Khan, the great visionary who headed PIA during its golden era.

CORPORATE SOCIAL RESPONSIBILITY

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

Children of Al-Shifa Trust, with officials at Special School & Rehabilitation Centre





Students activities with officials of PIA Model Higher Secondary School

Muhammad Ayan Taj
President Gold
Medalist 2022
(Shaheen Section) PIA BSA

Abdullah Saeed
President Gold
Medalist 2022
(Scouts Section) PIA BSA

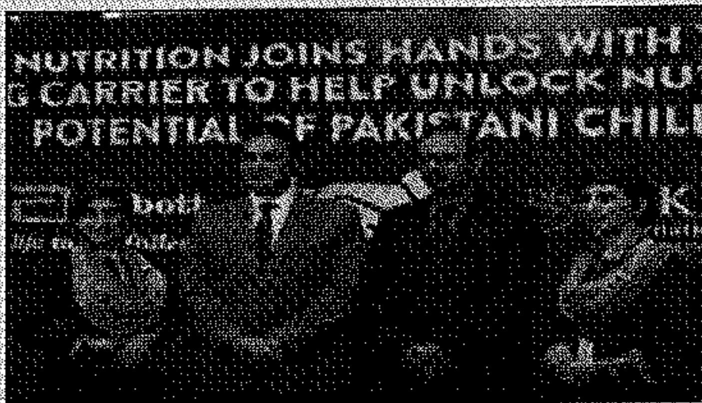
Farhan Mustafa
President Gold
Medalist 2022
(Rover Section) PIA BSA

Presidential
Gold Medal Selection
Camp 2022

Presidential Gold Medal Selection Camp 2022

The Camp for Best Scout from PIA Boy Scouts Association was held at National Headquarter Pakistan Boy Scouts Association. Scouts from all the District of PIA BSA participated in this camp. Chief Guest, on this occasion, was Syed Qamar Maqbool Provincial Commissioner PIA BSA. Mr. Faisal Dara Shikoh Kharal Deputy Chief Commissioner/APC PIA BSA, Mr. Liaqat Ali Awan Director Training Pakistan BSA, Mian Naik Akhtar Javed Director Youth Program, Mr. Touseef Siddiqi Deputy Director PBSA and Muhammad Tariq Ansari Provincial Secretary were also present on the occasion.

Efforts to Promote Nutritional Awareness among Children



PIA and Abbott Nutrition joined hands to help promote health awareness with respect to nutrition among Pakistani children. An MoU was signed on November 2, 2022 by CEO PIA AVM Amir Hayat and General ManagerAbbott (Pakistan and Iran) Mr. Asim Shafiq at a ceremony held at Karachi. Branded kits of PIA and Abbott will be distributed among children traveling on the national Flag carrier. PIA's aim through this initiative, is to promote nutritional awareness among children as there is a need to invest and provide better opportunities for future generations. The ceremony was attended by officials of PIA and Abbott Nutrition.

PATTERN OF SHAREHOLDING

A Statement showing the Pattern of Shareholding in PIACL and additional information as at December 31, 2022 appears on page 46. The highest and lowest market prices for Ordinary 'A' Class Shares of PKR 10 each were PKR 5.75 and PKR 3.18 per share, respectively during 2022. The highest and lowest market prices for Ordinary 'B' Class Shares of PKR 5 each were PKR 76.16 and PKR 76.16. Government of Pakistan through Ministry of Defense and Aviation Division hold 91.56 % of shares, PIA Employee Empowerment Trust holds 4.43 %, Public Sector Companies and Corporations hold 0.10 %, other individuals hold 3.83 % whereas, Financial Institutions hold 0.08 % of shares in PIACL.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

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

a) Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance;

b) Financial Statements, prepared by the management present fairly the state of affairs of PIACL, the result of operations, cash flows and changes in equity;

c) Proper books of account of PIACL have been maintained;

d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

e) Directors recognized their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored;

f) Appointment of Chairman and other Directors and the terms of their appointment along with the remuneration policy adopted are in the best interests of PIACL as well as in line with the best practices;

g) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;

h) Directors acknowledge the responsibility of establishment of sound and effective internal control system and continuous efforts are being made for further improvement and refinement in design as well as effectiveness of existing system;

i) Key operating and financial data of last six years in summarized form is annexed to this report;

j) There are no significant doubts upon PIACL as a going concern other than those, along-with the corresponding mitigating factor, as discussed in note1.3 to the unconsolidated financial statements;

k) There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange;

l) Reason for non-declaration of dividend/non-issuance of bonus shares is net loss during the year;

m) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor and their spouses and minor children have not traded in PIACL shares during the year;

n) Presently, One Director(s) and Company Secretary are Certified Directors whereas plans are afoot to get all Directors Certified, as required by the Code of Corporate Governance;

o) During the year, Board of Directors held Thirteen Meetings. Attendance record of Directors is annexed to this Report;

p) Pattern of Shareholding as required under Section 227 of Companies Act 2017 and Rule 17 of PSC Rules, 2013 is annexed to this Report;

q) There is no statutory payment outstanding against PIACL except those disclosed in note to the unconsolidated financial statements;

r) Board of Directors had recommended and shareholders had approved appointment of Messrs Grant Thornton & Co and Messrs BDO Ebrahim & Co as External Auditors; and,

s) During the period Loss-basic and diluted of Rs. -16.81 per 'A' Class share and Rs. -8.41 per 'B' Class share was registered.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

A Statement showing the status of compliance with the best practices of the Corporate Governance set out in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 read with Listed Companies (Code of Corporate Governance) Regulation 2019 is being published and circulated alongwith this Report.

Statement of Internal Controls

The statement of internal controls is based on an ongoing process designed to identify the significant risk in achieving the Organization policies, aims and objectives, and to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been continuously in place for the year ended 31st December 2022.

It is the responsibility of the Organization management to establish and maintain an adequate and effective system of Internal Control and every endeavor is made to implement sound control procedures and to maintain a suitable control environment.

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

The Board of Directors have instituted an effective Internal Audit Function headed by an experienced Fellow Chartered Accountant which not only monitors compliance with the Organization polices, procedure and controls and reports significant deviations regularly to the Board Audit Committee, but also regularly reviews the adequacy of the overall Internal Control System. Furthermore, observations and weaknesses pointed out by the Organization external auditors are also addressed promptly and necessary steps are taken by the management to eliminate such weaknesses.

The Internal Audit function has transformed its audit approach from traditional to risk based for all auditable assignment in line with guideline of Committee of Sponsoring Organization of Trade way Commission (COSO) and standards by Institute of Internal Auditors (IIA).

Furthermore the Organization has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has signification addresses the design improvement opportunities identified to complete the project related initiative.

FUTURE OUTLOOK

Overall, PIA has witnessed good financial results due to positive trend in the revenue but it remained challenging for the airline, especially in the current circumstances due to high fuel costs and devaluation of Pak rupee. However, with the rigorous efforts of the management and current revitalization (Commencement of Turkish Air & PIA code sharing from November 2022) plan being implemented across the organization, we are hopeful that, with the co-operation of our customers, dedication of our employees and continuous support of our shareholders as well as Government of Pakistan, we will emerge stronger for the better times ahead.

ACKNOWLEDGEMENT

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

For and on behalf of the Board

Aslam R Khan
Chairman-PIACL

AVM Muhammad Amir Hayat
Acting Chief Executive Officer

May 18, 2023
Karachi

یہ انتظامیہ کی ذمہ داری ہے کہ وہ اندرونی کنٹرول کا ایک مناسب اور موثر نظام قائم کرے اور اسے برقرار رکھے اور موثر کنٹرول کے طریقہ کار کو نافذ کرنے اور کنٹرول کے مناسب ماحول کو برقرار رکھنے کے لیے ہر ممکن کوشش کی جائے۔

پی آئی اے سی ایل بورڈ نے ایک آڈٹ کمیٹی تشکیل دی ہے جس میں تین نان ایگزیکٹو ڈائریکٹرز کی تقرری کی گئی ہے۔ BAC کی شرائط وضوابط پبلک سیکٹر کمپنیز کے رولز 2013 کے مطابق ہیں۔ کمیٹی کی ذمہ داریوں میں اندرونی آڈٹ اور بیرونی فنانشل رپورٹنگ پر نگاہ رکھنا شامل ہے۔

بورڈ آف ڈائریکٹرز نے ایک تجربہ کار فیلو چارٹرڈ اکاؤنٹنٹ کی سربراہی میں ایک موثر اندرونی آڈٹ فنکشن قائم کیا ہے جو نہ صرف تنظیمی پالیسیوں، طریقہ کار اور کنٹرولز کی تعمیل پر نظر رکھتا ہے اور بورڈ آڈٹ کمیٹی کے باقاعدگی سے اہم انحرافات کی رپورٹ کرتا ہے بلکہ مجموعی طور پر اس کی مناسبت کا باقاعدگی سے جائزہ بھی لیتا ہے۔ مزید برآں اندرونی کنٹرول سسٹم کے ذریعے بیرونی آڈیٹرز کی طرف سے نشاندہی کردہ، مشاہدات اور کمزوریوں کو بھی فوری طور پر دور کیا جاتا ہے اور انتظامیہ کی طرف سے ایسی کمزوریوں کو دور کرنے کے لیے ضروری اقدامات کیے جاتے ہیں۔

انٹرنل آڈٹ فنکشن نے اپنے آڈٹ کے طریقہ کو روایتی طریقہ کار سے خطرات کی بنیاد پر تبدیل کر لیا ہے۔

Committee of Sponsoring Organization of Tradeway Commission (COSO) کے وضع کردہ رہنما خطوط اور Institute of Internal Auditors (IIA) کے معیارات کے مطابق ہے۔

مزید برآں تنظیم نے زیادہ تر کلیدی کنٹرولز کی جاری آپریٹنگ تاثیر کو یقینی بنانے کے لیے ایک جامع انتظامی جانچ اور رپورٹنگ کا فریم ورک تیار کیا ہے اور اس میں پروجیکٹ سے متعلق اقدام کو مکمل کرنے کے لیے ڈیزائن میں بہتری کے مواقع کی نشاندہی کی گئی ہے۔

دوراندیشی:
مجموعی طور پر پی آئی اے کی آمدنی میں مثبت رجحان کی وجہ سے اچھے مالیاتی نتائج سامنے آئے ہیں لیکن یہ ایئرلائن کے لیے چیلنج بنا ہوا ہے۔ خاص طور پر موجودہ حالات میں ایندھن کی بلند قیمتوں اور پاکستانی روپے کی قدر میں کمی کی وجہ سے تاہم انتظامیہ کی سخت کوششوں اور موجودہ حالات کے پیش نظر نومبر 2022 سے ترکش ایئر اور پی آئی اے کو ڈی شیئرنگ کا منصوبہ پوری تنظیم میں نافذ کیا جا رہا ہے۔ ہم پر امید ہیں کہ اپنے صارفین کے تعاون سے حکومت پاکستان کی مسلسل حمایت سے آنے والے بہتر وقت کے لئے مزید بہتر ہیں گے۔

تسلیمات:
ہم اپنے صارفین، حصص یافتگان اور حکومت پاکستان کی بھرپور حمایت کا شکریہ ادا کرتے ہیں۔ ہم شکر گزار ہیں ایئر کرافٹ لیز کمپنیز، بینکوں، ایم آر اوز، ایندھن فراہم کرنے والی کمپنیز کے تعاون کے۔ ہم اپنی انتظامیہ کے ہر فرد اور ملازمین کے بھی شکر گزار ہیں جنہوں نے پی آئی اے کو درپیش مسائل اور چیلنجز کا ایمانداری اور انتھک کوششوں سے مقابلہ کیا۔ ہم حصص یافتگان اور بورڈ کے اپنے ساتھیوں اور ان کی قابل قدر رہنمائی کا بھی شکریہ ادا کرتے ہیں۔ ہمارا عزم ہے اور اس بات کا پختہ یقین ہے کہ ہم اپنی لگن اور انتھک محنت سے ادارے کو مشکل دور سے نکال لیں گے۔

اسلم آر خان
چیئرمین پی آئی اے سی ایل

ایئر وائس مارشل عامر حیات
ایکٹنگ چیف ایگزیکٹو آفیسر

18 مئی، 2023
کراچی

حصص کا گوشوارہ:

ایک گوشوارہ جس میں پی آئی اے سی ایل میں شیئر ہولڈنگ کا نمونہ اور 31 دسمبر 2022 تک کی اضافی معلومات ظاہر کی گئی صفحہ نمبر 46 پر نمایاں ہے۔ 2022 کے دوران -/Rs 10 والے اے کلاس حصص کے سب سے زیادہ اور سب سے کم قیمت بالترتیب Rs 6.87 اور Rs 3.73 رہی۔ -/Rs 5 والے بی کلاس حصص کی زیادہ سے زیادہ اور کم ترین قیمت Rs 76.16 اور Rs 76.16 رہیں۔ وزارت دفاع اور وزارت ہوا بازی کے توسط سے حکومت پاکستان کے پاس حصص کا 91.56 فیصد، پی آئی اے ایمپلائیز ایمپاورمنٹ ٹرسٹ 4.43 فیصد، پبلک سیکٹر کمپنیوں اور کارپوریشنوں میں 0.10 فیصد دیگر اور انفرادی طور پر 3.83 فیصد حصص ہیں جبکہ پی آئی اے سی ایل میں مالی اداروں کے 0.08 فیصد حصص ہیں۔

کارپوریٹ اور مالیاتی گوشوارے کی رپورٹ کا دائرہ کار:

پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز مجریہ 2013 اور لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشنز مجریہ 2019 کے تحت ڈائریکٹرز اپنی معلومات اور عقیدے کے مطابق بیان کرتے ہیں کہ:

(ا) بورڈ آف ڈائریکٹرز نے کمپنی کے وضع کردہ اصولوں کے تحت کام سرانجام دیے اور ان باتوں کی نشاندہی کی جو اصولوں کے تحت نہیں کیے گئے۔ اس عرصہ کے دوران جن اصولوں کے تحت عمل ہونا تھا اور نہ ہوسکا، ان کی وجوہات بتائی گئیں۔

(ب) بورڈ کے وضع کردہ اصولوں کے تحت مالیاتی گوشوارے، پی آئی اے کے معاملات، سرگرمیوں کے نتائج، کیش فلو، اور ایکویٹی میں تبدیلیاں صاف اور شفاف ہیں۔

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

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

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

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

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

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

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

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

(د) پاکستان اسٹاک ایکسچینج کے اصولوں کی پابندی اور ان پر عملدرآمد کردیا گیا کوئی قابل ذکر انحراف نہیں کیا گیا ہے۔

(ڈ) Dividend کا اعلان نہ ہونے اور بونس حصص جاری نہ کرنے کی وجہ خالص سالانہ نقصان ہے۔

(ذ) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر، کمپنی سیکریٹری، چیف انٹرنل آڈیٹر، ان کی ازواج اور زیر کفالت بچوں نے زیر جائزہ مالی سال کے دوران پی آئی اے کے حصص کا کوئی کاروبار نہیں کیا۔

(ر) حالیہ ایک ڈائریکٹر اور کمپنی سیکریٹری سرٹیفائیڈ ڈائریکٹرز ہیں۔ پی آئی اے سی ایل کا مصمم ارادہ ہے کہ تمام ڈائریکٹرز سرٹیفائیڈ ڈائریکٹرز بنیں جیسا کہ کوڈ آف کارپوریٹ گورننس کے لیے ضروری ہے۔

(ز) سال 2022 کے دوران بورڈ آف ڈائریکٹرز کے 13 اجلاس منعقد ہوئے، جس کا ریکارڈ اس رپورٹ کے ساتھ منسلک ہے۔

(ژ) حصص یافتگان کی تفصیل سیکشن 227 کمپنیز ایکٹ مجریہ 2017 اور رول PSC,17 رولز مجریہ 2013 کے مطابق اس رپورٹ کے ساتھ منسلک ہیں۔

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

(س) بورڈ آف ڈائریکٹرز کی سفارش پر حصص یافتگان نے منظوری دی تھی کہ Messrs Grant Thornton Anjum Rehman اور Messrs BDO Ebrahim & Co ایکسٹرنل آڈیٹرز ہوں گے۔

(ش) سال رواں کے دوران بنیادی نقصان 16.81- روپے فی اے کلاس شیئر اور 8.41- روپے فی بی کلاس شیئر ریکارڈ کیا گیا۔

کارپوریٹ گورننس کے بہترین اطوار پر عمل درآمد:

ایک بیان جس میں پی آئی اے سی ایل کی کارپوریٹ گورننس کے بہترین اطوار پر عمل درآمد کرنے کا ذکر کیا گیا ہے اور پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) رولز مجریہ 2013 کے تحت شائع کیا گیا۔ اس رپورٹ کے ساتھ منسلک ہے۔

اندرونی کنٹرولز:

اندرونی کنٹرولز کا یہ بیان جاری عمل پر مشتمل ہے جو تنظیمی پالیسیوں، اہداف اور مقاصد کے حصول میں اہم خطرات کی نشاندہی کرنے اور ان خطرات کی نوعیت اور حد کا جائزہ لینے اور ان کا مؤثر اور معاشی طور پر انتظام کرنے کے لیے کیا گیا ہے۔ یہ عمل 31 دسمبر 2022 کو ختم ہونے والے سال میں مسلسل جاری رہا۔

☆ پی آئی اے انجینئرنگ نے قطر ایئرویز (QR) B777 طیارے کو کامیابی کے ساتھ بحال کرنے میں مدد کی، جس کے انجن کی خرابی کی وجہ سے کراچی میں ہنگامی لینڈنگ کی گئی تھی۔ اس کا خراب انجن پی آئی اے انجینئرنگ اسٹینڈبائی انجن کے ساتھ کامیابی کے ساتھ تبدیل کیا گیا۔ اس سرگرمی کے نتیجے میں 65 ملین روپے کی آمدنی حاصل ہوئی۔ قطر ایئرویز کی انتظامیہ نے طیارے کی کامیاب بحالی میں پی آئی اے انجینئرنگ ٹیم کی کوششوں کو سراہا۔

☆ پی آئی اے انجینئرنگ ٹیم پیشہ ورانہ طور پر سعودی ایئرلائنز HZ-AK18 پر نیو اسلام آباد انٹرنیشنل ایئرپورٹ پر پہلی بار Boeing777 انجن تبدیل کرنے میں کامیاب رہی۔ دوران پرواز انجن فیل ہونے کی وجہ سے انجن نمبر 2 بند ہونے کے بعد طیارے نے واپس لینڈ کیا تھا۔ یہ کام ریکارڈ وقت میں مکمل کیا گیا جس کی وجہ سے تقریباً 90 ملین روپے کی آمدنی حاصل ہوئی۔

معیار اور حفاظتی معیارات:

پی آئی اے کی انجینئرنگ نے مجموعی معیار اور حفاظتی معیارات کو بہتر بنانے میں سخت محنت کی ہے۔ جس سے آئی سی اے او، ای اے ایس اے اور ایف اے اے جیسے بین الاقوامی فضائی اہلیت کے حکام کا اعتماد حاصل کرنے میں مدد ملی۔

☆ MRO IT جو کہ دیکھ بھال کی سرگرمیوں کے لئے ایک ERP حل ہے، کامیابی کے ساتھ پی آئی اے کی مینٹیننس سرگرمیوں میں شامل کیا گیا۔

☆ پی آئی اے کی انجینئرنگ نے اندرونی ریمپ کے معائنے کے ذریعے قومی ایئرلائن کی حفاظت اور فضائی صلاحیت کو بہتر بنانے اور اسے برقرار رکھنے میں بھرپور کوشش کی۔ پی آئی اے کا یورپی یونین ریمپ انسپیکشن انڈیکس جو کہ سال 2019 میں 1.84 پر تھا اس میں کافی بہتری آئی ہے اور اب یہ 0.41 پر ہے اور اوسط انڈیکس 1.0 سے نمایاں طور پر آگے ہے۔

☆ پی آئی اے کی انجینئرنگ اور مینٹیننس نے حالیہ IATA آپریشنل سیفٹی آڈٹ کے دوبارہ سرٹیفکیشن آڈٹ میں فعال طور پر حصہ لیا، جہاں تمام قابل اطلاق شقوں کی تقریباً 98.6 فیصد تعمیل کر دی گئی۔

اسلام آباد میں نور خان انجینئرنگ کمپلیکس کا افتتاح:

پی آئی اے نے اپریل 2022 میں اسلام آباد میں پہلے انجینئرنگ ہینگر کا افتتاح کیا۔ ہینگر کا نام نور خان انجینئرنگ کمپلیکس رکھا گیا ہے۔ یہ ہینگر ایئر مارشل نور خان کے نام سے منسوب کیا گیا ہے جو پی آئی اے کے سنہری دور میں اس کے سربراہ رہے ہیں۔

کارپوریٹ سماجی ذمہ داریاں (CSR):

پی آئی اے اپنی ذمہ داریوں کی ادائیگی انتہائی اعلیٰ معیار اور سماجی اصولوں کے مطابق کرتی ہے۔ بحیثیت ایک پبلک سیکٹر اور عوامی دلچسپی کمپنی پی آئی اے اپنے صارفین، شراکت داروں، ملازمین اور پورے معاشرے کے ساتھ مضبوط رشتہ پر یقین رکھتی ہے۔ اس کا مقصد یہ بھی ہے کہ عوام الناس بھی ان کے فیصلوں میں دلچسپی ظاہر کریں جو یا اپنے صارفین، ایئرلائن کے فائدے اور جہازوں کی بہتری کے لیے کر رہے ہیں۔ ایک ذمہ دار عوامی ادارہ ہونے کی حیثیت سے نہ صرف قدرتی آفات کے مواقع پر متاثرین کی مالی امداد کرتی ہے بلکہ ان کی آمد و رفت اور امدادی سامان کی ترسیل کے لیے بھی بلا معاوضہ سہولیات فراہم کرتی ہے۔ معاشرے کے پسماندہ افراد اور ملازمین کی بہتری کے لیے بھی پی آئی اے بھرپور حصہ لیتی ہے جس کے لیے کچھ ادارے تشکیل دیئے ہیں جن میں الشفاء ٹرسٹ جو کہ 1967 میں معرض وجود میں آیا۔ اس کے علاوہ پی آئی اے اسکاؤٹس ایسوسی ایشن، پی آئی اے کرکٹ اکیڈمی، پی آئی اے پلانٹیریا نیز HSE قواعد کی پاسداری بھی پی آئی اے کے اس عزم کی عکاسی کرتی ہے کہ پی آئی اے ایک بہترین مستقبل کی تعمیر کے لیے کوشاں ہے۔

صدارتی گولڈ میڈل سلیکشن کیمپ 2022:

پی آئی اے بوائے اسکاؤٹس ایسوسی ایشن کی جانب سے بہترین اسکاؤٹ کا کیمپ نیشنل ہیڈکوارٹرز پاکستان بوائے اسکاؤٹس ایسوسی ایشن میں منعقد ہوا۔ اس کیمپ میں پی آئی اے بی ایس اے کے تمام اضلاع سے اسکاؤٹس نے شرکت کی۔ اس موقع پر مہمان خصوصی سید قمر مقبول پروشل کمشنر پی آئی اے بی ایس اے تھے۔ اس موقع پر ڈپٹی چیف کمشنر، اے پی سی پی آئی اے بی ایس اے جناب فیصل کھرل، ڈائریکٹر ٹریننگ پاکستان بی ایس اے جناب لیاقت علی اعوان، ڈائریکٹر یوتھ پروگرام میاں نیک اختر جاوید، ڈپٹی ڈائریکٹر پی بی ایس اے، جناب توصیف صدیقی اور صوبائی سیکرٹری جناب محمد طارق انصاری بھی موجود تھے۔

بچوں میں غذائیت سے متعلق آگاہی کو فروغ دینے کی کوشش:

پی آئی اے اور ایبٹ نیوٹریشن نے پاکستانی بچوں میں غذائیت کے حوالے سے صحت سے متعلق آگاہی کو فروغ دینے میں مدد کے لئے ہاتھ ملایا۔ پی آئی اے کے سی ای او ایئر وائس مارشل عامر حیات اور جنرل مینیجر ایبٹ (پاکستان اور ایران) جناب عاصم شفیق نے 2 نومبر 2022 کو مفاہمت کی یادداشت پر دستخط کئے۔ اور کراچی میں منعقدہ ایک تقریب میں پی آئی اے اور ایبٹ کی برانڈ ڈکٹس قومی ایئرلائن پر سفر کرنے والے بچوں میں تقسیم کیں۔ اس اقدام کے ذریعے پی آئی اے کا مقصد بچوں میں غذائیت سے متعلق آگاہی کو فروغ دینا تھا کیونکہ اس میں سرمایہ کاری کی ضرورت ہے اور آنے والی نسلوں کو بہتر مواقع فراہم کرنے کی بھی ضرورت ہے۔ تقریب میں پی آئی اے اور ایبٹ نیوٹریشن کے حکام نے شرکت کی۔

کے کارڈ ہولڈرز کو پی آئی اے کے ذریعے اپنے اندرونِ ملک اور بین الاقوامی سفر پر رعایت سے لطف اندوز ہونے کی سہولت دے گا۔ پی آئی اے کے بکنگ دفاتر (ملکی اور بین الاقوامی) کے ساتھ ساتھ کارپوریٹ ویب سائٹ کے ذریعے بھی لین دین کیا جاسکتا ہے، جس سے اس عمل کو صارفین کے لئے آسان اور ہموار بنایا جاسکتا ہے۔ معاہدے پر دستخط کی تقریب میں پی آئی اے اور بے الس بینک کے سینئر حکام نے شرکت کی۔

پی آئی اے میں نئے طیاروں کی شمولیت:

سال 2022 کے دوران پی آئی اے نے اپنے فضائی بیڑے میں چار A320 طیارے شامل کرنے کا منصوبہ بنایا تھا۔ دسمبر 2022 میں چوتھے طیارے کی آمد کے بعد پی آئی اے کے بیڑے میں A320 طیاروں کی کل تعداد 14 ہوگئی ہے۔

لاہور میں پی آئی اے کے ایگزیکٹو لاؤنج کا افتتاح:

وفاقی وزیر ہوابازی جناب خواجہ سعد رفیق نے لاہور ایئرپورٹ پر پی آئی اے کے ایگزیکٹو لاؤنج کا افتتاح کیا۔ ایگزیکٹو لاؤنج کی اپ گریڈیشن کافی عرصے سے التواء کا شکار تھی اور یہ منصوبہ ریکارڈ مدت میں مکمل کیا گیا ہے۔ پی آئی اے بزنس کلاس کے مسافر اس لاؤنج سے فراہم کی جانے والی خدمات سے مستفید ہوسکیں گے۔ مسافروں کو اسنیکس، گرم اور ٹھنڈے مشروبات مفت فراہم کیے جائیں گے۔ لاہور کے علاوہ کراچی ایئرپورٹ پر بھی ایگزیکٹو کلاس لاؤنج کی تزئین و آرائش کا کام مکمل کرلیا گیا ہے۔

خدمت مسکراہٹ کے ساتھ:

پی آئی اے کی خدمات میں مزید بہتری لانے کے لئے محکمہ ایچ آر کی جانب سے تمام ملکی ہوائی اڈوں پر پسنجر ہینڈلنگ سروسز ڈویژن کے اشتراک سے ایک کسٹمر سروسز ہفتہ کا انعقاد کیا گیا۔ مسافروں کو مفت تحائف پیش کیے گئے، ان کی سالگرہ پر کیک کاٹا گیا جبکہ ایبٹ نیوٹریشن کے تعاون سے بچوں کو مفت تحائف دیے گئے۔ کسٹمر سروسز ہفتہ کے دوران بہترین کارکردگی کا مظاہرہ کرنے والے ملازمین کو تعریفی اسناد سے نوازا گیا۔ اس سرگرمی کا مقصد ہوائی اڈوں پر کسٹمر سروس کے معیار کو مزید بہتر بنانے کے ساتھ ساتھ سیلز اور کسٹمر سروسز کے عملے کی خدمات کے معیار کو بہتر بنانے میں مدد فراہم کرنا تھا۔

پی آئی اے ٹریننگ سینٹر:

پی آئی اے ٹریننگ سینٹر (PTC) کے پاس آٹھ تربیتی مراکز کا نیٹ ورک موجود ہے جو پورے پاکستان کے آٹھ بڑے شہروں میں پھیلا ہوا ہے۔ یہ ادارہ سول ہوائی نقل و حمل سے وابستہ تمام بڑے شعبہ جات میں معیاری تربیت فراہم کرتا ہے۔ 1960 میں قائم کردہ PTC آج خطے کا ایک معروف ہوابازی کا تربیتی ادارہ ہے جس کی ایک تسلیم شدہ تاریخ اور قابل قدر روش ہے۔ PTC کا ہیڈکوارٹر کراچی میں ہے جو تمام تربیتی سرگرمیوں کا مرکز ہے۔

سال 2022 کے دوران PTC کی کامیابیوں کی جھلک درج ذیل ہے:

- ☆ سیلف فنانس ٹریننگ کے ذریعے سال کے دوران 87 ملین روپے کی آمدنی حاصل کی۔
- ☆ چار سالہ کورس کی تکمیل کے بعد B1 اور B2 ٹریڈز کے لیے سرٹیفکیٹ آف ریکگنیشن کے علاوہ ڈپلومہ آف ایسوسی ایٹ انجینئرنگ (DAE) کے لیے سندھ بورڈ آف ٹیکنیکل ایجوکیشن سے الحاق کیا۔
- ☆ باہمی اشتراک و تربیت کے لیے پاکستان انسٹی ٹیوٹ آف ٹریننگ اینڈ ڈیولپمنٹ کے ساتھ الحاق قائم کیا۔
- ☆ پی ٹی سی موک اپ پراڈور ٹرینر A-320 اور B-777 کی خریداری اور تنصیب۔
- ☆ B1 اور B2 اپرینٹس ٹرینیز کے لیے انجینئرنگ اور میکینکس کی عملی تربیت اور دورانِ ملازمت ٹریننگ کے لیے لاہور ورکشاپ نے PCAA سرٹیفکیشن حاصل کی۔
- ☆ PTC نے کامیابی کے ساتھ اپنی ویب سائٹ (https://ptc.edu.p k) متعارف کروائی۔

پی آئی اے انجینئرنگ اور میکینکس:

سال 2022 میں کاروباری ماڈل اور وبائی صورتحال کے بعد کی سرگرمیوں میں بہتری کے نمایاں آثار نظر آئے ہیں۔ پی آئی اے کی انجینئرنگ اور دیکھ بھال کی حکمت عملی موجودہ کاروباری حجم کو برقرار رکھنے اور آمدنی کے نئے راستوں کو تلاش کرنے کی کوشش پر مبنی ہے۔ مذکورہ مدت کے دوران اس شعبے کی نمایاں کامیابیاں درج ذیل ہیں:

- ☆ پی آئی اے انجینئرنگ نے 1.8 بلین روپے کی ریکارڈ آمدنی حاصل کی جو گزشتہ سال کی آمدنی (1.2 بلین روپے) کے مقابلے میں 44 فیصد اضافہ کو ظاہر کرتی ہے۔
- ☆ پی آئی اے انجینئرنگ کی استعداد کو جدید ترین بوئنگ 787 ڈریم لائنر چلانے کے لیے مزید انجینئرز کو تربیت دی گئی۔

استنبول کے لئے پہلی پرواز نے 15 نومبر 2022 کو علامہ اقبال انٹرنیشنل ایئرپورٹ لاہور سے اڑان بھری۔ ایئرلائن اب پاکستان سے استنبول کے لیے ہفتہ وار چھ پروازیں چلا رہی ہے۔ اس سروس نے پاکستانی مسافروں کو پی آئی اے اور ترکش ایئرلائنز کوڈ شیئر پروگرام کے تحت یورپ، برطانیہ اور امریکہ کے 28 شہروں میں پرواز کرنے کے قابل بنا دیا ہے۔ قومی ایئرلائن نے پاکستان اور ترکی کے درمیان سفارتی تعلقات کی 75 ویں سالگرہ کی یاد میں استنبول کے لئے فلائٹ آپریشن کا آغاز کیا تھا۔

پہلی پرواز کی روانگی کے موقع پر لاہور ایئرپورٹ پر ایک سادہ تقریب کا انعقاد کیا گیا۔ اس موقع پر وزیر ہوابازی جناب خواجہ سعد رفیق مہمان خصوصی تھے۔ اپنے خیالات کا اظہار کرتے ہوئے جناب سعد رفیق صاحب نے کہا کہ پاکستان اور ترکی کے درمیان مضبوط برادرانہ تعلقات ہیں اور استنبول کے لئے اس فلائٹ آپریشن سے دونوں ممالک کے عوام کے درمیان رابطوں میں بہت بہتری آئے گی۔ انہوں نے مزید کہا کہ پی آئی اے مسافروں کی سہولت کے لئے اپنی خدمات کو بہتر بنانے اور اپنے نیٹ ورک کو وسعت دینے کی کوششیں کر رہی ہے۔

اس موقع پر پی آئی اے کے چیف ایگزیکٹو آفیسر ایئر وائس مارشل ریٹائرڈ/ اے وی ایم عامر حیات، چیف کمرشل آفیسر جناب نوشیروان عادل اور پی آئی اے کے دیگر اعلیٰ حکام بھی موجود تھے۔ پی آئی اے اس وقت اسلام آباد سے استنبول کے لئے ہفتے میں چار اور لاہور سے ہفتے میں دو پروازیں چلا رہی ہے۔

قومی پرچم بردار ادارے کی پہلی پرواز کی استنبول ایئرپورٹ پر آمد پر اسے واٹر کینن کی سلامی دی گئی۔ ترکش ایئرلائنز کے سی ای او جناب بلال اکسی اور استنبول ایئرپورٹ کے حکام نے سی ای او پی آئی اے اور مسافروں کا افتتاحی پرواز پر تپاک استقبال کیا۔

اس موقع پر جناب اکسی نے کہا کہ وہ پاکستانی عوام کو بھائی سمجھتے ہیں اور ترکش ایئرلائن پی آئی اے کی ترقی میں کردار ادا کرنے کے لئے ہر ممکن کوشش کرے گی۔

پی آئی اے اور ترکش ایئرلائنز کے درمیان مختلف معاہدوں کو حتمی شکل دی گئی، دونوں ایئرلائنز نے فوڈ سروسز، کارگو اور انجینئرنگ کے شعبوں میں تعاون پر اتفاق کیا۔ پاکستان سے سفر کرنے والے مسافروں نے پی آئی اے کی سروس کے معیار کو سراہا اور اس کے لئے نیک خواہشات کا اظہار کیا۔

اس روٹ پر مسافروں کی تعداد میں اضافہ ہو رہا ہے اور یہ شراکت داری دونوں اداروں کے لئے بہت مفید ثابت ہوئی ہے۔

پی آئی اے اور ترکش ایئرلائنز کے درمیان شراکت داری، جس کے ذریعے اب پاکستان سے مسافروں کو 28 مقامات تک رسائی فراہم ہوگی جس کا مرکز استنبول میں ہے۔ یہ 28 مقامات امریکہ، برطانیہ اور یورپ میں پھیلے ہوئے ہیں۔

پی آئی اے ٹریول پارٹنرز کو مالی سال 2022 میں ان کی کارکردگی پر اعزازات سے نوازا گیا:

دسمبر 2022 کے دوران کراچی، لاہور، اسلام آباد، پشاور اور دیگر شہروں میں پی آئی اے بزنس پارٹنرز ایوارڈ کی تقریبات منعقد ہوئیں۔ ان تقریبات میں سیلز ایجنٹس نے شرکت کی۔ سال 2022 (ملکی) کے لئے بہترین کارکردگی کے ایوارڈز مسافر سیلز ایجنٹ، BSA (IATA سیلز ایجنٹس)، کارگو سیلز ایجنٹس، ورچوئل سیلز ایجنٹس اور زیارت سیلز ایجنٹس میں تقسیم کیے گئے۔ جیتنے والوں کو ان کی محنت کو سراہنے اور ستائش کے لئے شیلڈز اور ہوائی جہاز کے ماڈلز سے نوازا گیا۔ چیف کمرشل آفیسر پی آئی اے جناب نوشیروان عادل نے پی آئی اے کے ٹریول پارٹنرز کو ایئرلائن ٹکٹس کی فروخت میں اضافے میں تعاون کرنے پر مبارکباد دی اور ان کی تعریف کی۔

ان تقریبات سے جنرل مینیجر سیلز جناب محمد شفیق، جنرل مینیجر مارکیٹنگ پلاننگ جناب قمر شمیم اور جنرل مینیجر کارگو جناب فیصل کھرل نے بھی خطاب کیا اور اچھے نتائج حاصل کرنے پر ٹریول ایجنٹس کو مبارکباد دی۔ ٹریول پارٹنرز کے ساتھ بات چیت کی گئی اور ان کی قیمتی آراء کو سراہا گیا جس کا مقصد ایئرلائن کی ساخت کو بہتر بنانا ہے۔ HITIT کے پاکستان آپریشنز کے سربراہ جناب سہیل ساجد کے ساتھ ساتھ پی آئی اے اور HITIT کے اعلیٰ حکام نے بھی ان تقریبات میں شرکت کی۔

پی آئی اے نے JS بینک کے ساتھ MOU پر دستخط کیے:

پی آئی اے اور جے ایس بینک نے ایک معاہدے پر دستخط کیے، جس کے تحت ملکی اور بین الاقوامی پی آئی اے کے ٹکٹوں پر رعایت دی گئی۔ جے ایس بینک کے صارفین اب رعایتی ایئرلائن ٹکٹوں سے لطف اندوز ہو سکیں گے۔ معاہدے پر سی ای او پی آئی اے جناب عامر حیات اور صدر جے ایس بینک جناب بصیر شمسی نے دستخط کیے۔ جے ایس بینک جیسے اداروں کے ساتھ شراکت داری اور اتحاد پر توجہ مرکوز کرنے سے سفر اور سیاحت کو بہتر بنانے میں مدد ملے گی، ساتھ ہی ساتھ جے ایس بینک کے صارفین کے لئے سفر کو مزید فائدہ مند بنایا جائے گا۔ جے ایس بینک اور پی آئی اے کے درمیان دیرینہ کاروباری تعلقات ہیں اور یہ نیا اتحاد اب جے ایس بینک

اس کے علاوہ خالص نقصان 88.0 بلین روپے (2021: 50.1 بلین روپے) تک بڑھ گیا جس کی بنیادی وجہ غیر ملکی شرح مبادلہ اور متعلقہ اخراجات تھے۔ ایئرلائن کو 25.2 بلین روپے (2021: 7.3 بلین روپے) کے زرمبادلہ نقصان کا سامنا کرنا پڑا جس میں گزشتہ سال کے مقابلے میں 243% فیصد کا زبردست اضافہ دیکھا گیا۔ جاری لیکویڈیٹی بحران اور محدود مالی وسائل کی وجہ سے سرمایہ کاری کی ضروریات کو پورا کرنے کے لئے قرضوں میں اضافہ ہوا نتیجتاً مالی لاگت کی وجہ سے کاروبار کو تقریباً 49.9 بلین روپے (2021: 27.3 بلین روپے) کا نقصان پہنچا۔

پی آئی اے انتظامیہ مارکیٹ کے مواقع پر گرفت کے لئے بھرپور کوششیں کرتے ہوئے اپنے منافع کو زیادہ سے زیادہ بڑھانے کے لئے مسلسل کوششیں کر رہی ہے جس سے قومی پرچم بردار کمپنی کی آمدنی میں مزید اضافہ ہو سکتا ہے۔ بیان کردہ کوششوں میں، پی آئی اے نے گزشتہ سال کے دوران صارفین کی تعداد میں نمایاں اضافہ کیا ہے۔ پی آئی اے نے بہت سے اہم روٹس پر آپریشن دوبارہ شروع کر دیا ہے جو COVID-19 کی وجہ سے بند ہو گئے تھے اور اس نے طلب کے امکانات اور تجارتی قابل عمل ہونے کی بنیاد پر پروازوں کی تعداد میں اضافہ کر دیا ہے۔ اس سلسلے میں نجف اور دمشق کے لئے خصوصی پروازیں بھی چلائی گئیں۔ اسی طرح نئے روٹس بھی شروع کیے گئے ہیں جن میں باکو، کویت شامل ہیں جنہوں نے بہتر منافع حاصل کرنے کے لئے نیٹ ورک کو وسعت دی ہے۔ پی آئی اے کے بیڑے میں بھی اضافہ ہوا ہے جس میں زیر جائزہ سال تک چار نئے طیارے شامل کیے گئے ہیں۔ تاہم سرمائے کی دستیابی کی مسلسل رکاوٹوں کی وجہ سے قرضوں کی ادائیگی، سرمائے کے اخراجات اور طویل بقایا واجبات کے تصفیہ کے لئے GoP سے مالی معاونت درکار ہوگی۔

بورڈ آف ڈائریکٹرز میں تبدیلیاں:

پی آئی اے کی سالانہ رپورٹ برائے سال 2021 کی اشاعت کے بعد سے پی آئی اے کے بورڈ آف ڈائریکٹرز میں مندرجہ ذیل تبدیلیاں واقع ہوئیں:

نامزد کیے گئے	سبکدوش ہوئے
ایئر وائس مارشل محمد عامر حیات ایکٹنگ چیف ایگزیکٹو آفیسر 26 اپریل، 2022	ڈاکٹر ریاحت منیر 01 اپریل، 2022
جناب محمد خیر کریم ایڈیشنل سیکریٹری اکنامک افیئرز ڈویژن 10 اگست، 2022	ایئر مارشل (ریٹائرڈ) ارشد ملک چیف ایگزیکٹو آفیسر 26 اپریل، 2022
کیپٹن (ریٹائرڈ) سیف انجم سیکریٹری ایوی ایشن ڈویژن 23 دسمبر، 2022	میاں اسد حیاء الدین سیکریٹری اکنامک افیئرز ڈویژن 06 اگست، 2022
جناب خالد محمود 28 دسمبر، 2022	جناب محمد خیر کریم ایڈیشنل سیکریٹری اکنامک افیئرز ڈویژن 30 اگست، 2022
مس پروین آغا 28 دسمبر، 2022	جناب شوکت علی سیکریٹری ایوی ایشن ڈویژن 23 دسمبر، 2022

بورڈ نئے آنے والے ڈائریکٹرز کا خیر مقدم کرتا ہے اور سبکدوش ہونے والے ڈائریکٹرز کی خدمات کو خراج تحسین پیش کرتا ہے۔

پی آئی اے کا ترکش ایئر لائنز کے ساتھ کوڈ شیئرنگ کا انتظام:

سال 2022 میں پی آئی اے نے استنبول کے لئے فلائٹ آپریشن شروع کیا۔ اس فلائٹ سروس کے آغاز کے 1.5 مہینوں میں ہی 45,000 سے زائد ٹکٹوں کی فروخت دیکھی جا چکی تھی، جس سے 3 بلین پاکستانی روپے سے زیادہ کی آمدنی حاصل ہوئی۔

ڈائریکٹرز رپورٹ برائے سال جس کا اختتام 31 دسمبر 2022 کو ہوا

محترم حصص یافتگان!

پاکستان انٹرنیشنل ایئرلائنز کارپوریشن لمیٹڈ (پی آئی اے سی ایل) کے ڈائریکٹرز، پی آئی اے سی ایل کی سالانہ رپورٹ بشمول مالیاتی گوشوارے برائے سال جس کا اختتام 31 دسمبر 2022 کو ہوا پیش خدمت کرتے ہیں۔

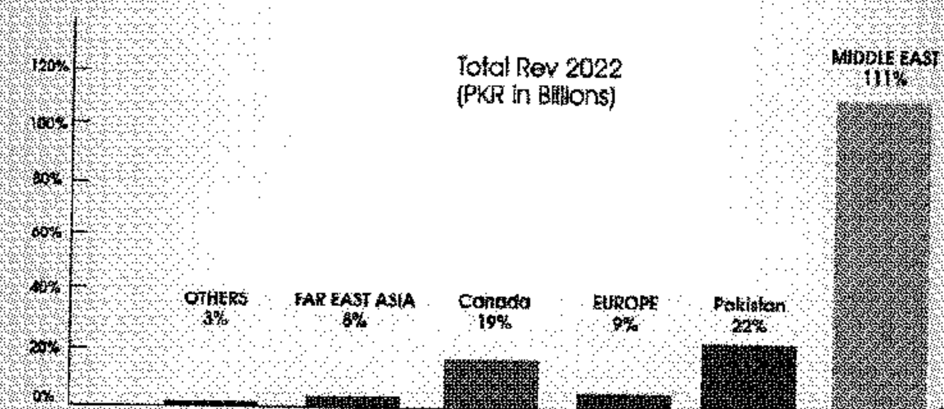
صنعتی جائزہ

COVID-19 بحران کے دیرپا اثرات عالمی سطح پر ایئرلائن انڈسٹری کو متاثر کر رہے ہیں۔ تاہم ہر دوسرے خارجی صدمے کے واقعات کی طرح تجارتی ہوابازی پر COVID-19 کے ابتدائی اثرات کم ہونے لگے ہیں اور صنعت کو 2023 میں منافع کی طرف واپسی کی توقع ہے۔ 2022 میں اپنے کاروبار کے لئے مسافر ہوائی سفر کرنے کی اپنی اس آزادی کی واپسی کا فائدہ اٹھا رہے ہیں۔ 11 عالمی منڈیوں میں مسافروں کے ایک حالیہ IATA سروے سے یہ بات سامنے آئی ہے کہ تقریباً 70% فیصد یا اس سے زیادہ لوگ ہوائی سفر کر رہے ہیں جتنا کہ وہ عالمی وباء سے پہلے کرتے تھے۔

مدافعت COVID-19 کے دوران ایئرلائنز کا خاصہ رہی 2022 میں ایئرلائن کے عالمی نقصانات کا تخمینہ 6.9 بلین ڈالر ہے، جو 2020 اور 2021 کے مقابلے میں ایک نمایاں بہتری ہے جب کہ صنعت کو بالترتیب 137.7 بلین ڈالر اور 42.0 بلین ڈالر کے نقصانات ہوئے۔ اس طرح 2023 کے بارے میں پُر امید ہونے کی بہت سی وجوہات ہیں۔ عالمی اقتصادی غیر یقینی صورتحال COVID کی نئی مختلف قسموں کا پھیلاؤ صنعت کی بحالی کے وقت اور شکل کو متاثر کرتا رہے گا تاہم آگے بڑھتے ہوئے، ایوی ایشن سیکٹر کے منافع میں واپس آنے کی اُمید ہے، اگرچہ وبائی امراض سے پہلے کے وقت کے مقابلے میں بہت کم سطح پر ہے۔ تیل کی قیمتوں میں کمی کی توقعات اور مسلسل مانگ میں اضافے سے ایئرلائنز کو اپنی پائیدار ترقی کے رجحان کو جاری رکھنے میں مدد ملنی چاہئے۔ IATA کے اندازوں کے مطابق تقریباً 0.5 ملین ملازمتیں ہوائی نقل وحمل سے جڑی ہوئی ہیں ساتھ ہی سیاح بھی ہوائی نقل وحمل کے ذریعے پاکستان آتے ہیں۔ اس سے قبل IATA (2018) کے مطابق اگلے بیس سال میں پاکستان میں ہوائی نقل وحمل کے کاروبار میں 184 فیصد اضافے کی پیش گوئی کی گئی تھی۔ تاہم یہ تخمینہ بھی عالمی وباء سے بری طرح متاثر ہوا ہے۔ اس کے باوجود صنعت ٹھیک ہو رہی ہے جیسا کہ ایئرلائنز کے کاروباری نقطہ نظر سے ظاہر ہے۔

کاروباری جائزہ

2022 ایئرلائنز کے لئے COVID-19 کے بحران کن اثرات سے واپس آنے اور بحالی کا سال رہا ہے۔ سخت قواعد و ضوابط، بھاری لاگت COVID-19 پابندیوں کو ہٹانے میں متضاد حکومتی پالیسیوں کے ساتھ مل کر تکلیف دہ دور رہا، غیر موثر بنیادی ڈھانچہ اور انتہائی بے ترتیب شرح مبادلہ کے ساتھ یہ راستہ مشکل بنا ہوا ہے۔ ایئرلائن بحالی کی طرف گامزن ہے جس کا مشاہدہ 2022 میں 13.07 بلین کلومیٹر کے دستیاب سیٹ کلومیٹر (ASKs) کی شکل میں کیا جاسکتا ہے جبکہ 2021 میں 7.68 ASKs رہا تاہم اس کے مقابلے میں بحالی کی شرح (71%) ASKs سے سست رہی۔ پری کووڈ آپریشنز کے لئے ختم ہونے والے سال کے دوران ایئرلائن نے 2021 میں 86.18 بلین روپے کے مقابلے 172 بلین روپے کی کل آمدنی حاصل کی۔ تقریباً 100% فیصد کا اضافہ دیکھا جاسکتا ہے۔ مالی سال 2022 کے دوران جغرافیائی حصص (ریونیو) کے لحاظ سے کاروبار کو ذیل چارٹ میں دکھایا گیا ہے۔



پی آئی اے سی ایل 2021 میں مجموعی خسارہ 8.5 ارب روپے سے کم کر کے 2022 میں 4.1 ارب روپے کرنے میں کامیاب رہی ہوائی جہاز کا ایندھن 30% فیصد پر مجموعی لاگت کا واحد سب سے بڑا عنصر رہا جس میں ایندھن کی اوسط قیمتوں میں نمایاں اضافہ اور زیر جائزہ سال کے دوران غیر معمولی شرح مبادلہ رہا۔

BOARD MEETINGS **ATTENDANCE**

Meetings Date / Attended by	BM 063 12/01/2022	BM 064 31/01/2022	BM 065 10/03/2022	BM 066 17/03/2022	BM 067 22/04/2022	BM 068 23/05/2022	BM 069 24/06/2022
Mr Aslam R Khan Chairman-PIACL	✓	✓	✓	✓	✓	✓	✓
Mr Shoukat Ali Secretary Aviation Division	Leave of Absence	✓	Leave of Absence	Leave of Absence	✓ VL	✓ VL	Leave of Absence
Mr Atif Aslam Bajwa	✓ VL	Leave of Absence	✓ VL	✓ VL	✓ VL	Leave of Absence	✓ VL
Mr Zahid F Ebrahim	✓ VL	Leave of Absence	✓ VL	Leave of Absence	✓ VL	Leave of Absence	Leave of Absence
Syed Muhammad Ali Gardezi	✓ VL	✓	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL
Mian Asad Hayauddin Secretary Economic Affairs Division	✓	✓ VL	✓ TPH	✓ VL	Leave of Absence	Leave of Absence	✓
Air Marshal Arshad Malik (R) Chief Executive Officer	✓	✓	✓ VL	✓ VL	✓ VL		
Mr Navaid H Malik	✓	✓	✓	✓	✓	✓	✓
Dr Zeelaf Munir	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence		
Mr Hamed Yaqoob Sheikh In-charge Finance Division	✓ VL	✓	Leave of Absence	✓ VL	Leave of Absence	Leave of Absence	Leave of Absence
AVM Muhammad Amir Hayat Acting Chief Executive Officer						✓	✓
Mr Muhammad Humair Karim Secretary Economic Affairs Division							
Dr Kazim Niaz Secretary Economic Affairs Division							

* VL: attended through video link

BOARD MEETINGS **ATTENDANCE**

Meetings Date / Attended by	BM 070 29/07/2022	BM 071 24/08/2022	BM 072 31/10/2022	BM 073 15/12/2022
Mr Aslam R Khan Chairman-PIACL	✓	✓	✓	✓
Mr Shoukat Ali Secretary Aviation Division	✓ VL	✓	Leave of Absence	✓
Mr Atif Aslam Bajwa	Leave of Absence	✓ VL	Leave of Absence	✓ VL
Mr Zahid F Ebrahim	✓ VL	Leave of Absence	✓	Leave of Absence
Syed Muhammad Ali Gardezi	✓ VL	✓ VL	✓ VL	Leave of Absence
Mian Asad Hayauddin Secretary Economic Affairs Division	✓ VL			
Air Marshal Arshad Malik (R) Chief Executive Officer				
Mr Navaid H Malik	✓	✓	✓	✓
Dr Zeelaf Munir				
Mr Hamed Yaqoob Sheikh In-charge Finance Division	✓ VL	✓ VL	✓ VL	Leave of Absence
AVM Muhammad Amir Hayat Acting Chief Executive Officer	✓	✓	✓	✓
Mr Muhammad Humair Karim Secretary Economic Affairs Division		✓ VL		
Dr Kazim Niaz Secretary Economic Affairs Division			✓ VL	✓ VL

* VL: attended through video link

ATTENDANCE OF DIRECTORS AT **AUDIT COMMITTEE MEETINGS**

Meetings Date / Attended by	BAC029 10/03/2022	BAC030 31/03/2022	BAC031 22/04/2022	BAC032 24/06/2022	BAC033 24/08/2022	BAC034 31/10/2022
Mr Atif Aslam Bajwa	✔ VL	✔ VL	✔ VL	✔ VL	✔ VL	Leave of Absence
Mr Navaid H Malik	✔	✔	✔	✔	✔	✔
Dr Zeelaf Munir	Leave of Absence	Leave of Absence				
Syed Muhammad Ali Gardezi	—			✔ VL	✔ VL	✔ VL

ATTENDANCE OF DIRECTORS AT **HR & NOMINATION COMMITTEE MEETINGS**

Meetings Date / Attended by	HR&C-19 22/07/2022
Mr Zahid F Ebrahim	✔ VL
Syed Muhammad Ali Gardezi	✔ VL
AVM Muhammad Amir Hayat	✔

BDO Ebrahim and Co.
Chartered Accountants
2nd Floor, Block C,
Sarwar Shaheed Road
Karachi - 74200

Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motors
Beaumont Road
Karachi - 75530

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Pakistan International Airlines Corporation Limited for the year ended December 31, 2022 to comply with the requirements of Regulation 36 of the Listed Companies (Code of Corporate governance) Regulations 2019 (the Regulations) and rule 24 of the Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) respectively.

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

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

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2022.

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

S. No	Rule/ Regulation	Description
1	8(1)/10(3)(v)	The annual performance evaluation of the board is not undertaken by the government of Pakistan.
2	6(3)/12(1)	Minutes of the BOD meeting were not circulated within 14 days of the meeting.
3	9/15	Related party transactions were not placed before the audit committee for review and approval, Moreover the board has not established a pricing mechanism for distinguishing an arms-length transaction from a non-arm's length transactions.
4	4(2)(b)/11	The agenda for all the Board meetings was set by the Company Secretary instead of Chairman of the board.
5	11(3)/18	Annual orientation course for newly appointed / elected directors was not held during the year.

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1st & 3rd Floor, Modern Motors
Beaumont Road
Karachi - 75530

S. No	Rule/ Regulation	Description
6	21(9)/27(5)	Minutes of the Audit committee meeting were not circulated within 14 days of the meeting.

BDO Ebrahim & Co.
BDO Ebrahim & Co.
Chartered Accountants

UDIN: CR202210166Do58Hzaef
Dated: May 24, 2023
Karachi

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants

UDIN: CR202210154DI7Qb4flE
Dated: May 24, 2023
Karachi

STATEMENT OF COMPLIANCE

WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES 2013 AND LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS 2019

Name of company:	**Pakistan International Airlines Corporation Limited (PIACL)**
Name of the line ministry:	**Aviation Division, Cabinet Secretariat**
For the year ended:	**December 31, 2022**

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

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

II. During the year ended December 31, 2022, the Company has complied with the provisions of Rules in following manner:

S.No.	Provision of Rules	Rule No.	Yes	No	N/A
1.	Independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✔		
2.	Board has at least one-third of its total members as Independent Directors as at December 31, 2022. Board's composition was: (see table below)	3(2)	✔		
3.	No person shall be elected or nominated as a director of more than 5 public sector companies simultaneously, except their subsidiaries	3(4)	✔		
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✔		
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✔		

Category	Names	Date of Appointment
Independent Directors	Mr Aslam R Khan Mr Atif Aslam Bajwa Syed Muhammad Ali Gardezi Mr Zahid F. Ebrahim Mr Navaid H Malik Mr Khalid Mahmood Ms Parveen Agha	October 20, 2020 October 20, 2020 October 20, 2020 October 20, 2020 November 28, 2020 December 28, 2022 December 28, 2022
Executive Directors	AVM Muhammad Amir Hayat	April 26, 2022
Non-Executive Directors	Capt (R) Saif Anjum Dr Kazim Niaz Mr Hamed Yaqoob Sheikh	December 23, 2022 August 30, 2022 December 06, 2021

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

S.No.	Provision of Rules	Rule No.	Y	N	N/A
20.	a) The Board has met at least four times during the year.	6 (1)	✔		
	b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings.	6 (2)	✔		
	c) The Minutes of the meetings were appropriately recorded and circulated.	6 (3)		✔	
21.	(a) The performance evaluation of members of the Board including the chairman and the Chief Executive shall be undertaken annually by the Government for which the Government shall enter into performance contract with each member of the Board at the time of his appointment.	8 (1)		✔	
	(b) The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✔		
22.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9		✔	
23.	a) The Board has approved the Statement of Profit or Loss for, and Statement of Financial Position as at the end of, the first, second and third quarter of the year as well as the financial year end.		✔		
	b) The Board has ensured that half yearly accounts are prepared and reviewed by the external auditors.	10	✔		
	c) The Board has placed the Annual Financial Statements on the Company's website.		✔		
24.	All the Directors underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11(3)		✔	
25.	a) The Board has formed the requisite Committees, as specified in the Rules.	11(3)	✔		
	b) The Committees were provided with written term of reference defining their duties, authority and composition.		✔		
	The Minutes of the Meetings of the Committees were circulated to all the Directors except for Finance (Risk Management) Committee, since no finance committee has been formed by Directors, refer 23(d) below:		✔		
	a) The committees were chaired by the following Non-Executive Directors:	12			

Board Committee	Number of Members	Name of Chair	Y
Audit	06	Mr.Atif Aslam Bajwa	✔
HR (Nomination)	01	Mr. Zahid F Ibrahim	✔
Procurement	Nil	Syed Muhammad Ali Gardezi	✔

S.No.	Provision of Rules	Rule No.	Y	N	N/A
26.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✔		
27.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✔		

S.No.	Provision of Rules	Rule No.	Yes	No	N/A
28.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✔		
29.	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✔		
30.	The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✔		
31.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b)) The Annual Report of the Company contains criteria and details of remuneration of each director.	19	✔ ✔		
32.	The Financial Statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✔		
33.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members: Name of Member / Category / Professional Background: Mr Atif Aslam Bajwa — Independent Directors — Banker Mr Navaid H Malik — Independent Directors — Businessman Syed M. Ali Gardezi — Independent Directors — Former Secy. Aviation The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	21 (1) 21 (2)	✔ ✔		
34.	a) The Chief Financial Officer, the Chief Internal Auditor and a representative of the External Auditors attended all Meetings of the Audit Committee at which issues relating to accounts and audit were discussed. b) The Audit Committee met the External Auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other Executives. c) The Audit Committee met the Chief Internal Auditor and other members of the Internal Audit function, at least once a year, without the presence of Chief Financial Officer and the External Auditors	21 (3)	✔ ✔ ✔		
35.	The audit committee shall appoint a secretary of the Committee, who shall circulate minutes of its meetings to the all members, directors and the chief financial officer, within fourteen days of the meeting.	21(9)		✔	
36.	a) The Board has set up an effective internal Audit function, which has an audit charter, duly approved by the Board Audit Committee. b) The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. c) The Internal Audit Reports have been provided to the External Auditors for their review.	22	✔ ✔ ✔		

S.No.	Provision of Rules	Rule No.	Yes	No	N/A
37.	The External Auditors of the Company have confirmed that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✔		
38.	The Auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✔		

CERTAIN ADDITIONAL DISCLOSURES, REQUIRED UNDER THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS)

1. The total number of directors are as follows:

a. Male: 10

b. Female: 01

2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.

3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

4. The frequency of quarterly Meetings of the Committee was as per following:

- Meetings of the Audit Committee were held in all 4 Quarters.
- Meetings of the HR and Nomination Committee were held 1 times during the year.
- Meeting of Procurement Committee was not held during the year.

5. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

6. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except for regulation 27(5) which states that Draft Minutes of the Audit Committee Meetings were not circulated within 14 days of the meeting.

7. Non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are set out below:

- The Company did not make appropriate arrangements to carry out orientation for its directors to acquaint them with the requirements of these Regulations.
- The agenda for all the Board Meetings was set by the Company Secretary instead of the Chairman of the Board.
- A formal and effective mechanism is not put in place for an Annual Evaluation of Board performance.
- Minutes of the BOD meeting were not circulated within 14 days of the meeting.
- Related party transactions were not placed before the audit committee for review and approval, Moreover the board has not established a pricing mechanism for distinguishing an arms-length transaction from a non-arm's length transactions.

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

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

S. No.	Rule/ Sub Rule No.	Reasons for Non-Compliance	Future course of action
1	8(1)	The performance evaluation of Member of the Board including the Chairman and the Chief Executive is required to be undertaken Annually by the Government for which, the Government is required to enter into performance contract with each member of the board at the time of his appointment. Hence the compliance to this provision is primarily attributable to the Government.	During the Financial Year in question, a letter was written to the Federal Secretary Aviation, communicating the said non-compliance and seeking action thereupon on part of the Federal Government. The matter will be pursued with the Aviation Ministry for removing the stated non-compliance.
2	6(3)	Minutes of the Board Meetings were not circulated within fourteen days of the meeting.	Utmost efforts are always made to circulate the Minutes of Board Meetings within the stipulated timeline; however, there may be times when these timelines could not be met due to specific, unavoidable reasons. Nevertheless, it has been noted for compliance in future.
3	9	Due to non-establishment of related party transaction pricing policy which could differentiate non-arm's length transactions with that which have been excluded at arm's length	Noted for compliance in future.
4	4(2)(b)	Role of Chairman for conducting the Board Meeting including fixing the Agenda: Audit is of the view that the agenda for all the Board Meetings was set by the Company Secretary instead of Chairman of Board	The Agenda is indeed set by the Chairman and circulated in form of Notice to all Directors by Company Secretary. In compliance with Auditors'finding, in future, the setting up of agenda by Chairman will be documented.
5	11(3)	The Company did not make appropriate arrangements to carry out orientation for its directors to acquaint them with the requirements of these Regulations	PIA Board comprises senior civil servants, corporate leaders and business executives, who are seasoned professionals from their respective fields and most of them have already served on number of Boards during their careers. As such, the requirement of a 'classroom style' orientation is rendered meaningless. Nevertheless, they are provided with detailed orientation material encompassing relevant statutes, rules, regulations and industry specific terminologies as Board Pack at the time of their joining and subsequently kept updated.
6.	21(9)	The Secretary of the Committee, did not circulate minutes of Audit Committee's meetings to the all members, directors and the chief financial officer, within fourteen days of the meeting.	Utmost efforts are always made to circulate the Minutes of Audit committee Meetings within the stipulated timeline; however, there may be times when these timelines could not be met due to specific, unavoidable reasons. Nevertheless, it has been noted for compliance in future.

For and on behalf of the Board

Aslam R. Khan
Director

AVM MUHAMMAD AMIR HAYAT
Acting Chief Executive Officer

PATTERN OF **SHAREHOLDINGS**
As at December 31, 2022

Shareholding From		To	Number of Shareholders	Ordinary "A" Class Total Shares Held	Ordinary "B" Class Total Shares Held
1	To	100	13,924	264,652	12,908
101	To	500	29,930	8,349,805	9,358
501	To	1000	4,659	3,981,466	1,339
1001	To	5000	5,227	13,173,497	13,879
5001	To	10000	1,198	9,558,588	-
10001	To	15000	442	5,688,567	-
15001	To	20000	313	5,765,910	-
20001	To	25000	206	4,878,146	-
25001	To	30000	146	4,174,838	-
30001	To	35000	85	2,810,156	-
35001	To	40000	79	3,050,280	-
40001	To	45000	50	2,157,226	-
45001	To	50000	157	7,767,076	-
50001	To	55000	38	2,012,817	-
55001	To	60000	47	2,775,000	-
60001	To	65000	29	1,836,500	-
65001	To	70000	23	1,592,304	-
70001	To	75000	29	2,147,739	-
75001	To	80000	24	1,869,697	-
80001	To	85000	15	1,256,500	-
85001	To	90000	15	1,310,680	-
90001	To	95000	7	652,000	-
95001	To	100000	82	8,180,000	-
100001	To	105000	13	1,336,428	-
105001	To	110000	8	869,178	-
110001	To	115000	9	1,025,000	-
115001	To	120000	7	828,000	-
120001	To	125000	12	1,485,820	-
125001	To	130000	1	130,000	-
130001	To	135000	5	664,500	-
135001	To	140000	6	840,000	-
140001	To	145000	2	285,126	-
145001	To	150000	20	2,994,500	-
150001	To	155000	4	615,500	-
155001	To	160000	4	631,500	-
160001	To	165000	1	164,000	-
165001	To	170000	1	165,500	-
170001	To	175000	7	1,218,500	-
175001	To	180000	8	1,422,500	-
180001	To	185000	3	546,000	-
185001	To	190000	4	752,500	-
190001	To	195000	2	389,500	-
195001	To	200000	19	3,799,000	-
200001	To	205000	2	406,150	-
205001	To	210000	3	626,000	-
210001	To	215000	4	849,500	-
215001	To	220000	2	437,000	-
220001	To	225000	2	445,345	-
225001	To	230000	4	916,500	-
230001	To	235000	2	469,500	-

PATTERN OF **SHAREHOLDING**
As at December 31, 2022

Shareholding From		To	Number of Shareholders	Ordinary "A" Class Total Shares Held	Ordinary "B" Class Total Shares Held
235001	To	240000	1	235,500	-
240001	To	245000	1	244,000	-
245001	To	250000	9	2,247,831	-
250001	To	255000	2	504,500	-
260001	To	265000	1	264,000	-
265001	To	270000	1	267,500	-
270001	To	275000	3	814,179	-
275001	To	280000	3	831,000	-
285001	To	290000	1	289,000	-
295001	To	300000	4	1,197,500	-
300001	To	305000	2	605,500	-
305001	To	310000	3	922,000	-
310001	To	315000	2	626,000	-
320001	To	325000	1	325,000	-
325001	To	330000	1	330,000	-
330001	To	335000	1	334,000	-
340001	To	345000	1	345,000	-
345001	To	350000	3	1,050,000	-
355001	To	360000	1	356,500	-
370001	To	375000	1	370,500	-
375001	To	380000	2	758,000	-
395001	To	400000	6	2,398,000	-
400001	To	405000	2	810,000	-
410001	To	415000	1	415,000	-
420001	To	425000	2	847,000	-
425001	To	430000	1	430,000	-
445001	To	450000	3	1,350,000	-
450001	To	455000	1	454,000	-
455001	To	460000	1	456,500	-
475001	To	480000	1	480,000	-
490001	To	495000	1	494,500	-
495001	To	500000	5	2,498,000	-
500001	To	505000	4	2,012,500	-
515001	To	520000	1	518,000	-
525001	To	530000	2	1,051,500	-
530001	To	535000	1	533,000	-
545001	To	550000	1	550,000	-
565001	To	570000	2	1,134,004	-
595001	To	600000	2	1,200,000	-
605001	To	610000	2	1,217,000	-
615001	To	620000	1	620,000	-
630001	To	635000	1	630,067	-
645001	To	650000	1	650,000	-
685001	To	690000	1	685,500	-
690001	To	695000	1	691,500	-
705001	To	710000	2	1,419,000	-
725001	To	730000	1	728,500	-
740001	To	745000	1	744,500	-
750001	To	755000	1	752,500	-
770001	To	775000	1	775,000	-

PATTERN OF **SHAREHOLDINGS**
As at December 31, 2022

775001	To	780000	1	780,000	-
815001	To	820000	1	818,000	-
835001	To	840000	1	835,500	-
895001	To	900000	1	900,000	-
905001	To	910000	1	910,000	-
915001	To	920000	1	916,500	-
920001	To	925000	1	921,000	-
945001	To	950000	2	1,896,053	-
985001	To	990000	1	990,000	-
995001	To	1000000	1	1,000,000	-
1050001	To	1055000	1	1,050,500	-
1105001	To	1110000	1	1,107,000	-
1195001	To	1200000	1	1,200,000	-
1220001	To	1225000	1	1,225,000	-
1240001	To	1245000	1	1,244,278	-
1285001	To	1290000	1	1,286,000	-
1685001	To	1690000	1	1,687,500	-
1915001	To	1920000	1	1,920,000	-
1995001	To	2000000	3	6,000,000	-
2040001	To	2045000	1	2,044,000	-
2195001	To	2200000	1	2,200,000	-
2245001	To	2250000	1	2,248,500	-
3280001	To	3285000	1	3,282,500	-
3570001	To	3575000	1	3,571,500	-
4995001	To	5000000	1	5,000,000	-
6090001	To	6095000	1	6,090,135	-
231855001	To	231860000	1	231,855,493	-
4791750001	To	4792485000	1	4,791,752,087	1,462,515
		Total	**57,005**	**5,233,761,118**	**1,499,999**

CATEGORIES OF **SHAREHOLDERS**
As at December 31, 2022

Categories of Shareholders	Number of Shareholders	Number of Shares Held		Percentage
		Ordinary "A" Class	Ordinary "B" Class	
Government of Pakistan Federal Government which holds more than five percent voting rights Shares held in the name of Secretary, Ministry of Defence and Secretary Aviation Division	1	4,791,752,087	1,462,515	91.56
PIA - Employees Empowerment Trust	1	231,855,493	-	4.43
Associated Companies, undertakings and related parties	-	-	-	-
Mutual Funds CDC - Trustee National Investment (Unit) Trust	1	202,650	-	0.00
Directors and their spouse(s) and minor children Mr Navaid Hasib Malik (Director)	1	100	-	0.00
Executives	4	640	-	0.00
Public Sector Companies and Corporations	17	5,047,970	100	0.10
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	25	4,182,186	3	0.08
Individual	56,759	187,143,256	34,454	3.57
Others	196	13,576,736	2,927	0.26
Totals	**57,005**	**5,233,761,118**	**1,499,999**	**100.00**

The above two statements include 9,547 Shareholders holding 188,897,217 Ordinary 'A' Class Shares and 2,626 Ordinary 'B' Class Shares through the Central Depository Company of Pakistan Limited

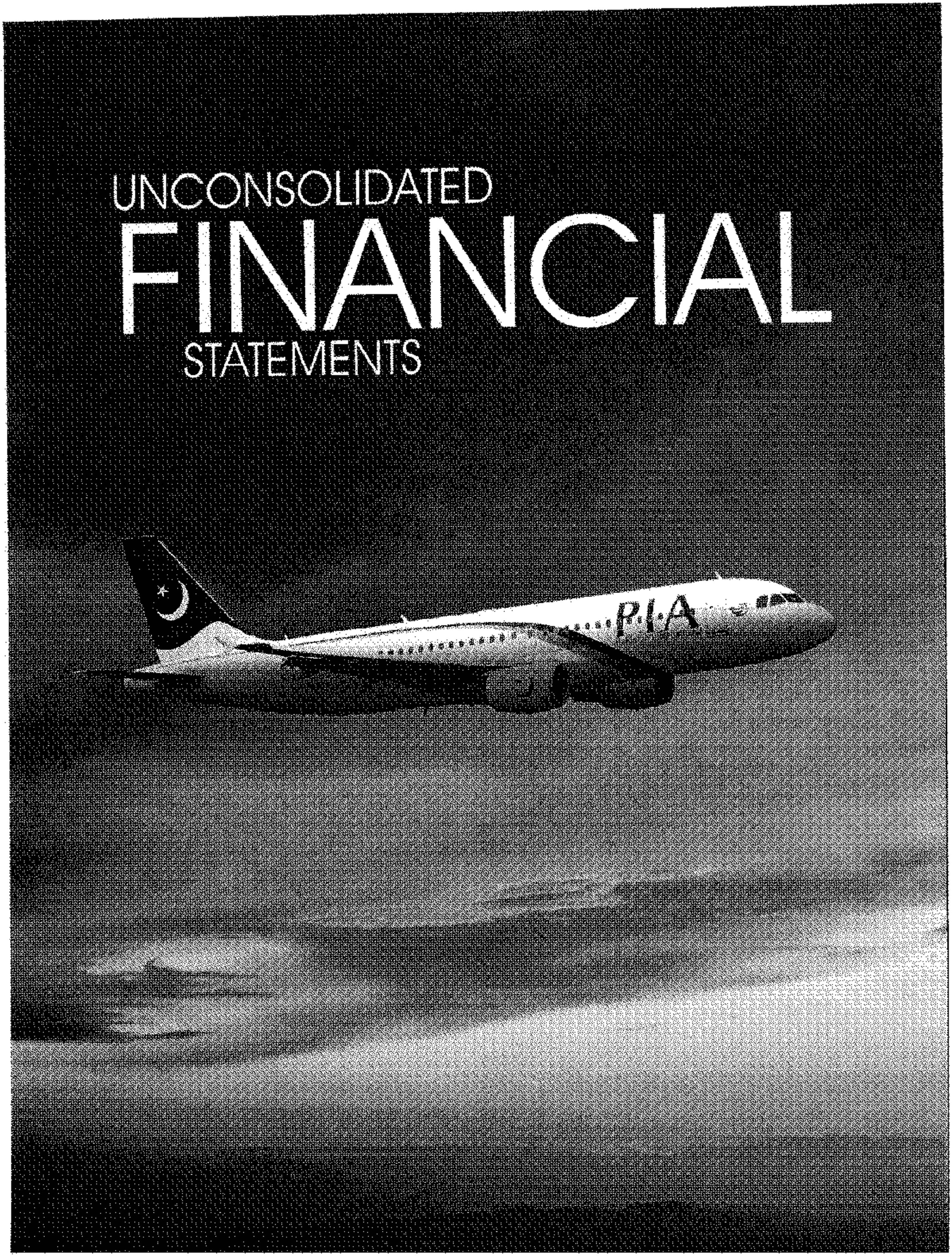
SHARE CAPITAL
(December 31, 2022)

December 2022	December 2021		December 2022	December 2021
------- Number of Shares --------			---- (Rupees in '000) -----	
		Authorized Capital		
		Ordinary Share Capital		
5,349,250,000	5,349,250,000	'A' class shares of Rs.10/- each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs.5/- each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
		Preference share capital		
50,000,000	50,000,000	Preference shares of Rs.10/- each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
		Issued, subscribed and paid up share capital		
		Ordinary share capital		
		'A' class shares of Rs.10/- each		
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
931,028	931,028	Issued for consideration other than cash for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
		'B' class shares of Rs.5/- each		
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
2,625	2,625	Issued for consideration other than cash for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
			52,345,110	52,345,110

SIX-YEAR SUMMARY

	2022 (Audited)	2021 (Audited)	2020 (Audited)	2019 (Audited) *(Restated)*	2018 (Audited)	2017 (Audited) *(Restated)*
OPERATION						
Route Kilometers	341,821	374,054	705,820	389,725	332,303	360,937
Revenue Kilometers Flown (000)	53,811	34,544	37,403	70,515	70,089	75,207
Revenue Hours Flown	84,742	55,710	57,370	110,640	110,050	122,081
Available Tonne Kilometers A.T.K (000)	1,805,992	1,019,875	1,326,514	2,609,730	2,521,208	2,658,974
Available Seat Kilometers A.S.K (000)	13,075,390	7,681,820	8,902,198	18,371,578	18,080,600	19,108,047
TRAFFIC						
Revenue Passengers Carried (000)	4,261	2,657	2,541	5,290	5,203	5,342
Revenue Passengers Kilometers (000)	10,496,577	5,138,222	6,628,751	14,938,238	13,975,424	13,986,804
Passenger Load Factor (%)	80.28	66.89	74.46	81.31	77.31	73.21
Revenue Freight Tonne Kilometers (000)	95,328	75,605	95,880	191,546	208,928	206,695
Kgs. of Excess Baggage & Cargo (000)	21,267	25,747	27,274	48,838	36,941	38,975
Kgs. of Mail (000)	109	228	121	189	205	241
Revenue Tonne Kilometers (000)	1,047,494	547,436	694,799	1,539,026	1,471,523	1,468,861
Revenue Load Factor (%)	58.00	53.68	52.40	58.97	58.40	55.00
Avg. Kilometer Per Passenger	2,452	1,934	2,608	2,824	2,686	2,619
FINANCIAL						
Operating Revenue (Rs. in million)	172,038.132	86,185.394	94,989.391	147,500.129	103,490.460	90,556.089
Operating Expenses (Rs. in million)	183,354.243	101,212.425	95,669.705	153,630.617	150,523.708	126,366.578
Loss from operations (Rs. in million)	(11,316.111)	(15,027.031)	(680.314)	(6,130.488)	(47,033.248)	(35,810.489)
Loss before tax (Rs. in million)	(86,517.058)	(49,763.748)	(35,353.673)	(53,361.386)	(67,417.815)	(51,057.129)
Loss after tax (Rs. in million)	(88,008.417)	(50,101.491)	(34,642.811)	(52,601.610)	(67,327.605)	(51,006.922)
Fixed Assets (Rs. in million)	95,610.571	91,546.616	90,946.488	99,418.582	78,302.168	67,157.187
Current Assets (Rs. in million)	49,366.097	45,093.507	42,491.498	52,917.036	34,945.653	32,145.992
Current Liabilities (Rs. in million)	380,593.624	313,715.044	322,252.878	324,645.200	288,569.906	244,307.972
Long-Term Debts (Rs. in million)	305,717.481	283,033.759	222,960.679	207,050.576	150,970.165	121,096.089
Net Worth (Rs. in million)	(587,673.889)	(497,463.605)	(448,766.813)	(416,409.634)	(356,753.631)	(291,470.196)
RATIOS						
Loss per share (Rs.)	(16.81)	(9.57)	(6.62)	(10.05)	(12.86)	(9.74)
Current ratio	0.13	0.14	0.13	0.16	0.12	0.13
SHARE PRICES (Rs. 10 Share)						
High	5.75	6.87	6.85	7.59	8.08	10.21
Low	3.18	3.73	3.21	6.45	3.81	3.80
Closing	3.47	3.93	4.73	6.67	5.09	4.02
PERSONNEL						
Average No. of Empolyees	8,031	8,558	10,779	11,740	12,196	13,268
Revenue Per Employee (Rs. in million)	21.42	10.07	8.81	12.56	8.49	6.83

UNCONSOLIDATED FINANCIAL STATEMENTS



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Chartered Accountants
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INDEPENDENT AUDITORS' REPORT

To the Members of Pakistan International Airlines Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan International Airlines Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) - the Act, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2022 and of the loss, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters:

i) Note 1.3 to the unconsolidated financial statements which inter-alia states that in view of the financial position of Company, the Government of Pakistan has confirmed vide its letter dated April 19, 2023 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 26 and 27 to the unconsolidated financial statements which state that an aggregate amount of Rs. 9,867.368 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 1,213.527 million on account of the Company and employees' contributions and Rs. 8,653.841 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under the law.

iii) Notes 30.1 and 38 to the unconsolidated financial statements which state that the Company is exposed to various tax and other contingencies, the ultimate outcome of which cannot presently

be determined and, accordingly, no provision has been made by management in respect of these contingencies in the unconsolidated financial statements.

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

Key Audit Matters

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

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** (Refer note 5.13 to the unconsolidated financial statements) Upon booking of a flight, revenue receipt is measured based on the sales price. Revenue receipt is initially deferred and subsequently revenue is recognized in statement of profit or loss when service is provided to customers. Determination of the amount of revenue to be recognized for each flight requires complex IT systems integration and involves various internal and external sources. Further, revenue is presumed and identified as an area involving risk of material misstatement due to fraud hence, significant risk for the audit. We considered this a key audit matter as a result of complexity of related IT systems, their integration and level of judgment required by management in determining existence of revenue mainly with reference to timing of recognition of unused revenue receipts.	Our audit procedures included the following: ▪ We obtained an understanding of key IT systems, including interfaces involved in recording of revenue along with the IT general controls. ▪ We tested the operating effectiveness of the key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. ▪ We performed tests of details over revenue and tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and general ledger. ▪ We obtained data in respect of unused revenue documents and tested the accuracy of historical expiry data and compared this data to that used by the Company in their calculation of the amount of revenue to be recognized from unused revenue documents. ▪ We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.
2	**Retirement benefit plans** (Refer note 25.2, 25.3 & 25.4 to the unconsolidated financial statements) The Company operates various defined benefit plans. The Company's obligation in respect of these plans as at December 31, 2022 amounted to Rs. 40,286.964 million. Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: ▪ We assessed competence and objectivity of the actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. ▪ We tested data provided by the Company to actuaries for the purpose of valuation. ▪ We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.

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

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditors' report thereon.
Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on Other Legal and Regulatory Requirements

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tariq Feroz Khan (BDO Ebrahim & Co.) and Muhammad Khalid Aziz (Grant Thornton Anjum Rahman).

BDO Ebrahim & Co.
BDO Ebrahim & Co.
Chartered Accountants

UDIN: AR202210166IbS0m5H7Y
Date: May 24, 2023
Place: Karachi.

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants

UDIN: AR202210154hfwOmpkEg
Date: May 24, 2023
Place: Karachi.

UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
AS AT DECEMBER 31, 2022

	Note	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
		----- (Rupees in '000) -----		----- (US$ in '000) -----	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	**92,599,437**	91,030,118	**408,952**	515,712
Investment property	7	**2,727,582**	244,471	**12,046**	1,385
Intangibles	8	**283,552**	272,027	**1,252**	1,541
Long-term investments	9	**4,704,590**	4,675,332	**20,777**	26,487
Long-term loan to subsidiaries	10	**2,993,549**	779,343	**13,221**	4,415
Long-term deposits	11	**2,299,607**	4,271,235	**10,156**	24,198
		105,608,317	101,272,526	**466,404**	573,738
CURRENT ASSETS					
Stores and spares	12	**3,535,580**	2,915,991	**15,614**	16,520
Trade debts	13	**20,527,778**	14,925,854	**90,658**	84,569
Advances	14	**5,451,648**	3,051,709	**24,076**	17,289
Trade deposits and short-term prepayments	15	**3,021,415**	4,444,401	**13,344**	25,179
Other receivables	16	**7,421,066**	7,240,000	**32,774**	41,017
Short-term investments	17	**-**	19,220	**-**	109
Cash and bank balances	18	**9,408,610**	12,496,332	**41,552**	70,795
		49,366,097	45,093,507	**218,018**	255,468
TOTAL ASSETS		**154,974,414**	146,366,033	**684,422**	829,206

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

UNCONSOLIDATED STATEMENT OF **FINANCIAL POSITION**
AS AT DECEMBER 31, 2022

	Note	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
		----- (Rupees in '000) -----		----- (US$ in '000) -----	
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital	19	**52,345,110**	52,345,110	**231,175**	296,560
Reserves	20	**(651,151,054)**	(560,770,551)	**(2,876,716)**	(3,176,927)
Surplus on revaluation of property, plant and equipment - net	21	**11,132,055**	10,961,836	**49,163**	62,102
		(587,673,889)	(497,463,605)	**(2,595,378)**	(2,818,275)
NON CURRENT LIABILITIES					
Long-term financing	22	**289,391,056**	272,685,376	**1,278,055**	1,544,841
Lease liabilities	23	**16,326,395**	10,348,383	**72,103**	58,627
Advances from subsidiaries	24	**9,262,852**	7,259,407	**40,908**	41,127
Deferred liabilities	25	**47,074,376**	39,821,428	**207,897**	225,600
		362,054,679	330,114,594	**1,598,963**	1,870,195
CURRENT LIABILITIES					
Trade and other payables	26	**230,195,252**	192,089,706	**1,016,625**	1,088,243
Unclaimed dividend - Preference shares		**3,297**	3,297	**15**	19
Accrued interest	27	**50,002,025**	32,378,420	**220,827**	183,433
Taxation - net		**2,629,942**	1,182,288	**11,615**	6,698
Short-term borrowings	28	**30,388,449**	30,580,489	**134,206**	173,247
Current maturity of non-current liabilities	29	**67,374,659**	57,480,844	**297,549**	325,646
		380,593,624	313,715,044	**1,680,837**	1,777,286
TOTAL EQUITY AND LIABILITIES		**154,974,414**	146,366,033	**684,422**	829,206
CONTINGENCIES AND COMMITMENTS	30				

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

UNCONSOLIDATED **STATEMENT OF PROFIT OR LOSS**
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
		------ (Rupees in '000) ------		--------- (US$ in '000) ---------	
Revenue - net	31	**172,038,132**	86,185,394	**853,905**	516,238
Cost of services					
Aircraft fuel		**(79,690,851)**	(22,856,726)	**(395,543)**	(136,908)
Others	32	**(96,480,187)**	(71,791,416)	**(478,876)**	(430,020)
		(176,171,038)	(94,648,142)	**(874,419)**	(566,928)
Gross loss		**(4,132,906)**	(8,462,748)	**(20,514)**	(50,690)
Distribution costs	33	**(6,144,688)**	(5,112,990)	**(30,499)**	(30,626)
Administrative expenses	34	**(6,357,230)**	(5,677,187)	**(31,554)**	(34,005)
Other provisions and adjustments - net	35	**(956,914)**	(2,322,895)	**(4,750)**	(13,914)
Other income	36	**6,275,627**	6,548,789	**31,149**	39,226
		(7,183,205)	(6,564,283)	**(35,654)**	(39,319)
Loss from operations		**(11,316,111)**	(15,027,031)	**(56,168)**	(90,009)
Exchange loss - net		**(25,229,810)**	(7,346,434)	**(125,227)**	(44,004)
Loss before interest and taxation		**(36,545,921)**	(22,373,465)	**(181,395)**	(134,013)
Finance costs	37	**(49,971,137)**	(27,390,283)	**(248,030)**	(164,064)
Loss before taxation		**(86,517,058)**	(49,763,748)	**(429,425)**	(298,077)
Taxation	38	**(1,491,359)**	(337,743)	**(7,402)**	(2,023)
Net loss for the year		**(88,008,417)**	(50,101,491)	**(436,827)**	(300,100)
		----------- (Rupees) -----------		------------- (US$) -------------	
Loss per share - basic and diluted					
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each	40	**(16.81)**	(9.57)	**(0.08)**	(0.06)
'B' class ordinary shares of Rs. 5 each	40	**(8.41)**	(4.79)	**(0.04)**	(0.03)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

UNCONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**
FOR THE YEAR ENDED DECEMBER 31, 2022

	December 31, 2022	December 31, 2021	**December 31, 2022**	December 31, 2021
	------- (Rupees in '000) -------		---------- (US$ in '000) ----------	
Net loss for the year	**(88,008,417)**	(50,101,491)	**(436,827)**	(300,100)
Other comprehensive (loss) / income:				
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss				
Unrealised gain on re-measurement of investments at FVOCI - net of tax	**20,773**	94,584	**145**	601
Surplus on revaluation of property, plant and equipment - net of tax	**242,415**	-	**1,203**	-
Remeasurement of post retirement defined benefits obligations - net of tax	**(2,465,057)**	1,310,117	**(12,235)**	8,324
Total comprehensive loss for the year	**(90,210,286)**	(48,696,790)	**(447,714)**	(291,174)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

UNCONSOLIDATED **STATEMENT OF CASH FLOWS**
FOR THE YEAR ENDED DECEMBER 31, 2022

	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		---------- (Rupees in '000) ----------		---------- (US$ in '000) ----------	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	41	31,453,942	1,931,868	156,121	11,572
Profit on bank deposits received		101,597	73,826	504	442
Finance costs paid		(31,371,537)	(19,503,976)	(155,711)	(116,826)
Taxes paid		(124,647)	(119,702)	(619)	(717)
Staff retirement benefits paid		(3,120,585)	(2,786,209)	(15,489)	(16,689)
Long-term deposits and prepayments - net		1,861,073	(1,380,848)	9,237	(8,271)
Net cash used in operating activities		(1,200,157)	(21,785,041)	(5,957)	(130,489)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,887,559)	(1,816,805)	(19,296)	(10,882)
Purchase of intangible assets		(96,356)	(96,598)	(478)	(579)
Advance paid to subsidiary		(2,214,206)	(779,343)	(10,990)	(4,668)
Proceeds from sale of property, plant and equipment		11,777	23,215	58	139
Net cash used in investing activities		(6,186,344)	(2,669,531)	(30,706)	(15,990)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(42,237,512)	(44,188,607)	(209,644)	(264,683)
Proceeds from long-term financing		54,860,476	85,820,433	272,298	514,051
Repayment of lease liabilities		(8,132,145)	(10,424,559)	(40,364)	(62,442)
Net cash flows from financing activities		4,490,819	31,207,267	22,290	186,926
(Decrease) / increase in cash and cash equivalents		(2,895,682)	6,752,695	(14,373)	40,447
Cash and cash equivalents at beginning of the year		11,775,843	5,023,148	58,449	30,088
Cash and cash equivalents at end of the year		8,880,161	11,775,843	44,076	70,535
Cash and cash equivalents					
Cash and bank balances	18	9,408,610	12,496,332	46,699	74,851
Running finance under mark-up arrangements	28	(528,449)	(720,489)	(2,623)	(4,316)
		8,880,161	11,775,843	44,076	70,535

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

UNCONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2022

	Share Capital	Reserves							Surplus on revaluation of property, plant & equipment	Total
		Capital Reserves			Revenue reserves		Other component of equity			
		Reserve for replacement of fixed assets	Capital redemption reserve fund	General capital reserve	General reserve	Accumulated loss	Unrealised gain on remeasurement of investments at FVOCI	Actuarial gain / (loss) on defined benefit plan		
	(Rupees in '000)									
Balance as at January 01, 2021	52,345,110	1,966,779	250,000	284,259	1,779,674	(512,013,497)	163,074	(4,581,581)	11,039,369	(448,766,813)
Loss for the year	-	-	-	-	-	(50,101,491)	-	-	-	(50,101,491)
Other comprehensive income for the year	-	-	-	-	-	-	94,584	1,310,117	-	1,404,701
Total comprehensive income / (loss) for the year	-	-	-	-	-	(50,101,491)	94,584	1,310,117	-	(48,696,790)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	77,533	-	-	(77,533)	-
Balance as at December 31, 2021	52,345,110	1,966,779	250,000	284,259	1,779,674	(562,037,455)	257,658	(3,271,464)	10,961,836	(497,463,603)
Loss for the year	-	-	-	-	-	(88,008,417)	-	-	-	(88,008,417)
Other comprehensive income / (loss) for the year	-	-	-	-	-	-	20,773	(2,465,057)	242,415	(2,201,869)
Total comprehensive income / (loss) for the year	-	-	-	-	-	(88,008,417)	20,773	(2,465,057)	242,415	(90,210,286)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	72,196	-	-	(72,196)	-
Balance as at December 31, 2022	52,345,110	1,966,779	250,000	284,259	1,779,674	(649,973,676)	278,431	(5,736,521)	11,132,065	(587,673,889)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED DECEMBER 31, 2022

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 corporation to a public limited company by shares, through Act No. XV of 2016 'The Pakistan International Airlines Company (Conversion) Act, 2016' (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Company Act, 1956 and the Company is now governed under the Companies Act, 2017 (the Act). According to the Conversion Act, all assets, rights, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Company and the Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of 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	**Geographical Location**
Head Office	PIA Head Office, Old Terminal, Karachi.

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

1.3 During the year, the Company incurred a net loss of Rs. 88,008.417 million resulting in accumulated loss of Rs. 649,973,676 million as of December 31, 2022. Further, as of that date, current liabilities of the Company exceeded its current assets by Rs. 331,227.527 million and its operating negative cash flows for the year are Rs. 1,200.157 million.

The management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, management believes that though, the sustainability of the future operations of the Company is dependent on the support of the Government of Pakistan (GoP), no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, the unconsolidated financial statements are prepared on a going concern basis, with considering among others the following factors:

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.
- reimbursement of financial charges of all GoP guranted loans.

b) On December 30, 2017 in a meeting with the GoP, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19, 2019-20, 2020-21,2021-22 and 2022-23 (till December 2022), Rs. 16,768 million, Rs. 28,263 million, Rs. 19,072 million , Rs. 21,850 million and Rs. 14,693 million respectively have been provided by the GoP in respect of markup support.

c) Further, through a letter dated April 19, 2023, GoP, through ministry of finance has re-iterated its maximum support to maintain the Company as going concern in the forseeable future. In addition, through letter dated April 24, 2020, GoP has also extended its further support for the situation arising due to COVID-19.

d) Subsequent, to the period end GoP guarantee limit have been enhanced by PKR 15.6 billion which leads to accumulative guarantee limit to the tune of PKR 263.23 billion.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- Provisions of and directives issued under the Act.

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

These are separate financial statements of the Company in which investment in subsidiaries and associates are carried at cost less accumulated impairment losses, if any.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except otherwise disclosed in the unconsolidated financial statements.

2.3 Functional and presentation currency

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

The US Dollar amounts reported in the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows are stated as additional information, solely for the convenience of the users of these unconsolidated financial statements. The US Dollar amounts in the unconsolidated statement of financial position have been translated into US Dollar at the rate of Rs. 226.4309 = US$ 1 (2021: Rs. 176.5135 = US$ 1) and in the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows have been translated into US Dollar at the rate of Rs.201.4722 = US$ 1 (2021: Rs. 166.9491 = US$ 1).

3 NEW ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year

There are certain new and amended standards and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

3.2 Accounting standards not yet effective

There are certain new and amended standards, and amendments to the approved accounting standards that will be mandatory for the Company's accounting periods beginning on / after January 01, 2023. However, the company expects that these stardards will not have any material impact on the future financial statements of company.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

4.1 Property, plant and equipment

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

4.2 Investment property

The Company revalues the investment property at fair value on each reporting date. Fair values are based on active market prices, adjusted, if necessary, for any differences in nature, location or condition of the specified assets.

4.3 Stores and spares

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

4.4 Trade debts and other receivables

These are stated initially at fair value and subsequently measured at amortised cost less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivable. Bad debts, if any, are written off when considered irrecoverable.

4.5 Employee benefits

The liabilities relating to defined benefit plans are determined through actuarial valuations using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates, future increase in medical costs and future pension increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties.

4.6 Taxation

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

4.7 Provision for cost of redelivery of aircraft and engines

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

5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Property, plant and equipment

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

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

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

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

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

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

Depreciation is charged to the unconsolidated statement of profit or loss, applying the straight-line method whereby the cost or revalued amount of assets, less their residual values, is written down over their expected useful lives.

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

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

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

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

5.1.2 Right of use assets

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

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

The right-of-use asset is initially measured at the commencement date of lease based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentive received.

The right-of-use asset is subsequently depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

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

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

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

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

5.1.3 Capital work-in-progress

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

5.2 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of land and buildings is recognised in other comprehensive income as surplus on revaluation of property, plant and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings.

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

5.3 Investment property

Property held for long-term rental yields which are significantly rented out by the Company is classified as investment property.

Investment property are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment property are carried at their fair values based on market value determined by professional independent valuers on a continuing basis. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. Gain or loss arising as a result of fair valuation is charged to profit or loss.

5.4 Intangibles

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

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives.

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

5.5 Investments in subsidiaries and associates

These are initially recognised at cost. At subsequent reporting dates, such investments are stated at cost less accumulated impairment losses, if any.

5.6 Stores and spares

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

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

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

5.7 Trade debts and other receivables

These are recognised initially at fair value (original invoice / ticket amount) plus directly attributable transaction costs (if any) and subsequently measured at amortised cost less provision for impairment. Impairment of trade debts and other receivables is described in 5.17.

5.8 Cash and cash equivalents

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

5.9 Trade and other payables

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

5.10 Loans and borrowings

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

5.11 Employee benefits

Provident fund

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

Pension fund

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

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

Contributions are made to the scheme at the advice of actuary. For all the permanent employees hired on or after July 1, 2008 in lieu of the pension funds as described above, the Company operates a defined contribution pension fund whereby a contribution of 5% of the pensionable benefits is made to the Fund in accordance with the relevant rules.

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

Post-retirement medical benefits

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

Compensated absences

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

5.12 Taxation

Current

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

Deferred taxation

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

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

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

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

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

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

5.13 Revenue recognition

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

a.	**Type of product / service**	**Nature, timing of satisfaction of performance obligations, significant payment terms**
b.	**Passenger Revenue**	Revenue from passenger services includes air transportation services provided to the passengers. Coupon/sector on a ticket are considered to be a single performance obligation. The value of a coupon/sector on a ticket is considered to be transaction price in accordance with IFRS 15. Passenger revenue is recognized when the transportation service is provided. The value of unused tickets is included in current liabilities as 'advance against transportation (unearned revenue)' until recognized as revenue.
c.	**Cargo Revenue**	Cargo revenue is recognized when the transportation service is provided. The value of unused airway bills generated is included in current liabilities as 'advance against transportation (unearned Revenue)' until recognized as revenue.
d.	**Excess Baggage**	This revenue is generated when passengers pay additional charges for carrying more than their allotted weight of luggage. The revenue is recognised at the point in time when the passengers pay the charges.
e.	**Charter Services**	The charter revenue is generated on booking of entire plane by a customer. Revenue is recognised at the point of time when the services are provided to the customers.
f.	**Engineering Services**	Revenue from engineering services include revenue generated from engineering and technical services provided by the Company. Revenue is recognised at the point when the services are rendered.
g.	**Cancellation Charges**	Cancellation charges include revenue from charges deducted when a ticket is refunded by the customer. At the time of refund, the amount deducted at that time is recognised as revenue.
h.	**Expired Tickets**	Expired tickets revenue represents revenue earned on expiry of ticket on the unutilized period of last 12 months. Passenger tickets issued 12 months ago or earlier (if not extended) and are not utilized for transportation, are considered as expired tickets and unearned revenue relating to these expired tickets are recognised as revenue.
k.	**Others**	Others include revenue generated from other miscellaneous services provided by the Company. Revenue is recognized at the point when such services are rendered.

5.14 Frequent flyer programme revenue

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

In addition, award credit miles are sold to a commercial partner to use in promotional activity. The fair value of the miles sold is deferred and recognised as revenue on redemption of the award credit miles by the participants to whom the award credit miles are issued. The cost of redemption of award credit miles is recognised when award credit miles are redeemed.

5.15 Borrowing costs

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

5.16 Provisions

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

5.17 Impairment

Financial assets

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

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

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

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

The Company considers a debt instrument to have a low credit risk when its credit risk rating is equivalent to an 'investment grade' in an organized financial market. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-financial assets

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

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

5.18 Foreign currency transactions

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

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

5.19 Financial instruments

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

Recognition and initial measurement

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

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

Financial assets - Classification and measurement

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

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

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

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

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

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

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

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

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

Offsetting

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

5.20 Earnings per share

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

5.21 Dividend and reserves

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

	Note	2022	2021
		------- (Rupees in '000) -------	
Operating fixed assets			
- owned	6.1	69,197,051	73,418,994
- right of use asset	6.2	23,007,463	17,076,831
Capital work-in-progress	6.4	394,923	534,293
		92,599,437	91,030,118

6.1 Operating fixed assets - owned

	2022				
	Land		Buildings on:		Workshops and hangars
	Leasehold (note 6.1.4)	Others (note 6.1.1)	Leasehold land (note 6.1.4)	Other land	
	(Rupees in '000)				
As at January 01, 2022					
Cost or revalued amount	9,200,052	29,896	13,309,317	1,811,450	1,063,842
Accumulated depreciation	-	-	(10,838,763)	(1,452,457)	(880,124)
Net book value	9,200,052	29,896	2,470,554	358,993	183,718
Year ended December 31, 2022					
Opening net book value	9,200,052	29,896	2,470,554	358,993	183,718
Additions	-	-	-	59,245	17
Transfers from CWIP	-	-	-	324,180	177,730
	-	-	-	383,425	177,747
Revaluation					
Cost or revalued amount	203,616	-	265,160	-	-
Accumulated depreciation	-	-	(210,513)	-	-
	203,616	-	54,647	-	-
Transfers					
Cost or revalued amount	(815,216)	-	(1,074,591)	-	-
Accumulated depreciation	-	-	799,157	-	-
	(815,216)	-	(275,434)	-	-
Disposals					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge for the year	-	-	(103,429)	(119,447)	(31,995)
Closing net book value	8,588,452	29,896	2,146,338	622,971	329,470
As at December 31, 2022					
Cost or revalued amount	8,588,452	29,896	12,499,886	2,194,875	1,241,589
Accumulated depreciation	-	-	(10,353,548)	(1,571,904)	(912,119)
Net book value	8,588,452	29,896	2,146,338	622,971	329,470
Annual depreciation rate (%)	-	-	2 - 2.5	2 - 2.5	5

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

6.1.2 Aircraft fleet includes five engines (05) (2021: five (05) engines) held by a third party for overhauling purpose as at December 31, 2022. The carrying value of these engines at year end is Rs. 1,331.081 million (2021: Rs. 1,412.407 million)

6.1.3 During the year, the Company transferred land and buildings located at various local and international sites to investment property measured at fair value as the Company decided to rent it to third parties. Immediately before transfer, land and buildings were remeasured to fair value and a gain of Rs. 242.415 million (net of tax) was recognized as revaluation surplus in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the land and building at the date of transfer were the same as those applied to investment property at the reporting date (note 7).

2022							
Aircraft fleet (note 6.1.2)	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
(Rupees in '000)							
123,989,635	3,510,987	2,053,786	2,797,258	996,570	2,136,310	7,917,678	168,816,781
(66,968,368)	(3,189,256)	(1,860,378)	(2,666,502)	(925,546)	(1,997,028)	(4,619,365)	(95,397,787)
57,021,267	321,731	193,408	130,756	71,024	139,282	3,298,313	73,418,994
57,021,267	321,731	193,408	130,756	71,024	139,282	3,298,313	73,418,994
-	254,159	21,857	1,893	47,551	47,655	170,455	602,832
681,308	1,866,242	2,440	-	36,604	37,191	-	3,125,695
681,308	2,120,401	24,297	1,893	84,155	84,846	170,455	3,728,527
-	-	-	-	-	-	-	468,776
-	-	-	-	-	-	-	(210,513)
-	-	-	-	-	-	-	258,263
-	-	-	353,529	-	-	-	(1,536,278)
-	-	-	(249,249)	-	-	-	549,908
-	-	-	104,280	-	-	-	(986,370)
-	-	-	(18,265)	-	-	-	(18,265)
-	-	-	18,265	-	-	-	18,265
-	-	-	-	-	-	-	-
(6,503,414)	(103,166)	(45,820)	(33,881)	(24,105)	(73,900)	(183,206)	(7,222,363)
51,199,161	2,338,966	171,885	203,048	131,074	150,228	3,285,562	69,197,051
124,670,943	5,631,388	2,078,083	3,134,415	1,080,725	2,221,156	8,088,133	171,459,541
(73,471,782)	(3,292,422)	(1,906,198)	(2,931,367)	(949,651)	(2,070,928)	(4,802,571)	(102,262,490)
51,199,161	2,338,966	171,885	203,048	131,074	150,228	3,285,562	69,197,051
4 - 10	5 - 10	10 - 20	10 - 25	10	5 - 10	4 - 10	

Operating fixed assets - owned

	2021				
	Land		Buildings on:		Workshops and hangars
	Leasehold (note 6.1.4)	Others (note 6.1.1)	Leasehold land (note 6.1.4)	Other land	
	(Rupees in '000)				
As at January 01, 2021					
Cost or revalued amount	9,284,588	29,896	13,663,161	1,809,446	1,063,842
Accumulated depreciation	-	-	(10,959,360)	(1,425,216)	(862,874)
Net book value	9,284,588	29,896	2,703,801	384,230	200,968
Year ended December 31, 2021					
Opening net book value	9,284,588	29,896	2,703,801	384,230	200,968
Additions	-	-	-	4,980	-
Transfers from CWIP	-	-	-	-	-
	-	-	-	4,980	-
Revaluation					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Transfer to investment property (note 7)					
Cost or revalued amount	(84,536)	-	(353,844)	-	-
Accumulated depreciation	-	-	232,194	-	-
	(84,536)	-	(121,650)	-	-
Disposals					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Write off / retirement					
Cost or revalued amount	-	-	-	(2,976)	-
Accumulated depreciation	-	-	-	2,976	-
	-	-	-	-	-
Depreciation charge for the year	-	-	(111,597)	(30,217)	(17,250)
Closing net book value	9,200,052	29,896	2,470,554	358,993	183,718
As at December 31, 2021					
Cost or revalued amount	9,200,052	29,896	13,309,317	1,811,450	1,063,842
Accumulated depreciation	-	-	(10,838,763)	(1,452,457)	(880,124)
Net book value	9,200,052	29,896	2,470,554	358,993	183,718
Annual depreciation rate (%)	-	-	2 - 2.5	2 - 2.5	5

2021							
Aircraft fleet (note 6.1.2)	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
---------------- (Rupees in '000) ----------------							
120,261,958	3,415,254	2,042,231	2,820,905	996,403	2,109,552	7,688,042	165,185,278
(60,527,436)	(3,078,771)	(1,813,020)	(2,649,242)	(912,879)	(1,937,464)	(4,435,281)	(88,601,543)
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
3,727,677	91,348	10,526	-	3,569	28,991	229,636	4,096,727
-	6,840	6,033	-	-	859	-	13,732
3,727,677	98,188	16,559	-	3,569	29,850	229,636	4,110,469
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(438,380)
-	-	-	-	-	-	-	232,194
-	-	-	-	-	-	-	(206,186)
-	(2,456)	(5,004)	(23,647)	(3,402)	(3,092)	-	(37,600)
-	2,449	5,004	23,647	3,380	2,977	-	37,457
-	(6)	-	-	(22)	(115)	-	(143)
-	-	-	-	-	-	-	(2,976)
-	-	-	-	-	-	-	2,976
-	-	-	-	-	-	-	-
(6,440,932)	(112,934)	(52,362)	(40,907)	(16,047)	(62,541)	(184,084)	(7,068,671)
57,021,267	321,731	193,408	130,756	71,024	139,282	3,298,313	73,418,994
123,989,635	3,510,987	2,053,786	2,797,258	996,570	2,136,310	7,917,678	168,816,781
(66,968,368)	(3,189,256)	(1,860,378)	(2,666,502)	(925,546)	(1,997,028)	(4,619,365)	(95,397,787)
57,021,267	321,731	193,408	130,756	71,024	139,282	3,298,313	73,418,994
4 - 10	5 - 10	10 - 20	10 - 25	10	5 - 10	4 - 10	

6.1.4 Revaluation of leasehold land and buildings on leasehold land was last carried out as at December 31, 2020 by independent professional valuers which resulted in additional surplus net of tax of Rs. 1,534.649 million. The fair values of leasehold land and buildings on leasehold land were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of leasehold land and building on leasehold land falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.1.5 The forced sales value of land and buildings which were subject to revaluation amounted to Rs. 890.124 million.

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

	2022			2021		
	Cost	**Accumulated Depreciation**	**Book value**	Cost	Accumulated Depreciation	Book value
	(Rupees in '000)					
Leasehold land	**19,790**	**-**	**19,790**	44,166	-	44,166
Buildings on leasehold land	**216,723**	**154,491**	**62,232**	256,185	174,076	82,109
	236,513	**154,491**	**82,022**	300,351	174,076	126,275

6.1.7 **Details of immovable fixed assets:**

(a) The details of immovable fixed assets (i.e Land & Other Land) for the year ended December 31, 2022 are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
PIA Booking Office Rawalpindi	5th The Mall Road, Saddar, Rawalpindi.	4,328
PIA DFSL, Warehouse Islamabad	Warehouse, Sector I-11/4, (Pir Wadhai) Islamabad.	7,200
PIA Sales Office Gawadar	Airport Road, Gawadar.	2,420
PIA Sales Office Multan	65 Ahmed Shah, Abdali Road, Multan.	6,528
PIA Sales Office Azad Kashmir	Chattar, Muzaffarabad, Azad Kashmir.	444
PIA Sales Office Peshawar	33-The Mall, Arbab Road, Peshawar.	9,931
PIA Sales Office Sawat	Faizabad, Saidu Shareef, Maingora, Sawat.	1,211
Land for PIA Staff Housing Colony Saidu Sharif	PIA Staff Housing Colony Saidu Sharif.	1,208
PIA Sales Office Skardu	Chashma Bazar, Skardu.	1,250
Airport Office Skardu	Tehsil Gumba near old runway Skardu.	4,248

Description of Location	Addresses	Total Area of Land Square Yards
PIA Sales Office Turbat	Commissioner Road, Turbat.	18,295
PIA Sales Office Islamabad	Jinnah Avenue, 49 Blue Area, Islamabad	1,200
PIA Sales Office Lahore	Opp. Punjab Assembly near Wapda House, Lahore.	4,600
PIA Diagnostic Center Karachi	B-33, KDA Scheme 1, Karsaz, Karachi.	1,874
PIA Air Crew Medical Center Karachi	C-I, KDA Scheme I, Karsaz, Karachi.	1,120
PIA Sales Office Faisalabad	Block 16, 26/6, Civil Lines, Faisalabad.	1,974
PIA Sales Office Chitral	Polo Ground, Chitral.	3,666
PIA Sales Office Building Quetta	17 Shahrah e Hali, Cantonment, Quetta.	3,732
Land for Sales Office Ormara	PIA sales office ,Ormara Baluchistan.	10,000
Land for Sales Office Sialkot	Plot situated opposite to Chamber of Commerce Paris Road, Sialkot.	1,778
Farm house Abbotabad	Nathia Gali Road Abbottabad.	18,166
Land for Sales Office Gilgit	Plot of PIA City Road near NLI Shopping Centre, Gilgit.	525
Land for new sales office Sukkur	Minara Road near Jamia Masjid, Sukkur.	2,146
Land for Dera Ismail Khan	Survey No. 3A 195.09 Sqr. Metre D.I.Khan Cantt.	233
PIA housing colony (Water Tank) Karachi	PIA Housing Colony Water Tank Karachi.	1,667
PIA Sales Office Hyderabad	PIA Sales office, Civic center, Thandi Sarak, Hyderabad	540
G.D Somani Marg Cuffe Parade, Mumbai	Flat No. 32, 3rd Floor Jolly Marker-3 G.D Somani Marg, Cuffe Parade, Mumbai - 400 005	193
Narain Manzil, New Delhi	Narain Manzil, 23 Barakhamba Road, New Delhi - 110001	451
Shaykhontohur District, Tashkent	Shaykontohur District Halkdar Dustligr Street, Tashkent	291
Leidsestraat 17 Amsterdam	1017 NT Amsterdam The Netherlands, Amsterdam.	118
Van Nijenrodeweg 835 Amsterdam	1082 JM Amsterdam The Netherlands, Amsterdam.	309
Koningsvaren 109 Abcoude Amsterdam	Koningsvaren 109 Abcoude, Amsterdam.	300
Residence No.55 New York	Saxon Woods Road Scarsdale, NY 10583-7812, New York.	2,275

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

6.2 Right of use asset

	Note	Aicraft fleet including engines	Buildings	Technical Ground equipment	Total
		------- (Rupees in '000) -------			
As at January 01, 2021					
Cost		23,690,449	1,614,895	353,528	25,658,872
Accumulated depreciation		(12,867,534)	(775,191)	(124,995)	(13,767,720)
Net book value		10,822,915	839,704	228,533	11,891,152
Year ended December 31, 2021					
Opening net book value		10,822,915	839,704	228,533	11,891,152
Additions during the year					
Additions in Right of use asset		7,656,565	111,863	8,474	7,776,902
		7,656,565	111,863	8,474	7,776,902
Adjustment					
Re-assessment of redelivery cost		2,681,333	-	-	2,681,333
Depreciation charge for the year		(4,858,918)	(346,868)	(66,770)	(5,272,556)
Closing net book value		16,301,895	604,699	170,237	17,076,831
As at December 31, 2021					
Cost		34,028,347	1,726,758	362,002	36,117,107
Accumulated depreciation		(17,726,452)	(1,122,059)	(191,765)	(19,040,276)
Net book value		16,301,895	604,699	170,237	17,076,831
Year ended December 31, 2022					
Opening net book value		16,301,895	604,699	170,237	17,076,831
Additions during the year					
Additions in Right of use asset	6.2.1	11,977,053	238,578	-	12,215,631
		11,977,053	238,578	-	12,215,631
Adjustment					
Cost		(672,532)	-	-	(672,532)
Accumulated depreciation		672,565	-	-	672,565
		33			33
Transfer to owned fixed assets					
Cost		-	-	(353,529)	(353,529)
Accumulated depreciation		-	-	249,249	249,249
		-	-	(104,280)	(104,280)
Depreciation charge for the year		(6,723,517)	(395,691)	(61,544)	(6,180,752)
Closing net book value		22,555,464	447,586	4,413	23,007,463
As at December 31, 2022					
Cost		45,332,868	1,965,336	8,473	47,306,677
Accumulated depreciation		(22,777,404)	(1,517,750)	(4,060)	(24,299,214)
Net book value		22,555,464	447,586	4,413	23,007,463
Annual depreciation rate (%)		6.25 - 15	4.7 - 33.33	10	

6.2.1 This represents agreement executed against 4 aircraft obtained during the year by the Company under lease arrangements. The amount includes Rs. 95 million on account of sales tax paid on import basis.

		2022	2021
6.3	Depreciation charge for the year has been allocated as under:	------ (Rupees in '000) ------	
	Cost of services - others	13,375,204	12,318,104
	Distribution costs	11,029	9,165
	Administrative expenses	16,882	14,157
		13,403,115	12,341,426

		Aircraft Fleet inlcuding engines	Others	Total
6.4	**Capital work-in-progress**			
		--------------- (Rupees in '000) ---------------		
	Year ended December 31, 2022			
	Balance at beginning of the year	-	534,293	534,293
	Additions during the year	966,553	2,223,139	3,189,692
	Transfer to operating fixed assets / intangible asset	(681,308)	(2,468,803)	(3,150,111)
	Write off during the year	-	(178,951)	(178,951)
	Balance at end of the year	285,245	109,678	394,923
	Year ended December 31, 2021			
	Balance at beginning of the year	1,784,069	370,268	2,154,337
	Additions during the year	-	195,524	195,524
	Transfer to operating fixed assets / intangible asset	-	(31,207)	(31,207)
	Adjustment	(1,784,069)	(292)	(1,784,361)
	Balance at end of the year	-	534,293	534,293

		Land	Building	Total
7.	**INVESTMENT PROPERTY**			
		--------------- (Rupees in '000) ---------------		
	Year ended December 31, 2022			
	Balance at beginning of the year	100,233	144,238	244,471
	Transfer from owner occupied property (note 7.1)	815,216	275,434	1,090,650
	Addition	28,396	-	28,396
	Gain on revaluation	1,264,430	99,635	1,364,065
	Balance at end of the year	2,208,275	519,307	2,727,582
	Year ended December 31, 2021			
	Balance at beginning of the year	-	-	-
	Transfer from owner occupied property	84,536	121,650	206,186
	Gain on revaluation	15,697	22,588	38,285
	Balance at end of the year	100,233	144,238	244,471

7.1 The details of transfers to investment property from owner occupied property are as follows:

Category	ocation	Net book value before transfer	Market value at the time of transfer	Revaluation surplus / (loss) recognized in OCI-net of tax	Tax	Net revaluation surplus transferred to OCI
		(Rupees in '000)				
Leasehold Land	PIA DFSL Warehouse, sector no. 1-11/4, PIR Wadhi, Islamabad.	345,600	374,400	28,800	-	28,800
Leasehold Land	PIA Crew Medical Center, C-1, KDA Scheme no. 1, Karsaz Road, Karachi.	224,000	246,400	22,400	-	22,400
Leasehold Land	PIA sales office, Chashma Bazar, Skardu.	31,500	34,875	3,375	-	3,375
Leasehold Land	PIA main Gilgit City Road, near NLI Shopping Centre, Gilgit	10,500	159,541	149,041	-	149,041
Buildings on leasehold land	PIA sales office, Ground and Loft floor, Civic Centre, Thandi Sarak, Hyderabad.	93,965	109,512	15,547	4,509	11,038
Buildings on leasehold land	Van Nijenrodeweg 835, 1082 JM Amsterdam	71,719	113,022	41,303	11,978	29,326
Buildings on leasehold land	PIA DFSL Warehouse, sector no. 1-11/4, PIR Wadhi, Islamabad.	37,908	37,440	(468)	(136)	(332)
Buildings on leasehold land	PIA Crew Medical Center, C-1, KDA Scheme no. 1, Karsaz Road, Karachi.	10,435	9,410	(1,025)	(297)	(728)
Buildings on leasehold land	PIA sales office, Chashma Bazar, Skardu.	6,760	6,050	(710)	(206)	(504)

7.2 The fair value of the Investment property as at December 31, 2022 were performed by Asrem (Private) Limited, Sky line Appraisals Inc. and 123 Makelaar. The fair value was determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of investment property falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

7.3 Forced sale value of the aforementioned investment property as of the reporting date is estimated to be Rs. 2,493.030 million (2021: Rs. 238.293 million).

7.4 Rental income earned during the year was Rs. 55.249 million (2021: Rs. 11.019 million).

	Note	2022	2021
8. INTANGIBLES		------ (Rupees in '000) ------	
Computer softwares			
Cost	8.1	1,334,438	1,213,664
Accumulated amortisation	8.2	(1,050,886)	(941,637)
		283,552	272,027

8.1 Cost

		2022	2021
Opening balance		1,213,664	1,099,591
Additions during the year		96,357	96,598
Transfers from CWIP		24,417	17,475
Closing balance		1,334,438	1,213,664

8.2 Accumulated amortisation

	Note	2022	2021
Opening balance		941,637	782,327
Amortisation for the year	8.2.1	109,249	159,310
Closing balance		1,050,886	941,637
Useful life		5 years	5 years

8.2.1 Amortisation charge for the year has been allocated as under:

	Note	2022	2021
Cost of services - others	32	8,740	12,745
Administrative expenses	34	100,509	146,565
		109,249	159,310

9. LONG-TERM INVESTMENTS

	Note	2022	2021
		------- (Rupees in '000) -------	
Related parties			
Subsidiaries	9.1	4,415,714	4,415,714
Associate	9.2	396	396
		4,416,110	4,416,110
Others			
Fair value through OCI	9.3	288,480	259,222
		4,704,590	4,675,332

9.1 Subsidiaries

	2022	2021
PIA Investments Limited (PIAIL) 792,000 (2021: 792,000) fully paid ordinary shares of AED 100 each. Equity held 100% (2021: 100%). Break-up value of each ordinary share is Rs. 119,329.08 based on Un-audited financial statements as at December 31, 2022 (note 9.1.1).	4,415,712	4,415,712
Skyrooms (Private) Limited 4,000,000 (2021: 4,000,000) fully paid ordinary shares of Rs. 10 each. Equity held 100% (2021: 100%). Break-up value of each ordinary share is negative Rs. 99 (2021: negative Rs. 44) based on the unaudited financial statements for the year ended December 31, 2022.	40,000	40,000
Midway House (Private) Limited (under winding-up) 2,960,000 (2021: 2,960,000) fully paid ordinary shares of Rs. 10 each. Equity held 100% (2021: 100%). Break-up value of each ordinary share is Rs. Nil (2021: Rs. Nil). Financial statements are not available.	28,520	28,520
Sabre Travel Network Pakistan (Private) Limited 446,551 (2021: 446,551) fully paid ordinary shares of Rs. 100 each. Equity held 70% (2021: 70%) Break-up value of each ordinary share of Rs. 449 (2021: Rs. 611) based on the unaudited (2022: unaudited) financial statements for the year ended December 31, 2022.	2	2
	68,522	68,522
Provision for diminution in value of investments	(68,520)	(68,520)
	2	2
	4,415,714	4,415,714

9.1.1 PIA Investments Limited (PIAIL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates as a limited liability company under a decree issued by H.H., The Ruler of Sharjah. During 1986, PIAIL was registered in British Virgin Islands under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act 2012) as a company limited by shares. The principal activity of PIAIL is to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world.

9.2 Associate

	2022	2021
Minhal Incorporated - Sharjah 4,000 fully paid ordinary shares (2021: 4,000) of AED 100 each. Equity held 40% (2021: 40%). Break-up value of each ordinary share is Rs. 74,398.67 based on unaudited financial statements for the year ended December 31, 2020 (note 9.2.1)	396	396

9.2.1 Minhal Incorporated (Minhal), an Associate of PIACL, which was incorporated on January 1, 1977 in Sharjah, United Arab Emirates as a limited liability company and is currently registered in British Virgin Islands. The principal activities of Minhal are to carry on business as promoters of and the managers of projects related to construction, development and operation of hotels, restaurants and clubs throughout the world. The PIACL interest in Minhal is 40% (2021: 40%). The breakup value of Minhal is based on unaudited financial statements for the year ended December 31, 2020.

	Note	2022	2021
		------ (Rupees in '000) ------	
9.3 At FVOCI			
Quoted		288,109	258,851
Pakistan Services Limited			
Unquoted			
Pakistan Tourism Development Corporation Limited		100	100
Duty Free Shops (Private) Limited		271	271
		288,480	259,222

10. LONG-TERM LOAN TO SUBSIDIARIES

	Note	2022	2021
Considered good			
PIA Investments Limited	10.1	2,993,549	779,343
Considered doubtful			
Skyrooms (Private) Limited		37,042	37,042
Midway House (Private) Limited		82,476	82,476
		119,518	119,518
Less: provision for impairment against doubtful long-term advances		(119,518)	(119,518)
		2,993,549	779,343

10.1 This represents advance to subsidiary of US$ 13.220 million. The principal will be repaid in 60 equal monthly installments commencing from January 2024 whilst the markup will be received on monthly basis wherein the advance carries markup at the rate of 1 month KIBOR + 1.45% p.a.

11. LONG-TERM DEPOSITS

	2022	2021
Considered good	2,061,379	3,879,201
Aircraft fleet lease deposits	238,228	392,034
Other	2,299,607	4,271,235
	357,877	357,877
Considered doubtful	2,657,484	4,629,112
Less: provision for impairment against doubtful deposits	(357,877)	(357,877)
	2,299,607	4,271,235

12. STORES AND SPARES

	Note	2022	2021
Stores		1,022,336	994,940
Spare parts		8,434,944	8,166,119
		9,457,280	9,161,059
Provision for slow and obsolete spares	12.1	(5,921,700)	(6,245,068)
		3,535,580	2,915,991

	Note	2022	2021
		------ (Rupees in '000) ------	

12.1 Movement in provision is as follows:

	Note	2022	2021
Balance at beginning of the year		6,245,068	5,982,193
(Reversal) / provision for the year	35	(323,368)	262,875
Balance at end of the year		5,921,700	6,245,068

13. TRADE DEBTS

	Note	2022	2021
Considered good			
Due from Government		4,912,550	3,941,966
Due from other customers		15,615,228	10,983,888
		20,527,778	14,925,854
Considered doubtful			
Government related		643,697	337,109
Other customers		4,426,850	4,846,811
Less: Provision for impairment against doubtful debts	13.1	(5,070,547)	(5,183,920)
		-	-
		20,527,778	14,925,854

13.1 Movement in provision is as follows:

	Note	2022	2021
Balance at the beginning of the year		5,183,920	4,205,126
(Reversal) / provision made during the year	35	(113,373)	978,794
Balance at the end of the year		5,070,547	5,183,920

13.2 The aging analysis of trade debts is as follows:

	2022					
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	------ (Rupees in '000) ------					
Current	3,353,273	209,275	3,562,548	13,748,033	365,400	14,113,433
Overdue less than or equal to 90 days	24,571	1,533	26,104	1,626,955	33,332	1,660,287
More than 90 days past due	72,328	4,514	76,842	131,710	89,116	220,826
More than 180 days past due	100,008	6,241	106,249	108,530	139,647	248,177
More than 360 days past due	1,362,370	422,134	1,784,504	-	3,799,355	3,799,355
	4,912,550	643,697	5,556,247	15,615,228	4,426,850	20,042,078

	2021					
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	(Rupees in '000)					
Current	464,861	-	464,861	7,147,675	116,069	7,263,744
Overdue less than or equal to 90 days	572,753	-	572,753	2,406,557	92,043	2,498,600
More than 90 days past due	378,636	-	378,636	789,156	157,058	946,214
More than 180 days past due	741,207	-	741,207	269,090	274,731	543,821
More than 360 days past due	1,784,509	337,109	2,121,618	371,410	4,206,909	4,578,319
	3,941,966	337,109	4,279,075	10,983,888	4,846,811	15,830,698

13.3 Maximum aggregate gross amount due from Government at the end of any month end was Rs. 5,602.653 million (2021: Rs. 6,724.020 million).

14. ADVANCES

	Note	2022	2021
		(Rupees in '000)	
Considered good			
Lease rentals		4,431,373	2,102,319
Suppliers		871,685	850,604
Others	14.1	148,590	98,786
		5,451,648	3,051,709
Considered doubtful		994,726	994,726
	14.2	6,446,374	4,046,435
Less: provision for impairment against doubtful advances		(994,726)	(994,726)
		5,451,648	3,051,709

14.1 These include advance of Rs. 22.04 million (2021: Rs. 2.112 million) paid to key management personnel.

14.2 This includes Rs. 174.146 million (2021: 174.146 million) advanced to Skyrooms (Private) Limited, a subsidiary.

15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2022	2021
Trade deposits			
Considered good		2,920,198	4,259,294
Considered doubtful		43,707	44,507
Less: Provision for impairment against doubtful deposits	15.1	(43,707)	(44,507)
		-	-
Prepayments		101,217	185,107
		3,021,415	4,444,401

	Note	2022	2021
		------ (Rupees in '000) ------	

15.1 Movement in provision is as follows:

Balance at beginning of the year		44,507	44,816
(Reversal) during the year		(800)	(309)
Balance at end of the year		43,707	44,507

16. OTHER RECEIVABLES

	Note	2022	2021
Considered good			
Related parties			
Sales tax receivable	16.1	4,745,637	4,745,637
Excise duty	30.1.1 (a)	100,000	100,000
PIA Investments Limited		282,065	2,023
Receivable from GoP		172,643	133,720
Receivable from NICL		9,032	310,175
		5,309,377	5,291,555
Others		2,111,689	1,948,445
		2,111,689	1,948,445
Considered doubtful		930,679	450,562
Provision for impairment against doubtful other receivables	16.3	(930,679)	(450,562)
		-	-
		7,421,066	7,240,000

16.1 Represents unadjusted portion of input tax under Sales Tax Act, 1990 (the Act). The Company has filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit (LTU) through a letter has interalia stated that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services in terms of Rule 41A(14) of the Federal Excise Rules, 2005 [note 31.1.1 (d)].

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

16.2 The maximum aggregate amount due from related parties at the end of any month during the year were as follows;

	Note	2022	2021
		------ (Rupees in '000) ------	
National insurance company limited		113,084	1,161,031
Government of Pakistan		172,643	8,617,112
Federal board of revenue		4,845,637	4,845,637
PIA Investments Limited		60,372	2,023

16.3 **Movement in provision is as follows:**

	Note	2022	2021
Balance at beginning of the year		450,562	337,431
Provision made during the year	35	480,117	113,131
Balance at end of the year		930,679	450,562

17. SHORT-TERM INVESTMENTS

	2022	2021
At FVOCI - unquoted		
Sita inc n.v	19,220	19,220
Less: provision for diminution in value of short term investments	(19,220)	-
	-	19,220

18. CASH AND BANK BALANCES

	Note	2022	2021
Cash			
In hand		935	1,483
With banks:			
- In current accounts	18.1	4,802,001	10,346,921
- In deposit accounts	18.2 & 18.3	4,605,674	2,147,928
		9,407,675	12,494,849
		9,408,610	12,496,332

18.1 This has been adjusted by an aggregate amount of Rs. 1,954,179 million (2021: Rs. 504.244 million), representing book overdrafts.

18.2 These carry interest ranging from 0.5% to 12.43% (2021: 0.5% to 8.9%) per annum.

18.3 This includes a bank balance of BDT 676.077 million (2021: BDT 674.591 million) equivalent to Rs. 1,519.164 million (2021: Rs. 1,390.803 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.

19. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022	2021		2022	2021
(No. of shares)			------ (Rupees in '000) ------	
		Authorised capital		
		Ordinary share capital		
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10 each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5 each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
		Preference share capital		
50,000,000	50,000,000	Preference shares of Rs. 10 each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
		Issued, subscribed and paid up share capital		
		Ordinary share capital		
		'A' class shares of Rs. 10 each		
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
		Issued for consideration other than cash		
931,028	931,028	for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
		'B' class shares of Rs. 5 each		
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
		Issued for consideration other than cash		
2,625	2,625	for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
5,235,261,117	5,235,261,117		52,345,110	52,345,110

19.1 At December 31, 2022, the GoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares respectively (2021: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

20. RESERVES

	Note	2022	2021
		------ (Rupees in '000) ------	
Capital reserves			
- Reserve for replacement of fixed assets		1,966,779	1,966,779
- Capital redemption reserve fund		250,000	250,000
- General capital reserve		284,259	284,259
		2,501,038	2,501,038
Revenue reserves			
- General reserve		1,779,674	1,779,674
- Accumulated losses		(649,973,676)	(562,037,455)
		(648,194,002)	(560,257,781)
Other component of equity			
- Actuarial loss on defined benefit plan		(5,736,521)	(3,271,464)
- Unrealised gain on remeasurement of investments at fair value through OCI		278,431	257,656
		(5,458,090)	(3,013,808)
		(651,151,054)	(560,770,551)

	2022	2021
21. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET	------ (Rupees in '000) ------	
Surplus on revaluation at beginning of the year	11,664,951	11,774,152
Surplus arising during the year on:		
Land	203,616	-
Buildings	54,647	-
	258,263	-
Less: transferred to accumulated loss in respect of incremental depreciation charged thereon - net of tax	(101,685)	(109,201)
	11,821,529	11,664,951
Related deferred tax liability		
Balance at beginning of the year	(703,115)	(734,783)
Tax effect of surplus arising on revaluation of property, plant and equipment during the year	(15,848)	-
Tax effect of incremental depreciation charged during the year on related assets transferred to unconsolidated statement of profit or loss	29,489	31,668
Balance at the end of the year	(689,474)	(703,115)
Surplus on revaluation at end of the year	11,132,055	10,961,836

	Note	2022	2021
22. LONG-TERM FINANCING		------ (Rupees in '000) ------	
Borrowings	22.1 & 22.2	284,011,629	267,010,376
Sukuk certificates	22.3	5,379,427	5,675,000
		289,391,056	272,685,376

22.1 Borrowings

	2022	2021
Balance at beginning of the year	318,647,418	277,230,558
Financing obtained during the year	54,817,867	80,145,433
Repayments made during the year	(42,237,512)	(44,188,607)
Amortization of arrangement fee	42,609	-
Exchange loss	13,989,188	5,460,034
	345,259,570	318,647,418
Less: Current maturity	(61,247,941)	(51,637,042)
Balance at end of the year	284,011,629	267,010,376

22.2 The details of borrowings are as follows:

Financier	Note	Type of facility	Facility amount (million)	Repayment period	Number of installment/ Mode	2022	2021
						------ (Rupees in '000) ------	
Banking Companies - secured							
Related party							
National Bank of Pakistan	22.2.1 & 22.2.2 & 22.2.3	Term Finance	PKR 2,175	2018 - 2023	12 Quarterly	181,250	725,000
National Bank of Pakistan	22.2.1 & 22.2.2 & 22.2.3	Term Finance	PKR 2,625	2018 - 2023	12 Quarterly	470,833	1,177,083
National Bank of Pakistan - Bahrain; and Habib bank Limited	22.2.1 & 22.2.2 & 22.2.3	Syndicate Finance	US $ 120	2013 - 2025	40 Quarterly	20,512,981	16,733,480
Others							
Askari Bank Limited	22.2.1 & 22.2.2	Term Finance	PKR 5,000	2023 - 2026	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	22.2.1 & 22.2.2	Islamic Finance	PKR 5,000	2020 - 2025	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	22.2.1 & 22.2.2	Islamic Finance	PKR 5,000	2020 - 2025	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	22.2.1 & 22.2.2	Islamic Finance	PKR 3,000	2023 - 2026	36 Monthly	3,000,000	3,000,000
Habib Bank Limited	22.2.1 & 22.2.2	Term finance	PKR 2,000	2021 - 2024	36 Monthly	1,055,556	1,722,222
Habib Bank Limited	22.2.1 & 22.2.2	Islamic finance	PKR 1,000	2021 - 2024	36 Monthly	10,000,000	10,000,000
Habib Bank Limited	22.2.1 & 22.2.2	Term finance	PKR 17,000	2023 - 2026	60 Monthly	17,000,000	7,000,000
Askari Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Term finance	PKR 12,000	2024-2029	60 Monthly	11,899,594	-
Askari Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Term finance	PKR 5,000	2024-2029	60 Monthly	4,963,119	-
Askari Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Term finance	PKR 6,000	2020 - 2025	48 Monthly	4,500,000	5,625,000
Askari Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Term finance	PKR 10,000	2021 - 2026	36 Monthly	7,500,000	10,000,000
Faysal Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Islamic Finance	PKR 5,000	2019 - 2025	60 Monthly	4,999,100	4,999,500
Faysal Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Islamic Finance	PKR 4,000	2019 - 2024	36 Monthly	2,222,222	3,111,111
Faysal Bank Limited	22.2.1 & 22.2.2 & 22.2.3	Islamic Finance	PKR 5,000	2020 - 2025	36 Monthly	4,432,275	5,000,000
Al Baraka Bank (Pakistan) Limited	22.2.1 & 22.2.2 & 22.2.4	Islamic Finance	PKR 2,500	2020 - 2023	36 Monthly	833,333	1,666,667
Al Baraka Bank (Pakistan) Limited	22.2.1 & 22.2.2 & 22.2.4	Islamic Finance	PKR 2,000	2023 - 2026	36 Monthly	2,000,000	2,000,000
Al Baraka Bank (Pakistan) Limited	22.2.1 & 22.2.2 & 22.2.5	Islamic Finance	PKR 1,000	2021 - 2025	36 Monthly	916,667	1,000,000
Al Baraka Bank (Pakistan) Limited	22.2.1 & 22.2.2 & 22.2.6	Islamic Finance	PKR 2,500	2023 - 2026	36 Monthly	2,500,000	2,500,000
Al Baraka Bank (Pakistan) Limited	22.2.1 & 22.2.2 & 22.2.7	Islamic Finance	PKR 1,000	2023 - 2026	36 Monthly	1,000,000	1,000,000
Standard Chartered Bank (Pakistan)	22.2.1 & 22.2.8	Consortium	US $ 250	2020 - 2024	36 Monthly	26,731,426	35,947,888
JS Bank Limited	22.2.1 & 22.2.2 & 22.2.9	Term finance	PKR 19,167	2021 - 2026	60 Monthly	17,829,303	18,927,413
The Bank of Punjab	22.2.1 & 22.2.2 & 22.2.9	Term finance	PKR 56,177.40	2024-2032	96 Monthly	55,686,442	-
JS Bank Limited	22.2.1 & 22.2.2 & 22.2.3 & 22.2.9	Term Finance	PKR 15,000	2017 - 2024	66 Monthly	4,090,909	6,136,364
Soneri Bank Limited	22.2.1 & 22.2.2 & 22.2.3 & 22.2.9	Term finance	PKR 8,000	2019 - 2024	36 Monthly	3,333,333	4,166,667
Bank Islami Pakistan Limited	22.2.1 & 22.2.2 & 22.2.10	Islamic Finance	PKR 16,500	2021 - 2026	60 Monthly	13,200,000	16,500,003
Noor Bank	22.2.1 & 22.2.11	Consortium	USD 120	2019 - 2023	33 Monthly	754,770	7,646,918
The Bank of Punjab	22.2.12	Term Finance	PKR 5,000	2016 - 2022	60 Monthly	-	1,000,000
The Bank of Punjab	22.2.12	Term Finance	PKR 5,000	2016 - 2023	60 Monthly	-	1,333,333
The Bank of Punjab	22.2.12	Demand Finance	PKR 30,000	2016 - 2025	84 Monthly	-	15,901,266
The Bank of Punjab	22.2.12	Term finance	PKR 2,500	2017 - 2024	60 Monthly	-	1,375,000
The Bank of Punjab	22.2.12	Term finance	PKR 6,000	2019 - 2026	60 Monthly	-	4,846,197
The Bank of Punjab	22.2.12	Term finance	PKR 4,587	2019 - 2024	36 Monthly	-	3,058,331
The Bank of Punjab	22.2.12	Term finance	PKR 6,000	2019 - 2026	60 Monthly	-	5,663,277
The Bank of Punjab	22.2.12	Term finance	PKR 18,000	2022 - 2027	60 Monthly	-	18,000,000
The Bank of Punjab	22.2.12	Term finance	PKR 5,000	2023 - 2028	60 Monthly	-	5,000,000
Al Baraka Bank (Pakistan) Limited		Islamic Finance	PKR 4,500	2018 - 2022	36 Monthly	-	1,125,000
Others - unsecured							
Related parties							
Long term loan - GoP	22.2.13	Term Finance	PKR 8,000	2011 - 2020	16 half yearly	8,000,000	8,000,000
Loan from GoP against markup	22.2.14	Term Finance	PKR 100,646	2023 - 2038	-	100,846,457	72,157,728
						345,259,570	318,647,418
Less : current maturity						(61,247,941)	(51,637,042)
						284,011,629	267,010,376

22.2.1 Borrowings in PKR comprise of variable rate borrowings (except long term loan from GoP, with markup rate of 10% per annum) which carrying markup ranging from spread of 1.25% to 1.65% over 1 month KIBOR. Borrowings in US$ comprise of variable rate borrowings carrying markup ranging from spread of 3.10% over 1 month LIBOR to 3.75% over 3 month LIBOR per annum.

22.2.2 The finance is secured by way of unconditional and irrevocable GoP guarantee for an amount equivalent to the facility amount.

22.2.3 In line with SBP Circular No. 13/26 dated March 26, 2020, the Company applied for deferment of principal for one year. Henceforth, repayment period has been revised and same is shown in the aforementioned facilities. In addition, clause (V) of SBP circular also suggests to defer the principal for another period of one year with the consent of the financial institutions. The Company has opted for further deferment as presented in note 22 under revised repayment period.

22.2.4 The finance is secured by way of hypothecation of Boeing 777-200 ER aircraft.

22.2.5 The finance is secured by way of hypothecation of engine bearing engine No. 900-432.

22.2.6 The finance is secured by way of hypothecation of engines bearing engine No. 900-431, 432 and 453.

22.2.7 The finance is secured by way of hypothecation of two ATR 42-500 aircraft.

22.2.8 The finance is secured by first priority security over the collection account and facility service account and legally enforceable assignments of tickets' sales collection for UK, SAR, Muscat and Kualalampur sector through IATA with appropriate acknowledgments.

22.2.9 The finance is secured by way of lien over IATA routed sales of the Company, receivable or assignment.

22.2.10 The finance is secured by way of lien over musharakah asset amounting to Rs. 16,500 million and unconditional and irrevocable GoP guarantee for the facility amount.

22.2.11 The finance is secured by way of collection routed through the offshore bank account maintained with Emirates NBD Bank.

22.2.12 During the year, these loans have been repaid in full without incurring any penalty.

22.2.13 The Company has not paid any installment since due date of Installment, i.e. October 23, 2011. The over due principal and markup as at December 31, 2022 is Rs 8,000 million (December 31, 2021: Rs. 8,000 million) and Rs. 10,700 million (December 31, 2021: Rs. 9,900 million) respectively. The over due principal amount is included in the current maturity.

22.2.14 In a meeting held with GoP dated December 30, 2017, it was decided that markup support would be provided for the five years starting from July 2018. In this regard, GoP has started releasing markup, first disbursement was made on October 26, 2018 and subsequently on monthly basis. The loan amount represents the outstanding amount at any given point of time.

22.3 SUKUK CERTIFICATES

	Security	Repayment period	Number of installments	Mark-up (%)	2022	2021
					----- (Rupees in '000) -----	
Sukuk certificates	GoP Guarantee	2023 to 2031	96 Monthly	1 month KIBOR +1.00%	5,675,000	5,675,000
Less: Current maturity					(295,573)	-
					5,379,427	5,675,000

23. LEASE LIABILITIES	Note	2022	2021
		------ (Rupees in '000) ------	
Present value of minimum lease payments			
- Aircraft fleet including engines	23.1	21,555,475	15,339,172
- Buildings	23.1	593,975	801,372
- Technical ground equipment	23.1	8,090	51,641
		22,157,540	16,192,185
Less: Current maturity	29	(5,831,145)	(5,843,802)
		16,326,395	10,348,383

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

	Note	Aicraft fleet including engines	Buildings	Technical Ground equipment	Total
		---------- (Rupees in '000) ----------			
Balance as at beginning of the year		15,339,172	801,372	51,641	16,192,185
Addition during the year		8,647,643	238,578	-	8,886,221
Adjustment					
Exchange loss		4,172,008	26,386	1,400	4,199,794
Repayments made during the year		(7,522,858)	(564,079)	(45,207)	(8,132,144)
Interest charged during the year	37	919,510	91,718	256	1,011,484
Balance at end of the year		21,555,475	593,975	8,090	22,157,540

	2022			2021		
	Minimum lease payments	Finance costs	Present value of minimum lease payments	Minimum lease payments	Finance costs	Present value of minimum lease payments
	---------- (Rupees in '000) ----------					
Not later than one year	6,782,003	950,858	5,831,145	6,488,214	644,412	5,843,802
Later than one year but not later than five years	15,472,033	2,077,928	13,394,105	9,101,511	1,020,171	8,081,340
Later than five years	3,034,029	101,739	2,932,290	2,412,101	145,058	2,267,043
	25,288,065	3,130,525	22,157,540	18,001,826	1,809,641	16,192,185

24. ADVANCES FROM SUBSIDIARIES	Note	2022	2021
		------ (Rupees in '000) ------	
PIA Investment Limited	24.1	9,087,852	7,084,407
Sabre Travel Network Pakistan (Private) Limited		175,000	175,000
		9,262,852	7,259,407

24.1 The advance carries mark-up at the rate of 1 month LIBOR plus 1.75% per annum and the markup accrued thereon for the year is Rs. 298.756 million (2021: Rs. 127.160 million). This is adjustable against any future dividend to be declared by PIA Investment Limited.

	Note	2022	2021
		------ (Rupees in '000) ------	
25. DEFERRED LIABILITIES			
Post retirement medical benefits	**25.2**	**10,729,735**	9,628,739
Pension funds' obligation	**25.3**	**29,446,974**	25,677,333
UK pension funds' obligation	**25.4**	**110,255**	618,559
Provision for redelivery cost	**25.5**	**6,787,412**	3,896,797
		47,074,376	39,821,428

25.1 General description of the type of defined benefit plans and accounting policy for remeasurement of the net defined benefit obligation / asset is disclosed in note 5.11 to these unconsolidated financial statements.

25.2 Post retirement medical benefits

	Note	2022	2021
Liability recognised in the statement of financial position			
Present value of defined benefit obligation		**10,729,735**	9,628,739
Movement in liability during the year			
Balance at beginning of the year	25.2.1	**9,628,739**	10,326,021
Expense recognised in statement of profit or loss	25.2.2	**1,144,622**	1,037,794
Total remeasurements recognised in Other Comprehensive Income / (loss)		**777,262**	(1,064,299)
Benefits due but not paid (payables)		**-**	29,347
Payments made during the year		**(820,888)**	(700,124)
Balance at end of the year		**10,729,735**	9,628,739

25.2.1 Expense recognised in statement of profit or loss

	2022	2021
Current service cost	**61,472**	65,138
Interest cost	**1,083,150**	972,656
Net actuarial loss recognised	**1,144,622**	1,037,794

25.2.2 Total remeasurements recognised in Other Comprehensive Income

	2022	2021
Actuarial loss / (gain) on liability arising on		
- financial assumptions	**286,123**	193,994
- experience adjustments	**491,139**	(1,258,293)
	777,262	(1,064,299)

25.3 Pension obligation

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

	PALPA		FENA		MAIN PENSION		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Liability / (Asset) recognised								
Present value of defined benefit obligation	2,473,776	2,275,655	477,024	436,372	30,025,185	26,889,338	32,975,985	29,601,365
Fair value of plan assets	(1,659,679)	(1,943,094)	(955,033)	(991,203)	(914,299)	(989,735)	(3,529,011)	(3,924,032)
	814,097	332,561	(478,009)	(554,831)	29,110,886	25,899,603	29,446,974	25,677,333
Movement in liability / (asset) during the year								
Opening liability / (asset)	332,561	523,497	(554,831)	(607,977)	25,899,603	24,615,451	25,677,333	24,630,971
Expense recognised in profit or loss	60,499	66,777	(65,192)	(49,722)	3,536,421	2,875,481	3,531,728	2,892,536
Benefits due but not paid (payables)	-	(116)	-	-	-	168,404	-	168,289
Total remeasurements recognised in other comprehensive income	464,236	(216,399)	142,014	6,863	1,884,147	223,553	2,490,397	14,017
Employer contributions	(43,199)	(41,199)	-	(3,995)	(2,209,266)	(1,983,266)	(2,252,465)	(2,028,480)
Closing liability / (asset)	814,097	332,561	(478,009)	(554,831)	29,110,885	25,899,603	29,446,973	25,677,333
Movement in the defined benefit obligation								
Obligation at beginning of the year	2,275,655	2,254,265	436,372	457,309	26,889,338	25,752,750	29,601,365	28,464,324
Current service cost	23,961	17,745	-	-	623,014	572,160	646,975	589,905
Past service cost	-	-	-	-	-	-	-	-
Interest cost	264,172	218,680	51,274	44,588	3,027,600	2,399,470	3,343,046	2,662,738
Benefits due but not paid (payables)	-	(115)	-	-	-	168,405	-	168,290
Benefits paid	(54,769)	(22,778)	-	-	(2,245,058)	(2,285,612)	(2,299,827)	(2,308,390)
Remeasurement due to:								
Actuarial losses from changes in financial assumptions	60,644	150,553	11,156	7,744	609,971	405,737	681,771	564,034
experience adjustments	(95,887)	(342,696)	(21,778)	(73,269)	1,120,319	(123,572)	1,002,654	(539,537)
Obligation at end of the year	2,473,776	2,275,654	477,024	436,372	30,025,184	26,889,338	32,975,984	29,601,364
Movement in fair value of plan assets								
Fair value at beginning of the year	1,943,094	1,730,769	991,203	965,286	989,735	1,137,300	3,924,032	3,833,355
Interest income	227,634	169,648	116,466	94,310	114,193	96,149	458,293	360,107
Employer contributions	43,199	41,199	-	3,995	2,209,266	1,983,266	2,252,465	2,028,460
Benefits paid	(54,769)	(22,778)	-	-	(2,245,058)	(2,285,612)	(2,299,827)	(2,308,390)
Return on plan assets excluding amount included in interest income	(499,479)	24,256	(152,636)	(72,388)	(153,857)	58,612	(805,972)	10,480
Fair value at end of the year	1,659,679	1,943,094	955,033	991,203	914,299	989,735	3,529,011	3,924,032
Expense recognised in statement of profit or loss								
Current service cost	23,961	17,745	-	-	623,014	572,160	646,975	589,905
Past service cost	-	-	-	-	-	-	-	-
Gain and losses arising on Plan settlements	-	-	-	-	-	-	-	-
Net interest expense / (income)	36,538	49,032	(65,192)	(49,722)	2,913,407	2,303,321	2,884,753	2,302,631
	60,499	66,777	(65,192)	(49,722)	3,536,421	2,875,481	3,531,728	2,892,536
Total remeasurements recognised in other comprehensive income								
Remeasurement on obligation arising on								
financial assumptions	60,644	150,553	11,156	7,744	609,971	405,737	681,771	564,034
experience adjustments	(95,887)	(342,696)	(21,778)	(73,269)	1,120,319	(123,572)	1,002,654	(539,537)
	(35,243)	(192,143)	(10,622)	(65,525)	1,730,290	282,165	1,684,425	24,497
Variation on plan assets excluding amount included in interest income	499,479	(24,256)	152,636	72,388	153,857	(58,612)	805,972	(10,480)
	464,236	(216,399)	142,014	6,863	1,884,147	223,553	2,490,397	14,017
The plan assets comprise of:								
Debt instruments	1%	1%	0%	0%	1%	1%	1%	1%
Others including cash and cash equivalents	99%	99%	100%	100%	99%	99%	99%	99%
	100%	100%	100%	100%	100%	100%	100%	100%
Actual return on plan assets	(271,845)	193,904	(36,170)	21,922	(39,664)	154,761	(347,679)	370,587

25.3.1 Actuarial valuations of pension funds, post retirement medical benefit scheme and compensated absences (note 26.5) were carried out at December 31, 2022. The valuations have been carried out using Projected Unit Credit method and the following significant acturial assumptions have been used:

	2022	2021
	----- (Percentage) -----	
Valuation discount rate	14.50%	11.75%
Salary increase rate	N/A	6.00%
Pension indexation rate	8.75%	6.00%
Pre-retirement average cost indexation rate	9.00%	6.25%
Post-retirement average cost indexation rate	9.00%	6.25%
Mortality table	Adjusted SLIC 2001-2005 with one year age set back	Adjusted SLIC 2001-2005 with one year age set back
Withdrawal rates	Age - based	Age - based
Retirement assumption	Age 60	Age 60

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

	2022	2021
Pension scheme	----- (Number) -----	
Active employees	7,675	8,118
Beneficiaries	15,812	15,271
Post retirement medical benefit scheme	15,812	15,271

25.3.3 **Sensitivity analysis**

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

2022

		Increase / (decrease) in defined benefit obligation of					
		PALPA Fund		FENA Fund		Main Pension Fund	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----					
Valuation discount rate	1%	(181,549)	210,178	(28,521)	32,046	(2,556,322)	3,014,718
Salary increase rate	1%	36,020	(32,600)	No change	No change	1,008,181	(910,941)
Medical inflation rate	1%	194,568	(171,956)	36,133	(32,500)	2,178,088	(1,902,238)

		Increase / (decrease) in defined benefit obligation of			
		Post retirement medical benefits		Compensated absences	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		----- (Rupees in '000) -----			
Valuation discount rate	1%	(897,416)	1,059,398	(437,678)	496,912
Salary increase rate	1%	No change	No change	490,667	(439,474)
Medical inflation rate	1%	982,566	(861,646)	N/A	N/A

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

25.3.4 The employee benefit plans expose the Company to the following risks:

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

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

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

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

25.3.5 The fair value of plan assets of pension funds includes investment in the Company's shares, amounting to Rs. 202.877 million (2021: Rs. 202.230 million).

25.3.6 The weighted average duration of the benefit obligations as at December 31, 2022 is as follows:

	Years
Post retirement medical benefits	9
PALPA fund	8
FENA fund	6
Main Pension fund	9.3
Compensated absences	7

25.3.7 The expected pension and medical expense for the next one year from January 01, 2023 amounts to Rs.4,809.503 million and Rs. 1,629.017 million respectively. The expected amount of pension fund is the amount which the Company will have to contribute for the next one year.

25.3.8 The total expense relating to deferred liabilities has been allocated to cost of services, distribution costs and administrative expenses in the amount of Rs. 2,525.229 million (2021: Rs. 2,122.378 million), Rs. 1,309.378 million (2021: Rs. 1,100.492 million) and Rs. 841.743 million (2021: Rs. 707.459 million) respectively.

25.4 UK PENSION OBLIGATION

	2022	**2021**
	----- **(Rupees in '000)** -----	
Liability / (Asset) recognised		
Present value of defined benefit obligation	**2,490,266**	3,075,386
Fair Value of Plan Assets	**(2,380,012)**	(2,456,827)
Balance sheet liability	**110,254**	618,559
Change in defined benefit obligation		
Opening liability	**3,075,385**	3,046,172
Interest expense	**61,677**	37,676
Benefits paid	**(188,032)**	(170,497)
Remeasurements:		
- Actuarial gain from changes in demographic assumptions		
- Actuarial gain from changes in financial assumptions	**(2,729)**	(59,614)
- Experience adjustments	**(945,346)**	(34,338)
Exchange loss	**45,029**	(117,559)
Present value of defined benefit obligation	**444,282**	373,546
	2,490,266	3,075,386

	2022	2021
	------ (Rupees in '000) ------	
Change in Fair Value of Plan Assets		
Fair value at beginning of the year	2,456,827	1,962,669
Interest income	49,123	24,084
Cash Flows		
- Contributions	47,213	57,606
- Benefit paid	(188,032)	(170,497)
- Administrative expenses paid	(14,191)	(19,077)
Return on plan assets (excluding interest income) - OCI	(325,850)	356,971
Exchange gain	354,922	245,071
Fair value of plan assets at end of year	2,380,012	2,456,827
Amounts recognized in the statement of financial position		
Present value of defined benefit obligation	2,490,266	3,075,386
Fair value of plan assets	(2,380,012)	(2,456,827)
Funded status	110,254	618,559
Effect of asset ceiling / onerous liability	-	-
Balance sheet liability	110,254	618,559

	2022	2021
	------ (Rupees in '000) ------	
Significant Actuarial Assumptions		
Weighted-average assumptions for defined benefit obligation		
Discount rate	5.10%	1.80%
Price inflation rate (RPI)	3.20%	3.50%
Price inflation rate (CPI)	2.60%	2.95%
Post-retirement mortality assumption	" S3PMA/S3PFA 1.25% p.a. "	" S3PMA/S3PFA 1.25% p.a. "
Assumed life expectancy on retirement at age 65		
- Retiring today (member age 65)	22.2 (M) / 23.9 (F)	22.1 (M) / 23.8 (F)
- Retiring in 20 years (member age 45 today)	23.5 (M) / 25.4 (F)	23.4 (M) / 25.4 (F)
- Duration (in years)	9	11
Sensitivity Analysis		
Present value of defined benefit obligation		
Discount rate - 25 basis points	2,545,393	3,165,999
Price inflation rate + 25 basis points	2,495,178	3,083,493

	2022	2021
	------ (Number) ------	
Number of employees covered by the scheme:		
Vested deferred	20	20
Retirees	79	79
Annuitants	16	16

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

	Note	2022	2021
		----- (Rupees in '000) -----	
Balance at beginning of the year		3,896,797	1,915,999
Reversal recognised during the year		-	(1,343,091)
Adjustments			
Lease additions during the year		1,445,263	478,281
Exchange loss recognised during the year		1,218,311	82,642
Re-assessment of redelivery cost		-	2,681,333
Interest charged during the year	37	227,041	81,633
		2,890,615	3,323,889
Balance at the end of the year		6,787,412	3,896,797

26. TRADE AND OTHER PAYABLES

	Note	2022	2021
Trade creditors			
Goods	26.1	26,082,039	22,853,666
Services		28,849,641	13,615,768
Airport related charges	26.2	56,250,988	44,746,336
		111,182,668	81,215,770
Accrued liabilities	26.3	7,685,400	12,136,774
Employees VSS obligations		5,277	12,215
Advance against transportation (unearned revenue)	26.4	19,601,459	11,261,014
Obligation for compensated absences	26.5	7,551,622	6,264,113
Unredeemed frequent flyer liabilities	26.6	358,400	459,890
Advances from customers		1,452,006	2,238,816
Employees Provident Fund	26.7	1,213,527	2,916,046
Collection on behalf of others	26.8	64,891,208	58,894,804
Customs, federal excise duty and sales tax		2,354,437	2,865,423
Federal excise duty - International travel		11,344,252	11,694,263
Income tax deducted at source		2,088,273	1,673,081
Short term deposits		466,723	457,497
		230,195,252	192,089,706

26.1 This includes an amount of Rs. 18,772.066 million (2021: Rs. 17,602.967 million) payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is making all payments against the fuel invoices. Late payment surcharge (LPS), though accrued as per agreement, would be paid at a later stage. Contrarily, PSO applies a portion of payments against late payment surcharge (LPS).

26.2 This includes an amount of Rs. 50,684.766 million (2021: Rs. 42,939.991 million) payable to Pakistan Civil Aviation Authority (PCAA) relating to landing, handling, parking and aircraft power supply charges.

26.3 This includes total management fee upto December 31, 2022 amounting to Rs. 216.986 million (2021: Rs. 186.096 million) payable to PIA Investments Limited, a subsidiary company for providing services on behalf of the Company.

			2022	2021
26.4	**Advance against transportation (unearned revenue)**	**Note**	----- (Rupees in '000) -----	
	Balance at beginning of the year		11,261,014	6,224,862
	Amount received in advance		169,342,539	79,177,133
	Amount recognised as revenue during the year		(161,002,094)	(74,140,981)
	Balance at end of the year		19,601,459	11,261,014
26.5	**Obligation for compensated absences**			
	Balance at beginning of the year		6,264,113	5,361,085
	Expense during the year		1,329,403	916,403
	Benefits paid during the year		(41,894)	(66,475)
	Benefits due but not paid		-	53,100
	Balance at end of the year		7,551,622	6,264,113

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

- ticket inflation rate at the rate of 15.64% (2021: 11.4%);
- discount rate at the rate of 15.64% (2021: 11.4%);
- expiry of unavailed points after three years;
- accumulated points above 11,000 can be used for purchase of tickets. Points lower than 11,000 are valued on aggregate cost of redeemed points; and
- Unavailed points of Ministry do not have any expiry.

26.7 This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund (PF), which could not be paid to PF within 15 days as required by Section 218 of the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR (refer note 27).

26.8 Represents taxes payable at foreign stations and amount payable to civil aviation authorities of foreign countries relating to embarkation, security and infrastructure charges. This includes an amount of Rs. 55,105.629 million (2021: Rs. 51,121.994 million) payable to Pakistan Civil Aviation Authority (PCAA).

			2022	2021
27.	**ACCRUED INTEREST**			
	Long-term financing	27.1	37,665,600	21,679,646
	Short-term borrowings	27.2	1,331,595	705,261
	Provident fund	26.7	8,653,841	8,426,244
	Advance from PIAIL		2,330,989	1,567,269
			50,002,025	32,378,420

27.1 It includes Rs. 32,232 million (2021: Rs. 20,088 million) and Rs. 338.290 million (2021: 179.830 million) due to GoP and National Bank of Pakistan respectively.

27.2 It includes Rs. 1,321.451 million (2021: Rs. 704.207 million) due to the National Bank of Pakistan.

28. SHORT-TERM BORROWINGS - SECURED	Note	2022	2021
		------ (Rupees in '000) ------	
Short-term loans	28.1	29,860,000	29,860,000
Running finance under mark-up arrangements	28.2	528,449	720,489
		30,388,449	30,580,489

28.1 SHORT-TERM LOANS - SECURED

Financier	Security	Facility amount (million)	Maturity date	2022	2021
				---(Rupees in '000)---	
Short-term loans - Related Parties					
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-22	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-22	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-22	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 4,360	31-Dec-22	4,360,000	4,360,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,500	31-Dec-22	3,500,000	3,500,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,000	31-Dec-22	3,000,000	3,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-22	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-22	2,000,000	2,000,000
				29,860,000	29,860,000

28.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 months KIBOR (2021: spread of 1.5% over 3 months KIBOR). Further, the agreements of these borrowings are expired on December 31, 2022; however, subsequent to the year end, these have been renewed.

28.2 Running finance under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	2022	2021
					---(Rupees in '000)---	
Running finance - related party						
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766.667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off over receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 701 million payable on demand.	Rs. 575	Rs. 46.551	31-Dec-22	528,449	574,990
Running finance - others Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the company for Rs. 2,800 million including 25% margin or as per SBP requirement, whichever is higher.	Rs. 350	350	18-Feb-23	-	145,499
					528,449	720,489

28.2.1 The borrowings in PKR carry mark-up with a spread of 2% over 1 month KIBOR (2021: 2% over 1 month KIBOR).

28.2.2 The agreement of National Bank has expired on December 31, 2022; however, subsequent to the year end, it has been renewed. Further the agreement of Habib Bank Limited is expiring on February 18, 2023 for which for which the company has applied for renewal.

29. CURRENT MATURITY OF NON-CURRENT LIABILITIES

	2022	2021
	------ (Rupees in '000) ------	
Borrowings	61,247,941	51,637,042
Sukuk certificates	295,573	-
Lease liabilities	5,831,145	5,843,802
	67,374,659	57,480,844

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 Sales tax and Federal Excise Duty

a) The tax department had raised demand of Rs. 566.544 million in 1998, as Federal Excise Duty (FED) along with penalty of Rs.1 million and additional duty of Rs. 2,923.005 million on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the tax department. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

b) The tax department had also raised demands of Rs. 6.804 million and Rs. 277.621 million on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14.416 million and additional duty / default surcharge of Rs. 17.91 million during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the tax department both have filed appeals at the ATIR which is remanded back however, remand back proceedings are still pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

c) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2.065 million and Rs. 1,319.101 million as FED and sales tax respectively along with penalty of Rs. 66.058 million and additional duty / default surcharge of Rs. 534.412 million during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATIR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. The remand back proceedings were initiated by the DCIR vide letter dated June 09, 2021. The said proceedings were concluded by the DCIR on an adhoc basis vide order dated December 12, 2021. Through the said order, the DCIR has maintained the actions taken in order in original 3 of 2010 dated February 25, 2010. An appeal against the order has been filed by the company at CIR(A) which is pending for hearing. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877.351 million, Rs. 5,679.110 million and Rs. 7,025.270 million, respectively, on account of delayed payment of sales tax and FED for the tax periods of November to December 2008, January to March 2010 and November 2010 to January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the tax period of November to December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

The CIR (A) deleted the penalties of Rs 5,679.110 million and Rs. 7,025.270 million, respectively, through its order dated September 19, 2011, however, default surcharge and 5% penalty on the unpaid FED and sales tax were maintained. The Company and the tax department have filed appeals with ATIR, which were decided in favor of the Company. Further, for the tax periods of January to March 2010 and November 2010 to January 2011, the Company had filed an application for rectification, which was disposed off by ATIR on July 22, 2016 while maintaining the default surcharge.

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs. 4,745.852 million in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400.446 million. The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company filed an appeal against this at ATIR level, Tribunal deleted the penalty but maintained default surcharge which was challenged by the Company in Sindh High Court, the decision is pending adjudication.

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

e) On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (refer note 16.1) which was contested by the Company before the Honorable High Court of Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747.669 million under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603.502 million, Rs. 2,629.350 million and Rs. 1,514.818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 and remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC.

Later, the tax department has issued hearing notice in January 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings. The remand back proceedings were re-initiated vide notice dated June 23, 2021. These were concluded by DCIR on an adhoc basis vide order dated November 08, 2021 and passed it on exparte basis. Through the said order, the DCIR has maintained the findings of the order dated November 01, 2016. An appeal has been filed before the CIR(A). Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

f) DCIR passed orders dated March 04, 2016 and November 30, 2016 and raised demand of Rs. 24.086 million and Rs. 55.691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in these unconsolidated financial statements in this regard.

g) During the year 2017, DCIR passed orders dated September 07, 2016 and raised demand of Rs. 487.118 million for the short payment of Federal Excise Duty along with default surcharge and penalty regarding the services rendered in respect of travel within Pakistan for the tax periods July 2014 to June 2015. The Company filed an appeal with CIR(A) against the DCIR order. CIR(A) vide order dated August 07, 2018 deleted the levy of penalty however maintained levy of default surcharge. The Company has filed an appeal against the CIR(A) order with ATIR. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

h) On August 19, 2020, the Sindh Revenue Board has raised the demand of Rs. 54.4 million along with penalty of Rs. 2.7 million due to default on account of non-deduction of Sindh Sales Tax at the time of making payment on services taxable under Sindh Sales Tax Act 2011 during the period from January 2016 to December 2018. An appeal has been filed against the order on September 16, 2020. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

i) As per order dated October 28, 2020, the tax department has raised demand of Rs. 975.447 million against FED regarding services provided or rendered in respect of air travel by passengers in exempt zone, international cargo, international excess baggage, international meal (Pakistan Post) and chartered flights (UN & Pakistan Army) is recoverable for want of evidence. Additionally, FED is also levied on courier services taxable under the provincial law for want of evidence. An appeal has been filed at CIR(A) against the said order. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

j) As per order dated June 07, 2021, the tax department has raised the demand of Rs. 311.866 million along with penalty of Rs. 145.626 million and default surcharge of Rs. 15.639 million against short paid FED on inland carriage of goods by air & chartered flights and short payment of FED on passengers travelled by air based on comparison of data with CAA. An appeal has been filed before the CIR(A) dated July 08, 2021. The hearing for the case was held on November 19, 2021 and was reserved for order. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

k) As per order dated August 12, 2021, the Punjab tax department has raised demand of Rs. 100.455 million against short payment of withholding tax during the tax period January 2017, February 2017 and June 2017 to August 2018. An appeal has been filed against the said order. The hearing for the case has yet to be fixed. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

l) The tax department issued an order dated February 28, 2022 and raised a demand of Rs. 483.576 million along with penalty of Rs. 24.179 million & default surcharge of Rs. 234.658 million pertaining mostly to short payment of Sales tax on services in Islamabad territory for the period January to December 2017. Company has filed an appeal to CIR(A) which is pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

m) The tax department issued an order dated March 09, 2022 and levied penalty of Rs. 29.879 billion, pertaining to non-filing of sales tax and Federal Excise returns for the period February to April 2017 and Febuary 2020 to January 2021 and short payment of FED. The DCIR passed order on an exparte basis without considering the response of the Company. The Company filed an appeal to CIR(A) against which CIR(A) vide order no. STA/330/LTO/2021/42 dated June 24, 2022 has remanded back. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

n) The tax department has issued an order dated May 25, 2022 and raised a penalty on late filing of return and delayed payment for July 2018 to June 2019 amounting to Rs. 330.990 million along with default surcharge of Rs. 114.590 million. The Company has filed an appeal to CIR(A) which is pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

30.1.2 OTHER CONTINGENCIES

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

b) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As at December 31, 2022 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 47,920.562 million (2021: Rs. 38,048.147 million) including late payment surcharge and interest thereon amounting to Rs. 42,340.872 million (2021: Rs. 32,374.693 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

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

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

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

During the year 2021, cases were filed against Pakistan International Airlines Corporation Limited by ex-employees in India for the clearance of their dues in respect of their full and final settlement, earned leaves and gratuity. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 6.496 million (2021: Rs. 6.496 million). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialize.

c) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatements aggregating to Rs. 5,580.982 million. The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 3,789.819 million. The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialise.

29.1.3 Contingencies relating to income tax matters are disclosed in note 38 to these unconsolidated financial statements.

30.2 Commitments

a) Commitments for capital expenditure amounted to Rs. 28.494 million (2021: Rs. 176.411 million).

b) Outstanding letters of guarantee amounted to Rs. 312.301 million (2021: Rs. 275.836 million).

c) In 2012 the Company entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US$ 1,527.904 million equivalent to Rs. 345,964.678 million (2021: Rs. 269,695.683 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

31. REVENUE - NET

	2022	2021
	------ (Rupees in '000) ------	
Passenger	154,384,160	69,323,503
Cargo	6,617,934	4,817,478
Excess baggage	1,253,806	824,806
Charter services	3,217,429	6,045,980
Engineering services	1,247,998	729,372
Cancellation charges	2,926,806	1,699,127
Expired tickets - fare	1,274,267	2,120,504
Others	1,115,732	624,624
	172,038,132	86,185,394

31.1 Revenue by geographical segments

Revenue analysis		
USA & Canada	13,707,356	5,432,514
Europe & UK	7,093,518	4,673,253
Middle East & Africa	40,774,107	26,255,194
Asia (excluding Pakistan)	2,630,609	2,502,096
Pakistan	107,832,542	47,322,337
	172,038,132	86,185,394

31.2 Gross Revenue

Revenue	188,854,303	95,022,229
Less:		
Commission and discount	(5,031,577)	(3,025,753)
Federal Excise Duty	(9,932,557)	(5,368,006)
Provincial sales tax	(74,033)	(32,301)
Foreign tax	(1,778,004)	(410,775)
Net Revenue	172,038,132	86,185,394

		Note	2022	2021
			------ (Rupees in '000) ------	
32.	**COST OF SERVICES - OTHERS**			
	Salaries, wages and allowances		12,214,429	10,037,112
	Welfare and social security costs		1,248,045	1,590,017
	Retirement benefits	32.1	2,776,955	2,347,155
	Legal and professional charges		39,549	49,546
	Stores and spares consumed		1,798,303	1,036,036
	Maintenance and overhaul		11,988,596	8,589,088
	Flight equipment rental	32.4	14,946,352	9,465,368
	Landing and handling		21,824,427	9,955,778
	Passenger services		2,905,980	1,008,869
	Crew layover		1,748,926	924,428
	Utilities		43,425	37,132
	Communication		2,908,023	1,524,983
	Insurance		6,105,923	6,661,800
	Rent, rates and taxes		852,456	769,786
	Printing and stationery		188,759	186,314
	Depreciation	6.3	13,376,204	12,318,104
	Amortisation	8.2.1	8,740	12,745
	Others		1,506,095	5,277,155
			96,480,187	71,791,416

32.1 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited financial statements of the provident fund as at December 31, 2022 and December 31, 2021.

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

	2022	2021
	------ (Rupees in '000) ------	
Size of provident fund	17,979,023	18,363,081
Cost of investments made	6,679,065	5,847,859
Percentage of investments made	41.50%	31.92%
Fair value of investment (Rupees)	7,449,066	5,861,026

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

	2022	2021	2022	2021
	-----Percentage-----		------ (Rupees in '000) ------	
Term finance certificates	26.1%	8.0%	4,688,824	1,477,748
Islamic bonds	7.0%	4.8%	1,256,727	875,000
Mutual funds	7.1%	18.1%	1,270,000	3,318,062
Others	1.3%	1.0%	233,515	190,216
Total	41.50%	31.92%	7,449,066	5,861,026

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

32.3 Number of employees of the Company:

	2022	2021
	-----(Number)-----	
Average number of employees during the year	8,031	8,558
Number of employees at year end	7,963	8,312

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

33. DISTRIBUTION COSTS

	Note	2022	2021
		------ (Rupees in '000) ------	
Salaries, wages and allowances		1,566,285	1,507,355
Welfare and social security costs		156,149	198,934
Retirement benefits		1,439,903	1,217,043
Distribution and advertising expenses		2,010,119	1,400,688
Legal and professional charges		70,309	88,082
Insurance		10,523	10,446
Printing and stationery		108,579	110,317
Communication		289,514	200,170
Rent, rates and taxes		164,617	141,804
Utilities		21,710	18,566
Depreciation	6.3	11,029	9,165
Others		305,951	210,420
		6,144,688	5,112,990

34. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		------ (Rupees in '000) ------	
Salaries, wages and allowances		2,345,539	2,141,067
Welfare and social security costs		230,871	294,131
Retirement benefits		925,652	782,385
Legal and professional charges		329,574	412,883
Insurance		60,011	55,848
Printing and stationery		42,266	35,175
Rent, rates and taxes		703,417	490,166
Utilities		1,020,385	872,613
Auditors' remuneration	34.1	22,362	22,362
Communication		76,069	55,768
Depreciation	6.3	16,882	14,157
Amortisation	8.2.1	100,509	146,565
Donations	34.2	4,200	4,200
Others		479,493	349,867
		6,357,230	5,677,187

34.1 Auditors' remuneration

	2022			2021		
	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total
	(Rupees in '000)					
Audit fee	7,500	7,500	15,000	7,500	7,500	15,000
Fee for review of interim financial information	2,200	2,200	4,400	2,200	2,200	4,400
Consolidated financial statements	256	256	512	256	256	512
Code of Corporate Governance	400	400	800	400	400	800
Out of pocket expenses	825	825	1,650	825	825	1,650
	11,181	11,181	22,362	11,181	11,181	22,362

34.2 Donations include payments aggregating Rs. 4.20 million (2021: Rs. 4.20 million) to its CSR setup viz Al-Shifa Trust, situated at Terminal 2, Road, Karachi Airport, Pakistan in which the Chief Executive Officer of the Company (Air Marshal Arshad Malik) acts as a Trustee / Chairman. Besides this, none of the directors or their spouses have any interest in the donee.

35. OTHER PROVISIONS AND ADJUSTMENTS - net

	Note	2022	2021
		------ (Rupees in '000) ------	
(Reversal) / provision for slow moving and obsolete spares	12.1	(323,368)	262,875
(Reversal) / provision for impairment against doubtful debts	13.1	(113,373)	978,794
Provision for doubtful other receivables	16.3	480,117	113,131
Late payment surcharge on fuel		893,918	896,114
Provision for diminution in value of short term investments		19,220	-
Others		400	71,981
		956,914	2,322,895

36. OTHER INCOME

	2022	2021
	------ (Rupees in '000) ------	
Income from financial assets		
Profit on bank deposits	101,697	73,826
Income from assets other than financial assets		
Gain on disposal of property, plant and equipment	11,777	23,072
Insurance claims	637,047	-
Valuation gain on airframes & engines	-	3,727,677
Fair value gain on investment property	1,364,065	36,285
Liabilities no longer payable - written back	1,775,822	-
Others	2,385,319	2,685,929
	6,174,030	6,474,963
	6,275,627	6,548,789

37. FINANCE COSTS

	Note	2022	2021
Mark-up / interest on:			
long-term financing		43,383,499	22,479,238
short-term borrowings		4,533,282	2,752,798
advance from subsidiaries		298,756	127,160
lease liabilities	23.1 & 25.5	1,241,485	885,786
provident fund	26.7	227,596	520,380
		49,684,618	26,765,362
Discounting on long term deposits		110,555	84,104
Amortisation of arrangement fee		42,609	-
Agency and commitment fee		46,310	488,446
Bank charges, guarantee commission and other related charges		87,045	52,371
		49,971,137	27,390,283

38. TAXATION

	Note	2022	2021
		------ (Rupees in '000) ------	
Current For the year	38.1	1,290,286	646,390
Deferred tax (income)	39	201,073	(308,647)
		1,491,359	337,743

38.1 The tax charge for the current period is based on minimum tax on turnover under section 113 of Income Tax Ordinance 2001. However, upto the half year ended 30 June 2021, the Company was not recognising income tax under the said section 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 did 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 decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.2 The Company has filed tax returns for tax years up to tax year 2022. The tax returns from tax years 2003 to 2022 have been filed under self assessment scheme. All assessments for tax years 1991 to 2002 have been finalized by the tax department. The minimum tax liability under section 80D of the ITO, 2001 had been levied by the department from assessment year 1991-92 to assessment year 2002-03 after adding 10% of net turnover on estimated basis. The Company had filed appeals against the above demands which had been decided in favor of the Company at ATIR level. The tax department had filed appeal against the decision before Sindh High Court which was decided on certain technical grounds in favor of the Company. Thereafter, the tax department has filed an appeal against the decision of Sindh High Court before Supreme Court which is pending to date. Based on consultation with legal advisor, the management believes that this issue will be decided in favor of the Company without any additional tax liability. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.3 As per Order dated March 13, 2011 a demand of Rs. 898.177 million was raised by the Deputy Commissioner Inland Revenue (DCIR) by issuing an amended order in relation to the tax year 2005. The main contention among others was disallowance of depreciation claimed on leased aircrafts. The Company claimed the depreciation on those aircrafts which were obtained under hire purchase arrangement which has been approved by the Ministry of Finance as a financing arrangement. The tax department did not accept the Company's standing and disallowed depreciation expense as inadmissible. An amount of Rs. 48.235 million was also recovered by FBR in this respect. The Company filed an appeal at CIR (A) level which was decided partially in favor of the Company. Being further aggrieved, the Company has filed appeal at Income Tax Appellate Tribunal (ITAT) level which was decided in favor of Company hence the demnad so raised was deleted by ITAT.

Further, the ACIR has issued orders dated June 27, 2012 and June 25, 2013 under section 122 (5A) of the ITO, 2001 in respect of tax years 2006 and 2007 disallowing the depreciation claimed on leased aircraft and other provisions amounting to Rs. 3,480.442 million and Rs. 20,462.797 million, respectively. The Company has filed an appeal to CIR (A) against the said orders. CIR(A) in its Appellate order dated September 10, 2015 disposed off the appeal and maintain partial disallowance of depreciation and deleted other provision amount. The Company has filed an appeal to ATIR against the decision of CIR(A). On January 2nd 2023, ATIR decided the appeal of 2006 in favour of Company, however, the matter of tax year 2007 is still pending at ATIR. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.4 ACIR had issued an order dated June 30, 2014 in respect of tax year 2008 on account of disallowance of depreciation on leased aircraft and other provisions amounting to Rs. 18,892.227 million. Subsequently, CIR(A) vide its order dated January 17, 2018 had annulled the ACIR's order as it was time barred. ACIR has filed an appeal before ATIR against the above order.

ACIR has passed an order dated December 19, 2016 under section 124/122 (5A) of the ITO, 2001 in respect of tax year 2009 and raised a demand of Rs. 109.428 million while maintaining the disallowance of depreciation, exchange loss and tax credit amounting to Rs. 17,069.522 million, Rs. 6.030 million and Rs. 168.744 million respectively, demanded in the earlier order dated June 15, 2015. The Company filed an appeal before CIR(A) and CIR(A) vide its order dated February 14, 2018 maintained the disallowance of depreciation, deleted the disallowance of exchange loss and remanded back the short allowed tax credit under various sections. Both the Company and the department have filed appeals before ATIR. On dated April 14, 2022, ATIR has decided the appeal in favour of Company.

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

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

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

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

Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.5 The tax department has also issued order dated December 31, 2012 under section 161/205 of the ITO, 2001 pertaining to tax year 2011 and raised a demand of Rs. 324.319 million. The Company has filed an appeal against the order before CIR(A) which are pending adjudication. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.6 On June 30th, 2022 the DCIR issued an order under section 161/205/182 of the ITO 2001 for the tax year 2016. In the said order the company is considered as an assessee-in-default on adhoc basis without considering the information already provided by the Company and raised the demand of Rs. 18.654 billion and levied a default surcharge of Rs. 14.528 billion and penalty of Rs. 1.865 billion. The Comapny has filed appeal before CIR(A) which is decided in favour of Company and matter has been remaded back. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

38.7 No numeric tax rate reconciliation is given as the minimum tax asset has been recognized to the extent of deferred tax liability (refer note 38.1).

		2022	2021
39	**Deferred taxation**	----- (Rupees in '000) -----	
	Deferred tax credits:		
	Accelerated tax depreciation	13,714,524	14,257,515
	Surplus on revaluation of property, plant and equipment	689,474	703,114
	Right of use asset	6,672,164	4,952,281
	Unrealised gain on re-measurement of investments at FVOCI	8,485	
		21,084,647	19,912,910
	Deferred tax debits:		
	Unused tax losses	(2,162,622)	(2,887,850)
	Provisions for liabilities and to write down other assets	(14,226,291)	(12,329,326)
	Lease liability	(4,695,734)	(4,695,734)
		(21,084,647)	(19,912,910)
		-	-

39.1 In accordance with the accounting policy of the Company (see note 5.12), deferred tax asset of Rs. 130,992.284 million (2021: Rs. 115,400.925 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of sufficient future taxable profits. It includes Rs. 98,548.212 million (2021: 83,125.348 million) and Rs. 53,528.719 million (2021: Rs. 52,188.487 million) pertaining to unused tax losses and unabsorbed depreciation respectively.

	"Balance as at January 01, 2021"	"Recognised in statement of profit or loss"	"Recognised in equity"	"Balance as at December 31, 2021"	**"Recognised in statement of profit or loss"**	**Recognised in equity**	**"Balance as at December 31, 2022"**
	---------- (Rupees in '000) ----------						
Deferred tax credits:							
Accelerated tax depreciation	14,179,380	78,135	-	14,257,515	(542,991)	-	13,714,524
Surplus on revaluation of property, plant and equipment	734,782	(31,668)	-	703,114	(29,488)	15,848	689,474
Unrealised gain on re-measurement of investments at FVOCI	-	-	-	-	-	8,485	8,485
Right of use asset	3,448,444	1,503,837	-	4,952,281	1,719,883	-	6,672,164
	18,362,606	1,550,304	-	19,912,910	1,147,404	24,333	21,084,647
Deferred tax debits:							
Unused tax losses	(2,345,536)	(542,314)	-	(2,887,850)	725,228	-	(2,162,622)
Provisions for liabilities and to write down other assets	(10,988,209)	(1,649,764)	308,647	(12,329,326)	(1,671,669)	(225,406)	(14,226,291)
Lease liabilities	(5,028,861)	333,127	-	(4,695,734)	-	-	(4,695,734)
	(18,362,606)	(1,858,951)	308,647	(19,912,910)	(946,331)	(225,406)	(21,084,647)
	-	(308,647)	308,647	-	201,073	(201,073)	-

		2022	2021
40.	**LOSS PER SHARE - BASIC AND DILUTED**	-------- (Rupees in '000) --------	
	Loss for the year	(88,008,417)	(50,101,491)
	Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
	Loss per share attributable to		
	'A' class ordinary share (Rupees)	(16.81)	(9.57)
	'B' class ordinary share (Rupees)	(8.41)	(4.79)

41. CASH GENERATED FROM OPERATIONS

	2022	2021
	(Rupees in '000)	
Loss before taxation	(86,517,058)	(49,763,748)
Adjustments for:		
Depreciation	13,403,115	12,341,426
Gain on disposal of property, plant and equipment - net	(11,777)	(23,072)
Gain on valuation of Airframes & Engines	-	(3,727,677)
Fair value gain on Investment Property	(1,364,065)	(38,285)
Gain on lease termination	-	-
Amortisation of intangibles	109,248	159,310
(Reversal)/ provision for slow moving and obsolete spares	(323,368)	262,875
(Reversal)/ provision for impairment against doubtful debts	(113,373)	978,794
Reversal of provision against advances	-	(102,890)
Reversal of provision against trade deposit and prepayments	(800)	(309)
Provision / (reversal) against other receivables	480,117	(113,131)
Provision for employee benefits	4,703,095	3,962,999
"Provision for diminution in value of short	19,220	-
term investments "	49,924,827	26,901,837
Finance cost	19,423,735	7,568,847
Unrealised exchange loss	(101,597)	(73,826)
Profit on bank deposits	(368,681)	(1,666,850)
Working capital changes	(296,221)	(229,902)
Increase in stores and spares	(5,488,551)	(5,928,354)
Increase in trade debts	(2,399,939)	703,424
(Increase) / decrease in advances	1,423,786	(1,143,167)
Decrease / (increase) in trade deposits and prepayments	299,051	9,727,222
Increase in other receivables	38,284,497	469,495
Increase in trade and other payables	31,822,623	3,598,718
	31,453,942	1,931,868

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

	2022				
	Liabilities				
	Short term borrowing (including accrued markup)	Long Term Financing (including accrued markup)	Sukuk (including accrued markup)	Lease liabilities	Total
	(Rupees in '000)				
Balance as at January 01, 2022	30,565,261	350,515,491	5,674,997	16,192,185	402,947,934
Changes from financing cash flows					
Proceeds from loans and borrowings	-	54,860,476	-	-	54,860,476
Repayment of loans and borrowings	-	(42,237,512)	-	-	(42,237,512)
Payment of finance lease liabilities	-	-	-	(8,132,142)	(8,132,142)
Total changes from financing cash flows	-	12,622,964	-	(8,132,142)	4,490,822
Other changes - liability related	-	13,989,188	-	14,097,499	28,086,687
Interest expense	4,533,282	54,727,104	825,007	1,241,485	61,326,878
Interest paid	(3,906,947)	(26,655,150)	(820,663)	(1,241,485)	(32,624,245)
Total liability - related other changes	626,335	42,061,142	4,344	14,097,499	56,789,320
Total equity - related other changes	-	-	-	-	-
Balance as at December 31, 2022	31,191,596	405,199,597	5,679,341	22,157,542	464,228,076

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	9,949	10,961	90,023	125,646	1,459,090	1,687,030
Company's contribution to provident fund	-	-	1,238	2,618	68,202	52,441
Other perquisites	-	-	44,430	26,185	271,973	434,568
	9,949	10,961	135,691	154,449	1,799,265	2,174,039
Number	1	1	14	14	535	680

42.1 Aggregate amount charged in these unconsolidated financial statements for fee to directors was Rs. 0.200 million (2021: Rs. 0.133 million).

43. FINANCIAL RISK MANAGEMENT

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

43.1 Market risk

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

a) Currency risk

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

	2022	2021	2022	2021
	(Rupees in '000)			
	+5%		(-5%)	
Change in USD rate (Increase) / Decrease in loss	(2,748,919)	(3,263,447)	2,748,919	3,263,447
	+5%		(-5%)	
before tax Change in SAR rate (Increase) / Decrease in loss	6,323	22,510	(6,323)	(22,510)
	+5%		(-5%)	
before tax Change in AED rate (Increase) / Decrease in loss	8,990	21,682	(8,990)	(21,682)
	+5%		(-5%)	
Change in GBP rate before tax (Increase) / Decrease in loss before tax	6,842	12,794	(6,842)	(12,794)

b) Interest rate risk

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

	2022	2021
	------ (Rupees in '000) ------	
Variable rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	337,259,570	310,647,418
Lease liabilities	22,157,540	16,192,185
Advance from a subsidiary	9,087,852	7,084,407
Short-term borrowings	30,388,449	30,580,489
	398,893,411	364,504,499
Financial assets		
Long-term deposits	-	(161,875)
Advance to subsidiary	(2,993,549)	(779,343)
	395,899,862	363,563,281
Fixed rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	8,000,000	8,000,000
Financial assets		
Bank deposits	(4,605,674)	(2,147,928)
	3,394,326	5,852,072

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

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

	KIBOR		LIBOR	
	2022	2021	2022	2021
	(Rupees in '000)			
Change in interest rate	+1%		+0.25%	
Increase in loss before tax	(2,955,637)	(2,869,288)	(142,720)	(170,199)
Change in interest rate	(-1%)		(-0.25%)	
Decrease in loss before tax	2,955,637	2,869,288	142,720	170,199

c) **Other price risk**

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

d) **Fuel price risk**

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

43.2 Liquidity risk

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

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

	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
	----------	----------	(Rupees in '000)	----------	----------
2022					
Long-term financing	345,259,570	599,101,628	113,024,630	332,972,161	153,104,848
Term finance and sukuk certificates	5,675,000	10,196,241	1,277,426	6,684,897	2,233,918
Lease liabilities	22,157,541	25,288,065	6,782,003	15,472,033	3,034,029
Trade and other payables	184,859,816	184,859,816	184,859,816	-	-
Accrued interest / mark-up / profit	41,348,184	41,348,184	41,348,184	-	-
Short-term borrowings	30,388,449	30,388,449	30,388,449	-	-
	629,688,560	891,182,383	377,680,508	355,129,081	158,372,795

	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
	----------	----------	(Rupees in '000)	----------	----------
2021					
Long-term financing	318,647,418	458,021,728	78,388,405	265,830,803	113,802,520
Term finance and sukuk certificates	5,675,000	9,243,295	643,545	5,552,813	3,046,937
Lease liabilities	16,192,185	18,001,827	6,488,214	9,101,512	2,412,101
Trade and other payables	152,704,845	152,704,845	152,704,845	-	-
Accrued interest / mark-up / profit	23,952,176	23,952,176	23,952,176	-	-
Short-term borrowings	30,580,489	30,580,489	30,580,489	-	-
	547,752,113	692,504,360	292,757,674	280,485,128	119,261,558

43.3 Credit risk

Credit risk is the risk that the Company as a party to a financial instrument will suffer a financial loss by the other party due to failing to discharge an obligation. All financial assets comprising debt instruments are subject to credit risk. The carrying amount of such financial assets as at December 31, 2022 represents the maximum credit exposure, which is as follows:

	2022	2021
	------ (Rupees in '000) ------	
Long-term deposits	2,299,607	4,271,235
Trade debts	15,615,228	10,983,888
Advances	5,303,057	2,952,924
Trade deposits	2,920,198	4,259,294
Other receivables	2,120,722	2,258,620
Bank balances	9,407,675	12,494,849
	37,666,487	37,220,810

Trade debts

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

Ageing of trade debts is disclosed in note 13.2 to these unconsolidated financial statements.

Other financial assets

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

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

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

43.4 Capital management

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

44 FAIR VALUES

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

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

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

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

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

	2022							
	Carrying amount				Fair value			
	Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets measured at fair value								
Long-term investments	288,109	-	-	288,109	288,109	-	-	288,109
Financial assets not measured at fair value								
Non current assets								
Investments in unquoted securities	-	-	371	371	-	-	371	371
Long-term deposits	-	2,299,607	-	2,299,607	-	-	-	-
Current assets								
Trade debts	-	20,527,778	-	20,527,778	-	-	-	-
Advances	-	5,451,648	-	6,451,646	-	-	-	-
Trade deposits	-	2,920,198	-	2,920,198	-	-	-	-
Other receivables	-	2,120,722	-	2,120,722	-	-	-	-
Short-term investment	19,220	(19,220)	-	-	-	-	19,220	19,220
Cash and bank balances	-	9,407,675	935	9,408,610	-	-	-	-
	307,329	42,708,408	1,306	43,017,043	288,109	-	19,591	307,700

	2022						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Financial liabilities not measured at fair value							
Long-term financing	-	345,259,570	345,259,570	-	-	-	-
Term finance and sukuk certificates	-	6,675,000	5,675,000	-	-	-	-
Lease liabilities	-	22,157,541	22,157,541	-	-	-	-
Advances from subsidiary	-	9,087,852	9,087,852	-	-	-	-
Trade and other payables	-	184,859,816	184,859,816	-	-	-	-
Accrued interest	-	41,348,184	41,348,184	-	-	-	-
Short-term borrowings	-	30,388,449	30,388,449	-	-	-	-
	-	638,776,412	638,776,412				

	2021							
	Carrying amount				Fair value			
	Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)							
Financial assets measured at fair value								
Long-term investments	258,851	-	-	258,851	268,851	-	-	258,851
Financial assets not measured at fair value								
Non current assets								
Investments in unquoted securities	-	-	371	371	-	-	371	371
Long-term deposits	-	4,271,235	-	4,271,235	-	-	-	-
Current assets								
Trade debts	-	14,925,854	-	14,925,854	-	-	-	-
Advances	-	3,051,709	-	3,051,709	-	-	-	-
Trade deposits	-	4,259,294	-	4,259,294	-	-	-	-
Other receivables	-	2,258,620	-	2,258,620	-	-	-	-
Short-term investment	19,220	-	-	19,220	-	-	19,220	19,220
Cash and bank balances	-	12,494,849	1,483	12,496,332	-	-	-	-
	278,071	41,261,561	1,854	41,541,486	258,851	-	19,591	278,442

	2021						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)						
Financial liabilities not measured at fair value							
Long-term financing	-	318,647,418	318,647,418	-	-	-	-
Term finance and sukuk certificates	-	5,675,000	5,675,000	-	-	-	-
Lease liabilities	-	16,192,185	16,192,185	-	-	-	-
Advances from subsidiary	-	7,084,407	7,084,407	-	-	-	-
Trade and other payables	-	152,704,845	152,704,845	-	-	-	-
Accrued interest	-	23,952,176	23,952,176	-	-	-	-
Short-term borrowings	-	30,580,489	30,580,489	-	-	-	-
	-	554,836,520	554,836,520	-	-	-	-

45 TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited PIAIL	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Minhal France S.A	-	Sub - Subsidiary
Al-Shifa Trust	-	CSR Setup
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
UK Pension Fund	-	Post Retirement Benefits
Profit oriented state controlled entities	-	
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
Air Cdre Aamer Altaf	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Amos Nadeem	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
Profit oriented state controlled entities		
AVM Irfan Zaheer	-	Key management personnel
Air Cdre Jawad Zafar Choudhry	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Mohsin Ausaf Khan	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Dr. Muhammad Altaf Tahir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel
Syed Asif Gilani		Key management personnel

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

Name of Related Parties	Nature of Transaction	2022	2021
		----- (Rupees in '000) -----	
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	69,468	48,315
	Reimbursement of expenses	904,705	576,402
PIA Investments Limited - Subsidiary	Markup expense on advance	298,756	127,160
	Markup income on advance	263,028	2,014
Minhal France S.A. - Sub-subsidiary	Other income	7,812	12,745
Sabre Travel Network Pakistan (Private) Limited - (Sabre)	Advance from Subsidiary	175,000	175,000
Al-Shifa Trust	Donation	4,200	4,200
Retirement benefit funds	Contribution to provident fund and others	2,019,942	1,950,815
	Interest on overdue balance of provident fund	227,596	520,380

Related party by virtue of GoP holdings

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

Profit oriented state-controlled entities - common ownership	Nature of Transaction	2022	2021
		------ (Rupees in '000) ------	
Pakistan State Oil (PSO)	Purchase of fuel	44,495,150	13,244,940
	Late Payment Interest	893,918	896,114
Civil Aviation Authority (CAA)	Airport related charges	17,481,128	8,496,460
National Insurance Company (NICL)	Insurance premium	5,986,190	802,656
National Bank of Pakistan (NBP)	Finance costs	5,624,335	3,483,409
GoP - Major shareholder	Finance cost	12,143,605	5,391,832

45.3 Transactions with the directors, chief executive and key management personnel have been disclosed in note 42 to these unconsolidated financial statements.

45.4 Details of balances held with the aforementioned related parties excluding profit oriented state-controlled entities have been disclosed in respective notes.

45.5 During the reporting period, the Company's sales of transportation services to subsidiaries, associates and directors are not determinable. The issuance of ticket at concessional rates to Key Management Personnel amounts to Rs. 1.31 million (2021: Rs. 0.75 million).

46 BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

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

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

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

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

Had the exemption not been granted, the accumulated losses as at December 31, 2022 would have been higher by Rs. 725.707 million (2021: Rs. 725.707 million).

47 GENERAL

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

48 CORRESPONDING FIGURES

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

49 AUTHORISATION OF FINANCIAL STATEMENTS

These unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on 18th May, 2023.

AVM Muhammad Amir Hayat **Chief Executive Officer**	**Amos Nadeem** **Chief Financial Officer**	**Navaid H. Malik** **Director**

CONSOLIDATED FINANCIAL STATEMENTS

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Chartered Accountants
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Chartered Accountants
First and Third Floor, Modern
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INDEPENDENT AUDITORS' REPORT

To the Members of Pakistan International Airlines Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the annexed consolidated financial statements of **Pakistan International Airlines Corporation Limited** (the Holding Company) and its subsidiaries (together as "the Group"), which comprise the consolidated statement of financial position as at December 31, 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

1. As disclosed in note 11.1 to the consolidated financial statements, receivable from Centre Hotel comprises of the share of joint venture's net current asset amounting to Rs. 1,710.51 million ($7.554 million) as at April 21, 1997, the date when joint venture period expired. The share has been incorporated based on the joint venture's management accounts as at April 21, 1997. The arbitration proceedings concluded during the year 2012, and the arbitrator ordered Shaikh Khalifa to pay PIA Investments Limited a sum of Rs. 1,438.968 million ($6.355 million) along with interest at the rate of six percent from the date of issuance of judgment. The said order was ratified by Abu Dhabi Commercial Court during the year 2013. However, as the eventual outcome / resolution of the certain matters as stated in the said note are pending to date, it is not possible to determine with reasonable certainty, the amount which would be recovered.
2. As disclosed in note 13.2.1 to the consolidated financial statements, during the year ended December 31, 2013, the Group recognized long term prepayment in respect of a lease amounting to Rs. 161.219 million ($ 0.712 million) representing consideration paid to Pakistan Cricket Board (PCB), by the way of settlement of amounts due from PCB, for acquiring the rights to use a parcel of land for sixty-six years, for which right is vested through execution of sub-lease deed in favour of Avants Hotels (Private) Limited (Avant). The Group and PCB agreed to settle the outstanding amounts against sub-lease of the aforementioned parcel of land. The process of carrying out an independent exercise to ascertain the fair value of the subject right to use the land remains to be completed. Based on the fair value to be determined, Avant will evaluate the recognition of the transaction in accordance with accounting framework. However, we were unable to determine, with reasonable certainty, the carrying value that should have been recognized in respect of the asset and its corresponding effects on consolidated equity of the Group.

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

Emphasis of Matter

We draw attention to the following:

i) Note 1.3 to the consolidated financial statements, during the year, the Holding Company incurred a net loss of Rs. 97,234.719 million resulting in accumulated loss of Rs. 652,132.556 million as of December 31, 2022. Further, as of that date, current liabilities of the Company exceeded its current assets by Rs. 332,669.067 million and its operating negative cash flows for the year are Rs. 623.656 million. The Government of Pakistan has confirmed to extend necessary financial support to the Holding Company to maintain its going concern status. Hence, the sustainability of the future operations of the Holding Company is dependent on the said support.

ii) Notes 28 and 29 to the consolidated financial statements which state that an aggregate amount of Rs. 9,867.368 was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 1,249.096 million on account of the Holding Company and employees' contributions and Rs. 8,653.841 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) Notes 31.1 and 39 to the consolidated financial statements which states that the Holding 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 consolidated financial statements.

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

Key Audit Matters

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

S. No.	Key audit matters	How the matter was addressed in our audit
1	**Revenue recognition** (Refer note 6.13 to the consolidated financial statements) Upon booking of a flight, revenue receipt is measured based on the sales price. Revenue receipt is initially deferred and subsequently revenue is recognized in profit or loss when service is provided to customers. Determination of the amount of revenue to be recognized for each flight requires complex IT systems integration and involves various internal and external sources. Further, revenue is presumed and identified as an area involving risk of material misstatement due to fraud hence, significant risk for the audit. We considered this a key audit matter as a result of complexity of related IT systems, their integration and level of judgment required by management in determining existence of revenue mainly with reference to timing of recognition of unused revenue receipts.	Our audit procedures included the following: ▪ We obtained an understanding of key IT systems, including interfaces involve in recording of revenue along with the IT general controls. ▪ We tested the operating effectiveness of the key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. ▪ We performed tests of details over revenue and tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and general ledger. ▪ We obtained data in respect of unused revenue documents and tested the accuracy of historical expiry data and compared this data to that used by the Company in their calculation of the amount of revenue to recognize from unused revenue documents. ▪ We assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting standards.

S. No.	Key audit matters	How the matter was addressed in our audit
2	**Retirement benefits plans** (Refer note 27 to the consolidated financial statements) The Group operates a number of defined benefit plans. The Group's obligation in respect of these plans as at December 31, 2022 amounted to Rs. 43,882.815 million. The valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: ▪ We assessed the competence and objectivity of the actuaries engaged by the Group to value the defined benefit obligations and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. ▪ We tested data provided by the Group to actuaries for the purpose of valuation. ▪ We reviewed the adequacy of the related disclosures in the consolidated financial statements in accordance with applicable financial reporting standards.

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

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

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

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

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

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

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

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Tariq Feroz Khan (BDO Ebrahim & Co.) and Muhammad Khalid Aziz (Grant Thornton Anjum Rahman).

BDO Ebrahim & Co
BDO Ebrahim & Co.
Chartered Accountants

UDIN: AR202210166xArlGJLXW
Date: May 24, 2023
Place: Karachi

Grant Thornton Anjum Rahman
Grant Thornton Anjum Rahman
Chartered Accountants

UDIN: AR202210154bgCwPDMlk
Date: May 24, 2023
Place: Karachi

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**
As at December 31, 2022

	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		---------- (Rupees in '000) ----------		---------- (US$ in '000) ----------	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	161,565,679	146,161,724	713,532	828,048
Investment property	8	92,794,619	78,928,594	409,814	447,153
Intangibles	9	7,664,576	6,022,904	33,850	34,121
Long-term investments	10	431,391	371,199	1,905	2,103
Receivable in respect of Centre Hotel	11	1,710,507	1,333,420	7,554	7,554
Long-term loans and advances	12	603	603	3	4
Derivative		210,689	-	930	-
Long-term deposits and prepayments	13	2,634,857	4,542,740	11,636	25,736
		267,012,921	237,361,184	1,179,224	1,344,719
CURRENT ASSETS					
Stores and spares	14	3,578,798	2,949,362	15,805	16,709
Trade debts	15	20,960,176	15,174,240	92,568	85,966
Advances	16	5,492,828	3,091,218	24,258	17,513
Trade deposits and short-term prepayments	17	3,768,912	5,624,535	16,645	31,865
Other receivables	18	7,041,841	7,325,667	31,099	41,502
Short-term investment	19	-	19,220	-	109
Cash and bank balances	20	13,409,620	14,011,292	59,222	79,378
		54,252,176	48,195,524	239,597	273,042
TOTAL ASSETS		321,265,096	285,556,708	1,418,820	1,617,760

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat **Chief Executive Officer**	**Amos Nadeem** **Chief Financial Officer**	**Navaid H. Malik** **Director**

CONSOLIDATED **STATEMENT OF FINANCIAL POSITION**
As at December 31, 2022

	Note	**December 31, 2022**	December 31, 2021	**December 31, 2022**	December 31, 2021
		------- **(Rupees in '000)** -------		------- **(US$ in '000)** -------	
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital	21	**52,345,110**	52,345,110	**231,175**	296,550
Reserves	22	**(640,907,533)**	(551,716,718)	**(2,830,477)**	(3,125,635)
Surplus on revaluation of property, plant and equipment - net	23	**93,752,856**	80,985,363	**414,046**	458,805
Attributable to the Holding Company's shareholders		**(494,809,563)**	(418,386,245)	**(2,185,256)**	(2,370,280)
Non-controlling interest		**4,813,904**	3,605,833	**21,260**	20,428
		(489,995,663)	(414,780,412)	**(2,163,996)**	(2,349,852)
NON-CURRENT LIABILITIES					
Long-term financing	24	**326,952,669**	302,573,060	**1,443,940**	1,714,164
Lease liabilities	25	**16,326,395**	10,348,383	**72,103**	58,627
Long-term advances and deposits		**161,505**	125,913	**713**	713
Derivative		**-**	87,498	**-**	496
Deferred taxation	26	**29,854,645**	27,510,930	**131,849**	155,857
Deferred liabilities	27	**51,044,303**	43,485,209	**225,430**	246,356
		424,339,517	384,130,993	**1,874,035**	2,176,213
CURRENT LIABILITIES					
Trade and other payables	28	**236,739,480**	195,760,073	**1,045,526**	1,109,037
Unclaimed dividend - preference shares		**3,297**	3,297	**15**	19
Accrued interest	29	**49,111,544**	30,843,526	**216,894**	174,737
Provision for taxation - net		**2,629,942**	1,182,295	**11,615**	6,698
Short-term borrowings	30	**30,388,449**	30,580,489	**134,206**	173,248
Current maturities of:				**-**	
Long-term financing	24	**61,921,812**	51,992,647	**273,469**	294,553
Term finance sukuk certificates		**295,573**	-	**1,305**	-
Lease liabilities	25	**5,831,145**	5,843,802	**25,752**	33,107
		386,921,242	316,206,127	**1,708,762**	1,791,399
TOTAL EQUITY AND LIABILITIES		**321,265,096**	285,556,708	**1,418,820**	1,617,760
CONTINGENCIES AND COMMITMENTS	31				

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat	**Amos Nadeem**	**Navaid H. Malik**
Chief Executive Officer	**Chief Financial Officer**	**Director**

CONSOLIDATED **STATEMENT OF PROFIT OR LOSS**

For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		------ (Rupees in '000) ------		---------- (US$ in '000) ----------	
Revenue - net	32	178,551,320	88,089,164	886,233	523,798
Cost of services					
Aircraft fuel		(79,690,851)	(22,856,726)	(395,543)	(135,911)
Others	33	(99,616,277)	(73,695,756)	(494,442)	(438,211)
		(179,307,128)	(96,552,482)	(889,985)	(574,122)
Gross loss		(755,808)	(8,463,318)	(3,752)	(50,324)
Distribution costs	34	(6,830,229)	(5,352,965)	(33,902)	(31,830)
Administrative expenses	35	(11,477,028)	(8,923,704)	(56,966)	(53,062)
Other provisions and adjustments	36	(956,914)	(2,578,084)	(4,750)	(15,330)
Other income	37	4,683,641	6,897,985	23,247	41,019
		(14,580,530)	(9,956,768)	(72,371)	(59,203)
Loss from operations		(15,336,338)	(18,420,086)	(76,123)	(109,527)
Exchange loss - net		(25,229,810)	(7,349,131)	(125,227)	(43,702)
Loss before interest and taxation		(40,566,148)	(25,769,217)	(201,350)	(153,229)
Finance costs	38	(51,717,821)	(28,582,246)	(256,700)	(169,956)
Unrealized loss on Investment Property		(8,306,601)	-	(41,230)	-
Share of profit / (loss) in an associate	10.1	847	917	4	5
Loss before taxation		(100,589,723)	(54,350,546)	(499,276)	(323,180)
Taxation	39	3,355,004	867,053	16,652	5,156
Loss for the year		(97,234,719)	(53,483,493)	(482,624)	(318,024)
Attributable to:					
Equity holders of the Holding Company		(97,301,638)	(53,374,481)	(482,956)	(317,376)
Non-controlling interest		66,919	(109,012)	332	(648)
		(97,234,719)	(53,483,493)	(482,624)	(318,024)
Loss per share - basic and diluted					
		----------- (Rupees) -----------		------------- (US$) -------------	
Loss attributable to:					
'A' class Ordinary shares of Rs.10 each	40	(18.57)	(10.22)	(0.18)	(0.10)
'B' class Ordinary shares of Rs. 5 each	40	(9.29)	(5.11)	(0.09)	(0.05)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

CONSOLIDATED **STATEMENT OF COMPREHENSIVE INCOME**
For the year ended December 31, 2022

	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
	------ (Rupees in '000) ------		--------- (US$ in '000) ---------	
Loss for the year	(97,234,719)	(53,483,493)	(482,624)	(318,024)
Other comprehensive income / (loss)				
Items that will be reclassified subsequently to consolidated statement of profit or loss				
Income / (loss) on re-measurement of derivative - net of tax	226,826	(62,075)	1,002	(352)
Exchange differences on translation of foreign operations	4,023,557	1,106,355	17,769	6,268
	4,250,383	1,044,280	18,771	5,916
Items that will not be reclassified subsequently to consolidated statement of profit or loss				
Unrealised gain on re-measurement of investments	20,773	94,584	92	536
Revaluation reserved realized - net of tax	6,657,439	-	29,402	-
Surplus on revaluation of property, plant and equipment - net of tax	(356,767)	3,353,245	(1,576)	18,997
Adjustment due to change in tax rate	-	-	-	-
	(356,767)	3,353,245	(1,576)	18,997
Remeasurement of post retirement defined benefits obligation - net of tax	(2,465,057)	1,310,117	(10,887)	7,422
Total comprehensive loss for the year	(89,127,948)	(47,681,267)	(446,822)	(285,153)
Attributable to:				
Equity holders of the Holding Company	(90,336,019)	(48,135,616)	(452,157)	(287,727)
Non-controlling interest	1,208,071	454,349	5,335	2,574
	(89,127,948)	(47,681,267)	(446,822)	(285,153)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

CONSOLIDATED **STATEMENT OF CASH FLOWS**
For the year ended December 31, 2022

	Note	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
		(Rupees in '000)		(US$ in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	41	**34,851,127**	1,446,191	**197,442**	8,193
Profit on bank deposits received		**101,597**	73,826	**573**	415
Finance costs paid		**(34,648,918)**	(20,930,744)	**(196,293)**	(118,576)
Taxes paid		**157,368**	(129,896)	**891**	(737)
Staff retirement benefits paid		**(3,120,584)**	(2,800,119)	**(17,679)**	(15,863)
Long-term deposits and prepayments - net		**2,035,754**	(1,205,014)	**11,533**	(6,827)
Net cash used in operating activities		**(623,656)**	(23,545,756)	**(3,533)**	(133,395)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		**(3,982,561)**	(2,012,488)	**(22,562)**	(11,401)
Purchase of intangibles		**(96,357)**	(96,598)	**(546)**	(547)
Proceeds from sale of property, plant and equipment		**17,299**	21,509	**98**	122
Net cash used in investing activities		**(4,061,619)**	(2,087,577)	**(23,010)**	(11,826)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term financing	41.1	**(42,248,944)**	(44,389,549)	**(239,352)**	(251,480)
Proceeds from long-term financing	41.1	**54,448,192**	86,630,649	**308,465**	490,788
Repayment of term finance certificates	41.1	**-**	-	**-**	-
Repayment of short term loan		**-**	-	**-**	-
Repayments of lease liabilities		**(8,132,144)**	(10,424,559)	**(46,071)**	(59,058)
Net cash generated from financing activities		**4,067,104**	31,816,541	**23,042**	180,250
(Decrease) / increase in cash and cash equivalents		**(618,171)**	6,183,208	**(3,501)**	35,029
Cash and cash equivalents at beginning of the year		**13,310,023**	6,822,971	**75,405**	38,654
Effects of exchange rate changes on cash and cash equivalents		**189,319**	303,844	**1,073**	1,721
Cash and cash equivalents at end of the year		**12,881,171**	13,310,023	**72,977**	75,404
Cash and cash equivalents					
Cash and bank balances	20	**13,409,620**	14,011,292	**75,969**	79,378
Running finance under mark-up arrangements	30.2	**(528,449)**	(720,489)	**(2,994)**	(4,082)
Short Term Investments		**-**	19,220	**(1)**	108
		12,881,171	13,310,023	**72,977**	75,404

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

CONSOLIDATED **STATEMENT OF CHANGES IN EQUITY**
For the year ended December 31, 2022

	Attributable to the Holding Company's shareholders													
		Reserves					Revenue Reserves		Other component of equity					
	Share capital	Reserve for replacement of fixed assets	Capital redemption reserve fund	General capital reserve	Legal reserve	Hedging Reserve	General reserves	Accumulated losses	Unrealised gain on remeasurement of investment at FVOCI	Foreign currency translation reserves	Actuarial gain/(loss) on defined benefit plan	"Non-controlling interest"	Surplus on Revaluation of Property plant and equipment	Total
	(Rupees in '000)													
Balance as of January 01, 2021	52,345,110	1,966,779	250,000	284,259	54,454	(12,062)	1,779,674	(509,161,044)	163,074	8,354,221	(4,581,581)	3,151,484	71,962,639	(373,442,993)
Total comprehensive income for the year ended December 31, 2021:														
Loss for the year	-	-	-	-	-	-	-	(53,374,481)	-	-	-	(109,019)	-	(53,483,493)
- Other comprehensive income	-	-	-	-	-	(55,592)	-	-	-	-	-	(6,483)	-	(62,075)
- Currency translation differences	-	-	-	-	-	-	-	-	-	823,282	-	283,073	-	1,106,355
- Remeasurement of post retirement defined benefits obligation-net off deferred tax	-	-	-	-	-	-	-	-	-	-	1,310,117	-	-	1,310,117
- Surplus arising on property, plant and equipment during the year-net of tax	-	-	-	-	-	-	-	-	-	-	-	286,771	3,066,474	3,353,245
- Unrealised gain on remeasurement of investment	-	-	-	-	-	-	-	-	94,584	-	-	-	-	94,584
Total comprehensive income/(loss) for the year	-	-	-	-	-	(55,592)	-	(53,374,481)	94,584	823,282	1,310,117	454,349	3,066,474	(47,681,267)
Currency translation differences	-	-	-	-	5,682	(4,016)	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	6,342,182	6,343,848
Surplus on revaluation of property, plant and equipment released during the year on account of aircraft seized / written off / disposed off - net of tax	-	-	-	-	-	-	-	365,932	-	-	-	-	(365,932)	-
Dividend paid to non - controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	52,345,110	1,966,779	250,000	284,259	60,136	(71,670)	1,779,674	(562,149,593)	257,658	9,177,503	(3,271,464)	3,605,833	80,965,363	(414,780,412)
Balance as at January 01, 2022	52,345,110	1,966,779	250,000	284,259	60,136	(71,670)	1,779,674	(562,149,593)	257,658	9,177,503	(3,271,464)	3,605,833	80,965,363	(414,780,412)
Total comprehensive income for the year ended December 31, 2022:														
Loss for the year	-	-	-	-	-	-	-	(97,301,638)	-	-	-	66,919	-	(97,234,719)
- Other comprehensive income	-	-	-	-	-	210,727	-	-	-	-	-	16,099	-	226,826
- Currency translation differences	-	-	-	-	-	-	-	-	-	3,002,861	-	1,020,696	-	4,023,557
- Surplus arising on property, plant and equipment during the year - net of tax	-	-	-	-	-	-	-	-	-	-	-	104,357	356,767	461,124
- Revaluation reserved realised	-	-	-	-	-	-	-	6,657,439	-	-	-	-	(6,657,439)	-
- Remeasurement of post retirement defined benefits obligation- net off deferred tax	-	-	-	-	-	-	-	-	-	-	(2,465,057)	-	-	(2,465,057)
- Unrealised gain on remeasurement of investment	-	-	-	-	-	-	-	-	20,773	-	-	-	-	20,773
Total comprehensive income / (loss) for the year	-	-	-	-	-	210,727	-	(90,644,199)	20,773	3,002,861	(2,465,057)	1,208,071	(6,300,672)	(94,967,497)
Currency translation differences	-	-	-	-	17,006	5,839	-	-	-	-	-	-	-	-
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	-	-	-	-	-	-	-	19,729,401	19,752,246
Dividend paid to non - controlling interest	-	-	-	-	-	-	-	661,236	-	-	-	-	(661,236)	-
Balance as at December 31, 2022	52,345,110	1,966,779	250,000	284,259	77,142	144,896	1,779,674	(652,132,556)	278,431	12,180,364	(5,736,521)	4,813,904	93,732,856	(489,995,664)

The annexed notes from 1 to 51 form an integral part of these consolidated financial statements.

AVM Muhammad Amir Hayat
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Navaid H. Malik
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2022

1 LEGAL STATUS AND NATURE OF BUSINESS

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

Pakistan International Airlines Corporation Limited - Holding Company

Pakistan International Airlines Corporation Limited ("the Holding Company") was incorporated on January 10, 1955 under the Pakistan International Airlines Holding Company Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Holding Company Act, 1956 (the Act). With effect from April 19, 2016, the Holding Company (previously the Corporation) has been converted from a statutory Holding Company into a public limited Holding Company by shares, through Act No. XV of 2016 'The Pakistan International Airlines Holding Company (Conversion) Act, 2016' (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Holding Company Act, 1956 and the Holding Company is now governed under the Companies Act, 2017 (previously repealed Companies Ordinance, 1984). According to the Conversion Act, all assets, rights, license, privileges and benefits of which the Holding Company (previously the Corporation) was entitled were transferred to the Holding Company and the Holding Company has assumed all liabilities and obligations of the Holding Company (previously the Corporation). However, the management believes that in substance there is no change except for the legal status and application of provisions of the Companies Act, 2017 (previously repealed Companies Ordinance, 1984).

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

1.2 Business Unit

Head Office

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

Subsidiaries

PIA Investments Limited (PIAIL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates as a limited liability Holding Company under a decree issued by H. H.. The Ruler of Sharjah. During 1986, PIAIL was registered in British Virgin Islands under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act, 2012) as a Holding Company limited by shares.

The principal activity of PIAIL is to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world. The Holding Company's controlling interest in PIAIL is 100% (2021: 100%). The registered office of PIAIL is situated at Citco Building, Wickham Cay, Road Town, Tortola, British Virgin Islands.During the year, the High Court of British Virgin Island (BVI) retracted its previous order to attach assets of PIAIL in Reko Diq case against the Government of Pakistan and removed the receiver appointed earlier to manage the affair of PIAIL. As a result, the management has regained control over all the assets of PIAIL.

Subsidiaries	Place of incorporation	Nature of business	Effective ownership and voting power of PIAIL (%)	Audited By
Roosevelt Hotel Corporation N.V.	Netherlands - Antilles	See note 1.2.1 below	100	PKF O'Connor Davies
RHC Operating LLC	State of Delaware, USA	Owner of Roosevelt Hotel, New York	100	PKF O'Connor Davies
Minhal France S.a r.l.	Luxembourg	See note 1.2.2 below	100	Unaudited
Minhal France B.V.	Netherlands	See note 1.2.2 below	100	Unaudited
PIA Hotels Limited	British Virgin Islands	"See note 1.2.2 below"	100	Unaudited
PIA Aviation Limited (PAL)	British Virgin Islands	See note 1.2.2 below	100	Unaudited
Minhal France S.A (MFSA)	France	See note 1.2.4 below	90	KPMG France
Avant Hotels (Private) Limited	Pakistan	See note 1.2.3 below	62.80	PKF F.R.A.N.T.S Pakistan

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

1.2.2 These companies are intermediary holding companies except PIA Hotels Limited and PAL which are dormant companies.

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

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

PIAIL has been consolidated in these consolidated financial statements on the basis of its audited consolidated financial statements for the year ended December 31, 2022.

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited Holding Company under the Companies Act, 1913 (now Companies Act, 2017). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been consolidated on the basis of its unaudited management accounts for the year ended December 31, 2022 as the same is not considered to be material to these consolidated financial statements.

Sabre Travel Network Pakistan (Private) Limited (Sabre) was incorporated in Pakistan on October 12, 2004 as a private Holding Company limited by shares, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Sabre markets and distributes a computer reservation system to subscribers in Pakistan, under a sub-distribution agreement with Sabre Asia Pacific (Pte.) Limited (Sabre TN APAC) (an associated Holding Company and joint venture partner), that incorporates a software package which performs various functions including real-time airlines seat reservations, schedules, bookings for a variety of air, car and hotel services, automated ticketing and fare displays. The Holding Company controlling interest in Sabre is 70%. Sabre has been consolidated on the basis of its unaudited financial statements for the year ended December 31, 2022 as the same is not considered material to these consolidated financial statements.

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

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

Associate

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

1.3 During the year, the Group incurred a net loss of Rs. 97,234.719 million resulting in accumulated loss of Rs. 652,132.556 million as of December 31, 2022. Further, as of that date, current liabilities of the Group exceeded its current assets by Rs. 332,669.067 million and its operating negative cash flows for the year are Rs. 0.623.656 million.

The management has made an assessment of the Group's ability to continue as a going concern and based on the below mitigating factors, management believes that though, the sustainability of the future operations of the Company is dependent on the support of the Government of Pakistan (GoP), no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, the unconsolidated financial statements are prepared on a going concern basis, with considering among others the following factors:

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

- long-term financing to meet working capital requirements of the Holding Company.
- issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Holding Company to raise / rollover funds.
- reimbursement of financial charges on term finance and sukuk certificates.

b) On December 30, 2017 in a meeting with the GoP, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19, 2019-20, 2020-21,2021-22 and 2022-23 (till December 2022), Rs. 16,768 million, Rs. 28,263 million, Rs. 19,072 million , Rs. 21,850 million and Rs. 14,693 million respectively have been provided by the GoP in respect of markup support.

c) Further, through a letter dated April 19, 2023, GoP through ministry of finance has re-iterated its maximum support to maintain the Holding Company as going concern in the forseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.

d) Subsequent, to the period end GoP guarantee limit have been enhanced by PKR 15.6 billion which leads to accumulative guarantee limit to the tune of PKR 263.23 billion.

2 Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries and its associate as at and for the year ended December 31, 2022.

2.1 Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally the Holding Company a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are derecognised from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised in consolidated statement of profit or loss.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. All material intra-group transactions and balances are eliminated in full.

The financial statements of the subsidiaries are not prepared for the same reporting year as the Holding Company. The accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Holding Company, where necessary.

Non - controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from Holding Company shareholders' equity. Transactions with non - controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

2.2 Associates

Associated companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity.

The associate of the Group is accounted for using the equity method (equity accounted investees) and is recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align with the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of loss exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long-term investments) is reduced to nil and the recognition of further loss is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The carrying amount of investment in associate is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the consolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated statement of profit or loss.

3 BASIS OF PREPERATION

3.1 Statement of Compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except otherwise disclosed in the consolidated financial statements.

3.3 Functional and presentation currency

Items included in the consolidated financial statements relating to each entity of the Group are measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Pakistani Rupees ('PKR', 'Rupees' or 'Rs') which is the Holding Company's functional and presentation currency.

The US Dollar amounts reported in the consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows are stated as additional information, solely for the convenience of the users of these consolidated financial statements. The US Dollar amounts in the consolidated statement of financial position have been translated into US Dollar at the rate of Rs. 226.4309 = US$ 1 (2021: Rs. 176.5135 = US$ 1) and in the consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of cash flows have been translated into US Dollar at the rate of Rs.201.4722 = US$ 1 (2021: Rs. 166.9491 = US$ 1).

4 NEW ACCOUNTING STANDARDS

4.1 Standards / amendments that are effective in current year

There are certain new and amended standards and amendments that are mandatory for the Holding Company's accounting periods beginning on or after January 01, 2022 but are considered not to be relevant or do not have any significant effect on the Holding Company's operations and therefore not detailed in these consolidated financial statements.

4.2 Accounting standards not yet effective

that will be mandatory for the Holding Company's accounting periods beginning on / after January 01, 2023. However, the Holding Company expects that these stardards will not have any material impact on the future financial statements of the Holding Company.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

5.1 Property, plant and equipment

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

5.2 Investment property

The Holding Company revalues the investment property at fair value on each reporting date. Fair values are based on active market prices, adjusted, if necessary, for any differences in nature, location or condition of the specified assets.

5.3 Intangible asset

Intangible assets with finite lives are amortized on straight line basis over their estimated useful lives as specified in note 9 to these consolidated financial statements.

5.4 Stores and spares

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

5.5 Trade debts and other recievables

These are stated initially at fair value and subsequently measured at amortised cost less an allowance for ECL. Allowance for ECL is based on lifetime ECLs that result from all possible default events over the expected life of the trade debts and other receivable. Bad debts, if any, are written off when considered irrecoverable.

5.6 Employee benefits

The liabilities relating to defined benefit plans are determined through actuarial valuations using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates, future increase in medical costs and future pension increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 27 to these consolidated financial statements.

5.7 Taxation

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

5.8 Liability on account of frequent flyer programme

The Holding Company operates a frequent flyer programme that provides travel awards to members of the programme based on cumulative mileage. The Holding Company accounts for award credits as separately identifiable component of the sales transaction in the period in which they are granted. The consideration received as sale proceed is allocated to award credits based on their fair value and is accounted for as a liability in these consolidated financial statements.

Fair value of awarded credits is estimated with reference to fair value of services against which the award credits may be redeemed. Determination of fair value of award credit involves estimations, based on the average of air fares, the value of each award credit assuming a 100% redemption rate, and estimating the expected award credit redemption rate. These estimates are reviewed as and when a significant change in underlying assumptions is observed and the liability is adjusted annually as appropriate. The provision for frequent flyer programme is determined based on the valuation carried out by an independent professional valuer.

5.9 Provision for cost of redelivery

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

5.10 Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the consolidated profit and loss account.

6 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

6.1 Fixed assets

Property, plant and equipment

Operating fixed assets - owned

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

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

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

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

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

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

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

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

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

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

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

Right of use assets

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

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

The right-of-use asset is initially measured at the commencement date of lease based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentive received.

The right-of-use asset is subsequently depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

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

- fixed payments, including in-substance fixed payments;
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

- variable lease payment that are based on an index or a rate amounts expected to be payable by the lessee under residual value guarantees
- less any lease incentives receivable

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

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

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

Short-term leases and leases of low-value assets

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Capital spares

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

Capital work-in-progress

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

6.2 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of land and buildings is recognised in other comprehensive income and credited to the surplus on revaluation of property, plant and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings. If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in statement of comprehensive income and accumulated in equity under the heading of revaluation surplus,. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss. The revaluation reserve is not available for distribution to Group's shareholders.

6.3 Investment property

Property held for long-term rental yields which are significantly rented out by the Group is classified as investment property.

Investment property are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment property are carried at their fair values based on market value determined by professional independent valuers on a continuing basis. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sale proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

6.4 Intangibles

Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a Group and the value of the Group's share of its net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the consolidated statement of profit or loss. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Other intangible assets

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

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives as specified in note 9 to these consolidated financial statements.

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

6.5 Stores and spares

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

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

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

6.6 Investments in subsidiaries and associates

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

6.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value (original invoice / ticket amount) plus directly attributable transaction costs (if any) and subsequently measured at amortised cost less provision for impairment. Provision for impairment against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Impairment of trade debts and other receivables is described in 5.5.

6.8 Cash and cash equivalents

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

6.9 Trade and other payables

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

6.10 Loans and borrowings

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

6.11 Employee benefits

6.11.1 The Holding Company

Provident fund

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

Pension funds

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

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

Contributions are made to the scheme at the advice of actuary. For all the permanent employees hired on or after July 1, 2008 in lieu of the pension funds as described above, the Holding Company operates a defined contribution pension fund whereby a contribution of 5% of the pensionable benefits is made to the Fund in accordance with the relevant rules.

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

Post-retirement medical benefits

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

Compensated absences

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

6.11.2 Skyrooms (Private) Limited (SRL)

Defined benefit plan - gratuity

SRL operates an unfunded defined benefit gratuity scheme for all its permanent employees who have completed the prescribed qualifying period of service. Provision for gratuity is made in accordance with actuarial valuation to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period.

Defined contribution plan - provident fund

SRL also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by SRL and employees, in accordance with Fund's rules.

6.11.3 PIA Investments Limited (PIAIL)

Gratuity fund scheme

PIAIL operates a funded gratuity scheme for its permanent employees who have completed one year of service. An accrual is made for maximum benefit that is payable to employees based on their number of years of service as at reporting date, as the management of PIAIL believes that the liability amount is not material in the overall context of PIAIL's consolidated financial statements.

Provident fund scheme

PIAIL also operates a provident fund scheme as a contribution plan for its permanent employees. Equal contributions are made, both by PIAIL and the employees to the provident fund at the rate of 10% of basic salary.

6.11.4 Roosevelt Hotel Corporation N.V. (RHC)

Defined contribution retirement benefit plan

The RHC was a party to the Industrywide Collective Bargaining Agreement between the New York Hotel Trades Council (Union) and the Hotel Association of New York City, Inc., which provides for a Union sponsored multiemployer defined benefit plan (the Plan) for the RHC's Union employees and includes participation in the Union and Hotel Association of New York City, Inc.'s Pension and Health Benefit Funds. As a result of the closure of the Hotel on December 18, 2020, the RHC triggered a withdrawal liability for the Union's multiemployer pension plan. The Union's actuary had calculated an estimate of the withdrawal liability as of December 31, 2020 of $24,560,579 payable to the Union pension plan payable in 45 quarterly installments of $754,147 and a final payment of $540,578. The estimated withdrawal liability is based on (1) a 7.25% interest rate and (2) Union Pension unfunded vested benefit liabilities as of 2020, the total amount of contributing employers as of December 31, 2020 and the RHC's annual contributions beginning with the 2000 calendar year and ending December 31, 2020. RHC has not made any quarterly installments to fund the withdrawal liability and is currently in negotiations with the union regarding the settlement of this liability.

The interest rate and unfunded vested benefit liabilities comprise various estimates and assumptions that are subject to and require varying degrees of judgment. Because of the inherent uncertainty of valuations, the estimated liability may differ significantly from the actual and final amount that will be calculated by the Union's actuary and that difference could be material.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

a) Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
b) If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
c) If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The RHC's participation in the Plan for the year ended December 31, 2022 and 2021 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN). The most recent Pension Protection Act (PPA) zone status available in 2022 is for the Plan's year-end at December 31, 2022. The zone status is based on information that Company received from the Plan and is certified by the actuaries of the Plan. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. The "FIP/RP Status Pending/Implemented" column indicates pension plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is pending or has been implemented.

The Company's contributions to the Plan did not exceed 5% of the Plan's total contributions for the years ended December 31, 2022 and 2021.

Operating's contributions to the Plan did not exceed 5% of the Plan's total contributions for the years ended December 31, 2022 and 2021.

Certain management employees who operated the Hotel were represented by the Union and were subject to collective bargaining agreements. Such amounts paid on behalf of these employees are reflected in contributions presented above.

Investment securities held by the funds presented above (the "Funds"), in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As a result of the COVID-19 outbreak, significant declines in the values of investment securities held by the Funds are presumed to have and may continue to fluctuate in response to changing market conditions and such changes may have a material impact on Operating's required future contributions to the Funds.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and bonuses), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

6.11.5 Minhal France S.A. (MFSA)

Employees pension plan

On retirement, MFSA's employees are entitled to an indemnity under the law and in accordance with hotel industry labor agreements. Provision is made for the liability at the reporting date in accordance with the agreements.

6.11.6 Sabre Travel Network Pakistan (Pvt) Limited (Sabre)

Provident fund

Sabre operates an approved contributory provident fund for its employees. Equal monthly contributions are made, both by Abacus and the employees, to the provident fund at the rate of 10% of basic salary. Sabre's contribution is charged to consolidated statement of profit or loss.

6.12 Taxation

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

Current

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

Deferred taxation

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

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

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

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

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

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

6.13 Revenue recognition

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

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

a.	**Passenger Revenue**	Nature, timing of satisfaction of performance obligations, significant payment terms.
b.	**Cargo Revenue**	Revenue from passenger services includes air transportation services provided to the passengers. Coupon/sector on a ticket are considered to be a single performance obligation. The value of a coupon/sector on a ticket is considered to be transaction price in accordance with IFRS 15. Passenger revenue is recognized when the transportation service is provided. The value of unused tickets is included in current liabilities as 'advance against transportation (unearned revenue)' until recognized as revenue.
c.	**Room, food and beverages**	Cargo revenue is recognized when the transportation service is provided. The value of unused airway bills generated is included in current liabilities as 'advance against transportation (unearned Revenue)' until recognized as revenue.
d.	**Engineering and other services**	Revenue from room and shop, food, beverages and other related services is recognised as and when services are rendered. Income from shop rentals is recognised on a straight line basis over the lease term. Revenue from repair and maintenance and overhaul services of engine and component to other airlines is recognised when such services are rendered.
e.	**Excess Baggage**	This revenue is generated when passengers pay additional charges for carrying more than their allotted weight of luggage. The revenue is recognised at the point in time when the passengers pay the charges.
f.	**Charter Services**	The charter revenue is generated on booking of entire plane by a customer. Revenue is recognised at the point of time when the services are provided to the customers.
g.	**Cancellation Charges**	Cancellation charges include revenue from charges deducted when a ticket is refunded by the customer. At the time of refund, the amount deducted at that time is recognised as revenue.
h.	**Expired Tickets**	Expired tickets revenue represents revenue earned on expiry of ticket on the unutilized period of last 12 months. Passenger tickets issued 12 months ago or earlier (if not extended) and are not utilized for transportation, are considered as expired tickets and unearned revenue relating to these expired tickets are recognised as revenue.
i.	**Others**	Others include revenue generated from other miscellaneous services provided by the Company. Revenue is recognized at the point when such services are rendered.

6.14 Frequent flyer programme revenue

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

In addition, miles are sold to commercial partner to use in promotional activity. The fair value of the miles sold is deferred and recognised as revenue on redemption of the miles by the participants to whom the miles are issued. The cost of redemption of miles is recognised when miles are redeemed. The estimates involved in recognizing revenue from frequent flyer programme are disclosed in note 5.8 to these consolidated financial statements.

Interest / mark-up and dividend income

The Group recognises interest income / mark-up on short-term bank deposits, interest bearing advances and held to maturity investments on a time proportion basis using effective interest method.

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

6.15 Borrowing Costs

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

6.16 Provisions

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

6.17 Impairment

Financial assets

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

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

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

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

The Group considers a debt instrument to have a low credit risk when its credit risk rating is equivalent to an 'investment grade' in an organized financial market. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-Financial assets

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

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

6.18 Foreign currency

Foreign currency transaction

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

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

Foreign operations

Assets including goodwill and liabilities of foreign entities are translated into Pakistan Rupees at reporting date exchange rates. Income and expense items are translated at exchange rates approximating the rates of exchange at the dates of the transactions. Items of equity are carried at their historical values. Differences in exchange rates are recognised as foreign currency translation reserve and are included in other comprehensive income.

6.19 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are de-recognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss immediately.

Recognition and initial measurement

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

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

Financial assets - Classification and measurement

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

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

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

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

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

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities – Classification, subsequent measurement and gains and losses

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

Derecognition

Financial assets

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

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

Financial liabilities

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

6.20 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

6.21 Earnings per share

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

6.22 Derivative financial instruments

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

6.23 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is CEO, who is responsible for allocating resources and assessing performance of the operating segments. The Holding Company prepares financial statement on the basis of a single reportable segment which is consistant with the internal reporting used by the chief operating decision-maker of the Holding Company.

6.24 Dividend and reserves

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

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2022	2021
		------ (Rupees in '000) ------	
Operating fixed assets			
- owned	7.1	138,147,855	128,536,714
- right of use asset	7.2	23,021,349	17,090,717
Capital work-in-progress	7.6	396,475	534,293
		161,565,679	146,161,724

7.1 Operating fixed assets

	2022						
	Land		Buildings on:		Hotel property (note 7.2.2)	Workshops and hangars	Aircraft fleet (note 7.1.2)
	Leasehold (notes 7.1.3 and 7.4)	Others (note 7.1.1)	Leasehold land (note 7.4)	Other land			
	(Rupees in '000)						
Year ended December 31, 2021							
Cost or revalued amount	9,200,052	29,896	11,323,459	1,813,574	79,742,328	1,063,842	123,989,635
Accumulated depreciation	-	-	(8,829,778)	(1,454,581)	(30,353,233)	(880,124)	(66,951,261)
Net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374
Year ended December 31, 2022							
Opening net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374
Addition	-	-	4,023	59,246	-	17	-
Surplus on revaluation	-	-	-	-	1,391,430	-	-
Transfer from CWIP	-	-	-	324,180	-	177,730	681,308
	-	-	4,023	383,425	1,391,430	177,747	681,308
Transfers							
Cost or revalued amount	(815,216)	-	(1,074,591)	-	-	-	-
Accumulated depreciation	-	-	799,157	-	-	-	-
	(815,216)	-	(275,434)	-	-	-	-
Translation adjustments							
Cost or revalued amount	-	-	-	-	14,071,825	-	-
Accumulated depreciation	-	-	-	-	568,265	-	-
	-	-	-	-	14,640,090	-	-
Revaluation							
Cost or revalued amount	203,616	-	265,160	-	-	-	-
Accumulated depreciation	-	-	(210,513)	-	-	-	-
	203,616	-	54,647	-	-	-	-
Disposals							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Write off / retirement							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	(106,228)	(119,447)	(1,025,049)	(31,995)	(6,503,414)
Closing net book value	8,588,452	29,896	2,170,689	622,971	64,398,566	329,470	51,216,268
As at December 31, 2022							
Cost or revalued amount	8,588,452	29,896	10,518,051	2,196,999	95,205,583	1,241,589	124,670,943
Accumulated depreciation	-	-	(8,347,362)	(1,574,028)	(30,810,017)	(912,119)	(73,454,675)
Net book value	8,588,452	29,896	2,170,689	622,971	64,395,566	329,470	51,216,268

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

7.1.2 Aircraft fleet includes five engines (05) (2021: five (05) engines) held by a third party for overhauling purpose as at December 31, 2022. The carrying value of these engines at year end is Rs. 1,331.081 million (2021: Rs. 1,412.407 million)

7.1.3 During the year, the Company transferred land and buildings located at various local and international sites to investment property measured at fair value as the Company decided to rent it to third parties. Immediately before transfer, land and buildings were remeasured to fair value and a gain of Rs. 242.415 million (net of tax) was recognized as revaluation surplus in other comprehensive income. The valuation techniques and significant unobservable inputs used in measuring the fair value of the land and building at the date of transfer were the same as those applied to investment property at the reporting date (note 8).

2022

Equipment	Engineering equipment and tools	Vehicle	Furniture, fixtures and fittings	Computer and office automation	Heat ventilation and air conditioning	Kitchen and bar equipment	Television / dish / stand	Capital spares	Total
(Rupees in '000)									
3,554,427	2,048,941	2,810,332	17,315,292	2,343,808	22,185	7,417	12	7,917,678	263,182,878
(3,229,933)	(1,855,533)	(2,675,859)	(11,591,386)	(2,181,467)	(17,711)	(5,921)	(12)	(4,619,365)	(134,646,164)
324,494	193,408	134,473	5,723,906	162,341	4,474	1,496	-	3,298,313	128,536,714
324,494	193,408	134,473	5,723,906	162,341	4,474	1,496	-	3,298,313	128,536,714
254,159	29,748	1,893	157,482	48,186	-	-	6	170,456	725,214
-	-	-	-	-	-	-	-	-	1,391,430
1,866,242	2,440	-	36,604	37,191	-	-	-	-	3,125,695
2,120,401	32,188	1,893	194,086	85,377	-	-	6	170,455	5,242,339
-	-	353,529	-	-	-	-	-	-	(1,536,278)
-	-	(249,249)	-	-	-	-	-	-	549,908
-	-	104,280	-	-	-	-	-	-	(986,370)
-	-	-	(744,666)	-	-	-	-	-	13,327,159
-	-	-	265,157	-	-	-	-	-	833,422
-	-	-	(479,509)	-	-	-	-	-	14,160,581
-	-	-	-	-	-	-	-	-	468,776
-	-	-	-	-	-	-	-	-	(210,513)
-	-	-	-	-	-	-	-	-	258,263
-	-	(27,204)	(104,489)	-	-	-	-	-	(131,693)
-	-	23,121	102,367	-	-	-	-	-	125,488
-	-	(4,083)	(2,122)	-	-	-	-	-	(6,205)
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(104,064)	(47,512)	(34,958)	(826,265)	(75,338)	-	-	(1)	(183,206)	(9,057,467)
2,340,831	178,084	201,605	4,610,106	172,380	4,474	1,496	5	3,285,562	138,147,855
5,674,828	2,081,129	3,138,550	16,660,223	2,429,185	22,185	7,417	18	8,088,133	280,553,181
(3,333,997)	(1,903,046)	(2,936,945)	(12,050,117)	(2,256,805)	(17,711)	(5,921)	(13)	(4,802,571)	(142,405,326)
2,340,831	178,084	201,605	4,610,106	172,380	4,474	1,496	5	3,285,562	138,147,855

7.1 Operating fixed assets

	2021						
	Land		Buildings on:				
	Leasehold (notes 7.1.3 and 7.4)	Others (note 7.1.1)	Leasehold land (note 7.4)	Other land	Hotel property (note 7.2.2)	Workshops and hangars	Aircraft fleet (note 7.1.2)
	(Rupees in '000)						
Year ended December 31, 2020							
Cost or revalued amount	9,284,588	29,896	11,677,303	1,811,570	71,568,568	1,063,842	120,261,958
Accumulated depreciation	-	-	(8,947,697)	(1,427,340)	(28,913,477)	(862,874)	(60,510,329)
Net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629
Year ended December 31, 2021							
Opening net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629
Addition	-	-	-	4,980	-	-	3,727,677
Surplus on revaluation	-	-	-	-	4,542,925	-	-
Transfer from CWIP	-	-	-	-	-	-	-
	-	-	-	4,980	4,542,926	-	3,727,677
Transfers							
Cost or revalued amount	(84,536)	-	(353,844)	-	-	-	-
Accumulated depreciation	-	-	232,194	-	-	-	-
	(84,536)	-	(121,650)	-	-	-	-
Translation adjustments							
Cost or revalued amount	-	-	-	-	3,630,835	-	-
Accumulated depreciation	-	-	-	-	(580,857)	-	-
	-	-	-	-	3,049,978	-	-
Revaluation							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Disposals							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Write off / retirement							
Cost or revalued amount	-	-	-	(2,976)	-	-	-
Accumulated depreciation	-	-	-	2,976	-	-	-
	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	(114,275)	(30,217)	(858,899)	(17,250)	(6,440,932)
Closing net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374
As at December 31, 2021							
Cost or revalued amount	9,200,052	29,896	11,323,459	1,813,574	79,742,328	1,063,842	123,989,635
Accumulated depreciation	-	-	(8,829,778)	(1,454,581)	(30,353,233)	(880,124)	(66,951,261)
Net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374

2021									
Equipment	Engineering equipment and tools	Vehicle	Furniture, fixtures and fittings	Computer and office automation	Heat ventilation and air conditioning	Kitchen and bar equipment	Television / dish / stand	Capital spares	Total
(Rupees in '000)									
3,458,694	2,037,386	2,832,118	16,343,365	2,317,050	22,185	7,417	12	7,688,042	250,403,994
(3,109,096)	(1,808,175)	(2,657,468)	(10,691,044)	(2,121,903)	(17,711)	(5,921)	(12)	(4,435,281)	(125,508,327)
349,598	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,667
349,598	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,667
91,348	10,526	3,820	196,298	28,991	-	-	-	229,636	4,293,276
6,840	6,033	-	-	859	-	-	-	-	4,556,657
-	-	-	-	-	-	-	-	-	-
98,188	16,559	3,820	196,298	29,850	-	-	-	229,636	8,849,933
-	-	-	-	-	-	-	-	-	(438,380)
-	-	-	-	-	-	-	-	-	232,194
-	-	-	-	-	-	-	-	-	(206,186)
-	-	-	776,729	-	-	-	-	-	4,407,564
-	-	-	(223,006)	-	-	-	-	-	(803,863)
-	-	-	553,723	-	-	-	-	-	3,603,701
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
(2,455)	(5,004)	(25,606)	(1,100)	(3,092)	-	-	-	-	(37,257)
2,449	5,004	24,463	3,927	2,977	-	-	-	-	38,820
(6)	-	(1,143)	2,827	(115)	-	-	-	-	1,563
-	-	-	-	-	-	-	-	-	(2,976)
-	-	-	-	-	-	-	-	-	2,976
-	-	-	-	-	-	-	-	-	-
(123,286)	(52,362)	(42,855)	(681,263)	(62,541)	-	-	-	(184,084)	(8,607,964)
324,494	193,408	134,472	5,723,906	162,341	4,474	1,496	-	3,298,313	126,536,714
3,554,427	2,048,941	2,810,332	17,315,292	2,343,808	22,185	7,417	12	7,917,678	263,182,878
(3,229,933)	(1,855,533)	(2,675,859)	(11,591,386)	(2,181,467)	(17,711)	(5,921)	(12)	(4,619,365)	(134,646,164)
324,494	193,408	134,473	5,723,906	162,341	4,474	1,496	-	3,298,313	128,536,714

7.2 Right of use assets

	Note	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
		------- (Rupees in '000) -------			
Year ended December 31, 2021					
Opening net book value		10,836,801	839,704	228,533	11,905,038
Additions during the year					
Additions in Right of use asset		7,656,565	111,863	8,474	7,776,902
Adjustment					
Re-assesment of redelivery cost		2,681,333	-	-	2,681,333
Transfer to owned fixed assets					
Cost		-	-	-	-
Accumulated depreciation		-	-	-	-
		-	-	-	-
Disposals / write off					
Cost		-	-	-	-
Accumulated depreciation		-	-	-	-
		-		-	-
Depreciation charge for the year		(4,858,918)	(346,868)	(66,770)	(5,272,556)
Closing net book value		16,315,781	604,699	170,237	17,090,717
As at December 31, 2021					
Cost or revalued amount		34,042,233	1,726,758	362,002	36,130,993
Accumulated depreciation		(17,726,452)	(1,122,059)	(191,765)	(19,040,276)
Net book value		16,315,781	604,699	170,237	17,090,717
Year ended December 31, 2022					
Opening net book value		16,315,781	604,699	170,237	17,090,717
Addition / transfer during the year					
Addition in Right of use assets		11,977,053	238,578	-	12,215,631
		11,977,053	238,578	-	12,215,631
Adjustment					
Cost		(672,532)	-	-	(672,532)
Accumulated depreciation		672,565	-	-	672,565
		33	-	-	33
Transfer to owned fixed assets					
Cost or revalued amount		-	-	(353,529)	(353,529)
Accumulated depreciation		-	-	249,249	249,249
		-	-	(104,280)	(104,280)
Disposals / write-off					
Cost or revalued amount		-	-	-	-
Accumulated depreciation		-	-	-	-
		-	-	-	-
Depreciation charge for the year		(5,723,517)	(395,691)	(61,544)	(6,180,752)
Closing net book value		22,569,350	447,586	4,413	23,021,349
As at December 31, 2022					
Cost or revalued amount		45,346,754	1,965,336	8,473	47,320,563
Accumulated depreciation		(22,777,404)	(1,517,750)	(4,060)	(24,299,214)
Net book value		22,569,350	447,586	4,413	23,021,349
Annual depreciation rate (%)		6.25-15	4.7-33.33	10	

7.2.1 This represents Rs. 11,997.053 million (2021: 7,656.565 million) against 4 aircraft obtained during the year by the Company under lease arrangements. The amount includes Rs. 95 million on account of sales tax paid on import basis.

7.2.2 Hotel properties

Minhal France S.A.

Due to renovation of Scribe Hotel, valuation was carried out as at December 31, 2022 by an independent appraiser. The appraiser determined that the market value of the freehold interest in Scribe Hotel as at December 31, 2022 amounted to Euro 285,350,000 (US $ 304,300,980) using Discounted Cash flow (DCF) method with an exit cap of 3% and discount rate of 4.3% which is higher than their alternative and recorded accordingly. This valuation includes lands, buildings and improvements and furniture and equipment. However, fair value of furniture and equipment approximates its carrying value resulting in the entire revaluation surplus allocated to lands, buildings and improvements. Before revaluation the carrying value of lands, buildings and improvements at December 31, 2022 amounted to US $ 273,576,458 and accordingly during the year 2022 a surplus of US $ 6,145,054 was credited to 'surplus on revaluation of operating fixed assets.

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

	Note	2022	2021
		(Rupees in '000)	
Cost of services - others	33	15,209,472	13,855,689
Distribution costs	34	11,377	10,473
Administrative expenses	35	17,373	14,358
		15,238,222	13,880,520

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

	2022			2021		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
	(Rupees in '000)					
Leasehold land	19,790	-	19,790	44,166	-	44,166
Buildings on leasehold land	216,723	154,491	62,232	256,185	174,076	82,109
Hotel Properties	32,250,595	14,329,901	17,920,694	56,416,886	25,645,505	30,771,381
	32,487,108	14,484,392	18,002,716	56,717,237	25,819,581	30,897,656

7.5 For the year ended Decemebr 31, 2022

(a) The details of Immovable fixed assets (i.e Land & Other Land) are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
PIA Booking Office Rawalpindi	5th The Mall Road, Saddar, Rawalpindi.	4,328
PIA DFSL, Warehouse Islamabad	Warehouse, Sector I-11/4, (Pir Wadhai) Islamabad.	7,200
PIA Sales Office Gawadar	Airport Road, Gawadar.	2,420
PIA Sales Office Multan	65 Ahmed Shah, Abdali Road, Multan.	6,528
PIA Sales Office Azad Kashmir	Chattar, Muzaffarabad, Azad Kashmir.	444
PIA Sales Office Peshawar	33-The Mall, Arbab Road, Peshawar.	9,931
PIA Sales Office Sawat	Faizabad, Saidu Shareef, Maingora, Sawat.	1,211
Land for PIA Staff Housing Colony Saidu Sharif	PIA Staff Housing Colony Saidu Sharif.	1,208
PIA Sales Office Skardu	Chashma Bazar, Skardu.	1,250
Airport Office Skardu	Tehsil Gumba near old runway Skardu.	4,248

Description of Location	Addresses	Total Area of Land Square Yards
PIA Sales Office Turbat	Commissioner Road, Turbat.	18,295
PIA Sales Office Islamabad	Jinnah Avenue, 49 Blue Area, Islamabad	1,200
PIA Sales Office Lahore	Opp, Punjab Assembly near Wapda House, Lahore.	4,600
PIA Diagnostic Center Karachi	B-33, KDA Scheme 1, Karsaz, Karachi.	1,874
PIA Air Crew Medical Center Karachi	C-I, KDA Scheme I, Karsaz, Karachi.	1,120
PIA Sales Office Faisalabad	Block 16, 26/6, Civil Lines, Faisalabad.	1,974
PIA Sales Office Chitral	Polo Ground, Chitral.	3,666
PIA Sales Office Building Quetta	17 Shahrah e Hali, Cantonment, Quetta.	3,732
Land for Sales Office Ormara	PIA sales office ,Ormara Baluchistan.	10,000
Land for Sales Office Sialkot	Plot situated opposite to Chamber of Commerce Paris Road, Sialkot.	1,778
Farm house Abbotabad	Nathia Gali Road Abbottabad.	18,166
Land for Sales Office Gilgit	Plot of PIA City Road near NLI Shopping Centre, Gilgit.	525
Land for new sales office Sukkur	Minara Road near Jamia Masjid, Sukkur.	2,146
Land for Dera Ismail Khan	Survey No. 3A 195.09 Sqr. Metre D.I.Khan Cantt.	233
PIA housing colony (Water Tank) Karachi	PIA Housing Colony Water Tank Karachi.	1,667
PIA Sales Office Hyderabad	PIA Sales office, Civic center, Thandi Sarak, Hyderabad	540
G.D Somani Marg Cuffe Parade, Mumbai	Flat No. 32, 3rd Floor Jolly Marker-3 G.D Somani Marg, Cuffe Parade, Mumbai - 400 005	193
Narain Manzil, New Delhi	Narain Manzil, 23 Barakhamba Road, New Delhi - 110001	451
Shaykhontohur District, Tashkent	Shaykontohur District Halklar Dustligi Street, Tashkent	291
Leidsestraat 17 Amsterdam	1017 NT Amsterdam The Netherlands, Amsterdam.	118
Van Nijenrodeweg 835 Amsterdam	1082 JM Amsterdam The Netherlands, Amsterdam.	309
Koningsvaren 109 Abcoude Amsterdam	Koningsvaren 109 Abcoude, Amsterdam.	300
Residence No.55 New York	Saxon Woods Road Scarsdale, NY 10583-7812, New York.	2,275

(b) In addition to above,there are certain assets which are acquired on lease and classified in fixed assets on Right of Used (ROU) basis.

7.6 Capital work-in-progress

	Aicraft fleet	Others	Total
	---------------- (Rupees in '000) ----------------		
Year ended December 31, 2022			
Balance at beginning of the year	-	534,293	534,293
Additions during the year	968,105	2,223,139	3,191,244
Transfer to operating fixed assets / intangibles	(681,308)	(2,468,803)	(3,150,111)
Adjustment	-	(178,951)	(178,951)
Balance at end of the year	286,797	109,678	396,475
Year ended December 31, 2021			
Balance as at beginning of the year	1,784,069	370,268	2,154,337
Additions during the year	-	195,524	195,524
Transfer to operating fixed assets / intangibles	-	(31,207)	(31,207)
Adjustment	(1,784,069)	(292)	(1,784,361)
Balance as at end of the year	-	534,293	534,293

8 INVESTMENT PROPERTY

	Note	Lands, buildings and improvements	Furniture and equipment	Total
		(Rupees in '000)		
Year ended December 31, 2022				
Balance as at beginning of the year		78,390,085	538,510	78,928,595
Acquisitions		28,396	-	28,396
Transfer from owner occupied property	7.1	815,216	275,434	1,090,650
Change in fair value		(9,604,253)	99,635	(9,504,618)
Currency translation		22,099,307	152,289	22,251,596
Balance as at end of the year		91,728,751	1,065,868	92,794,619
Year ended December 31, 2021				
Balance as at beginning of the year		70,761,486	487,622	71,249,108
Acquisitions		-	-	-
Reclassification from Property, plant & equipment		206,186	-	206,186
Gain on revaluation		38,285	-	38,285
Currency translation		7,384,127	50,889	7,435,016
Balance as at end of the year		78,390,085	538,510	78,928,594

8.1 The details of transfers to investment property from owner occupied property are as follows:

Category	Location	Net book value before transfer	Market value at the time of transfer	Revaluation surplus / (loss) recognized in OCI-net of tax	Tax	Net revaluation surplus transferred to OCI
		(Rupees in '000)				
Leashold Land	PIA DFSL Warehouse, sector no. I-11/4, PIR Wadhi, Islamabad.	345,600	374,400	28,800	-	28,800
Leashold Land	PIA Crew Medical Center, C-1, K.D.A Scheme no. 1, Karsaz Road, Karachi.	224,000	246,400	22,400	-	22,400
Leashold Land	PIA sales office, Chashma Bazar, Skardu.	31,500	34,875	3,375	-	3,375
Leashold Land	PIA main Gilgit City Road, near NLI Shopping Centre, Gilgit.	10,500	159,541	149,041	-	149,041
Buildings on leasehold land	PIA sales office, Ground and Loft floor, Civic Centre, Thandi Sarak, Hyderabad.	93,965	109,512	15,547	4,509	11,038
Buildings on leasehold land	Van Nijenrodeweg 835, 1082 JM Amsterdam	71,719	113,022	41,303	11,978	29,325
Buildings on leasehold land	PIA DFSL Warehouse, sector no. I-11/4, PIR Wadhi, Islamabad.	37,908	37,440	(468)	(136)	(332)
Buildings on leasehold land	PIA Crew Medical Center, C-1, K.D.A Scheme no. 1, Karsaz Road, Karachi.	10,435	9,410	(1,025)	(297)	(728)
Buildings on leasehold land	PIA sales office, Chashma Bazar, Skardu.	6,760	6,050	(710)	(206)	(504)

8.2 Forced sale value of the aforementioned investment property as of the reporting date is estimated to be Rs. 2,493.030 million (2021: Rs. 238.293 million).

8.3 Rental income earned during the year was Rs. 55.249 million per annum (2021: Rs. 11.019 million per annum).

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

9. INTANGIBLES

	Computer software	Goodwill	Total
	(Rupees in '000)		
As at December 31, 2021			
Balance as at beginning of the year	335,025	5,190,646	5,525,671
Addition during the year	96,937	-	96,937
Translation adjustment	-	541,664	541,664
Amortisation for the year	(159,310)	-	(159,310)
Transfer from CWIP	17,942	-	17,942
Balance as at end of the year	290,594	5,732,310	6,022,904
As at December 31, 2021			
Cost	1,264,942	5,212,338	6,477,280
(Less) / add: accumulated amortisation	(974,348)	519,972	(454,376)
	290,594	5,732,310	6,022,904
As at December 31, 2022			
Balance as at beginning of the year	290,594	5,732,310	6,022,904
Addition during the year	105,467	-	105,467
Translation adjustment	-	1,621,167	1,621,167
Amortisation for the year	(109,379)	-	(109,379)
Transfer from CWIP	24,417	-	24,417
Balance as at end of the year	311,099	7,353,477	7,664,576
As at December 31, 2022			
Cost	1,394,826	6,833,505	8,228,331
(Less) / add: accumulated amortisation	(1,083,727)	519,972	(563,755)
	311,099	7,353,477	7,664,576
Useful life	5 years		

9.1 Amortisation for the year has been allocated as under:

	Note	2022	2021
		(Rupees in '000)	
Cost of services - others	33	8,750	12,745
Administrative expenses	35	100,629	146,565
		109,379	159,310

10 LONG - TERM INVESTMENTS

	Note	2022	2021
Investment in related party		------ (Rupees in '000) ------	
Unquoted - at cost			
Associate	10.1 & 10.2	142,911	111,977
Other			
At fair value through OCI	10.3	288,480	259,222
		431,391	371,199

10.1 Movement in investment in an Associate - unquoted

	2022	2021
Balance at beginning of the year	111,977	101,490
Share of profit during the year	847	917
	112,824	102,407
Translation adjustment	30,087	9,570
Balance at end of the year	142,911	111,977

10.2 Associate - unquoted

Summarised financial information of the associate along with the Group's respective share is as follows:

	Name of associate	Country of incorporation	Total assets	Total liabilities	Revenue	Profit	Interest held by the Group
			------ (Rupees in '000) ------				(%)
2022	Minhal Incorporated	British Virgin Islands	384,886	5,961	-	847	40%
2021	Minhal Incorporated	British Virgin Islands	301,519	4,920	-	917	40%

10.3 Fair value through other comprehensive income

	Note	2022	2021
		------ (Rupees in '000) ------	
Quoted			
Pakistan Services Limited		288,109	258,851
Unquoted			
Pakistan Tourism Development Corporation Limited		100	100
Duty Free Shops (Private) Limited - Pakistan		271	271
		288,480	259,222

11. RECEIVABLE IN RESPECT OF CENTRE HOTEL

	Note	2022	2021
Receivable in respect of Centre Hotel	11.1	1,710,507	1,333,420

11.1 This represents PIAIL's share of net assets of Centre Hotel, Abu Dhabi, a joint venture between PIAIL and H. H. Sheikh Hamdan Bin Mohammed Al Nahyan. The parties entered into a Partnership Agreement on June 08, 1977 and simultaneously entered in a Joint Venture Agreement on the same day to construct and operate a hotel on a land owned by Sheikh Hamdan, to be known as Centre Hotel. Subsequently, under a Supplemental Agreement dated January 12, 1978 the rights and obligations of Sheikh Hamdan and PIAIL under both the agreements were assigned to Sheikh Khalifa and PIAIL respectively, however, the assignment to PIAIL was not registered.

The joint venture was for a period of 17½ years, which expired on April 21, 1997. In accordance with the terms of the agreement, net current assets of the joint venture at the end of the term were to be distributed to joint venture partners in the ratio of their investment. However, a dispute arose between the parties over a renovation program initiated by Sheikh Khalifa prior to the expiry of the joint venture term. PIAIL disputed the said renovation on the grounds that there was no obligation on the joint venture to renovate or reinstate the Hotel premises prior to its reversion to Sheikh Hamdan and recognised an amount of AED 27,746,614 as asset representing PIAIL's share of net assets as at April 21, 1997 on the basis of unaudited management accounts of the joint venture.

The parties could not reach an amicable agreement as to the above and on February 23, 1997, a Notice of Arbitration was sent to Sheikh Khalifa. Subsequently an application was submitted to the Abu Dhabi Courts for an order to appoint an arbitrator. PIAIL won the case at various courts in Abu Dhabi and finally in March 2010, the Supreme Court of Abu Dhabi advised the Federal Supreme Judicial Council to appoint one of its judges as an Arbitrator in the subject dispute. In August 2010, Judge Ahmed Al Mulla of Al Sharjah Court was appointed as the Judge Arbitrator. The arbitration proceedings concluded during the year 2012, and the Arbitrator, based on the reports submitted by a panel of three experts from the Ministry of Justice, ordered Sheikh Khalifa to pay PIAIL a sum of AED 23.342 million (US$ 6.355 million) along with interest at the rate of 6% from the date of the issuance of judgment.

PIAIL, in order to have the Arbitrator's aforesaid award ratified, filed a ratification claim with the Court of First Instance, Abu Dhabi. However, Sheikh Khalifa also filed a claim for nullification of Arbitrator's aforesaid Award. The Court of First Instance, Abu Dhabi adjudicated that it did not have the jurisdiction to decide in the matter and referred it to the competent court at the Abu Dhabi judicial department i.e. Abu Dhabi Commercial Court (the Court) for carrying out further proceedings. The Court conducted a hearing on May 14, 2013 and accepted PIAIL's claim for ratification of Arbitration Award of AED 23.342 million (US$ 6.355 million), along with interest at the rate of 6%, and dismissed Sheikh Khalifa's claim for nullification of award.

Sheikh Khalifa challenged the decision of the Court in Abu Dhabi Appeals Court which through its order dated July 23, 2013 decided the case in favor of PIAIL. In response to this decision, Sheikh Khalifa filed an appeal against the said decision in the Cassation Court.

On October 02, 2013 PIAIL submitted a response to the appeal filed by Sheikh Khalifa in the Cassation Court which gave its final decision through its order dated January 08, 2014 in PIAIL's favor. During March 2014, the execution was served on Sheikh Khalifa as required under the local laws, and thereafter, on account of failure by Sheikh Khalifa to make the payment, the Execution Judge ordered the attachment of Sheikh Khalifa's bank accounts, shares in Dubai and Abu Dhabi stock markets and also addressed a letter to the land department inquiring on the lands owned or registered under the Sheikh's name.

However, Sheikh Khalifa filed a grievance against the said execution order, and on December 23, 2014, the Execution Judge ordered the suspension of execution proceedings on the ground that Abu Dhabi Economic Department had advised that since the Centre Hotel was owned by the heirs of Sheikh Hamdan Al Nahyan, therefore, its title could not be transferred to Sheikh Khalifa alone as he had several other legal heirs as well. Based on the same, the Execution Court could not execute the arbitration award i.e. to pay the amount awarded by the arbitrator to PIAIL. PIAIL filed an appeal against the said suspension, however, the court disallowed the same.

11.2 During the year 2016, based on PIAIL's application, the Execution Department re-opened the case, and various hearings were held in the matter. Finally, on February 28, 2017, the Execution Judge ordered to resume the execution proceedings against Sheikh Khalifa, whereby, the Court has decided to approach various competent authorities to attach Sheikh Khalifa's assets, bank accounts, cars and shares in Dubai and Abu Dhabi stock markets after determination of amount to be executed by the Court accountant. Sheikh Khalifa has not filed an appeal against the said order. As per court order, the Court accountant has determined the PIAIL's claim amount along with interest in the sum of AED 29.941 million. Subsequently, the Court issued a letter to Abu Dhabi's Identity Department to get a copy of Sheikh Khalifa's ID and passport in order to process the letters to various competent authorities. On October 31, 2017 the Court issued an order to the management of Centre Hotel to attach Sheikh Khalifa's share in the profits of the Hotel to settle PIAIL's arbitration amount.

On February 27, 2018, the Company's representatives had a meeting with Sheikh Khalifa's representatives whereby Sheikh Khalifa's representatives offered the following proposal to settle the principal amount of AED 23.341 million if the interest amount of approximately AED 8 million to be waived by PIAIL:

- AED 20 million (US$ 5.45 million) to be paid upfront as a full and final settlement; or

- AED 18 million (US$ 4.90 million) to be paid upfront, and the balance amount of AED 5.341 million (US$ 1.46 million) to be settled in equal annual installments over a period of 5-6 years via Post Dated Cheques.

11.3 A summary of Board's unanimous written resolution dated March 18, 2018 for the above settlement agreement was submitted before Aviation division for approval by the federal cabinet. On May 03, 2018, Federal Cabinet approved the proposal that Sheikh Khalifa would immediately pay AED 18 million (US $ 4.90 million), and the balance of AED 5.342 million (US $ 1.46 million) to be paid over a period of 5 years via post-dated cheques. Accordingly, communication was made to representative of Sheikh Khalifa and it was agreed that final agreement would be prepared for execution of above proposal. Thereafter, despite various reminders no response has been received from representative of Sheikh Khalifa. Consequently, on September 18, 2018, petition was submitted with the judge for attachment and auction of Sheikh Khalifa's in Center Hotel and attachement of tourism licence of the Hotel, which was approved by the judge and the same has been communicated to Abu Dhabi Economic Department.

11.4 The Company legal advisors have submitted a petition of delegation to the Court to inquire about the properties registered under Sheikh Khalifa's name. On March 25, 2019 a letter was issued by the Court addressing the competent authorities in Al Ain, Dubai and Sharjah to inquire about the properties registered under the execution in Sheikh Khalifa's name.

11.5 On October 26, 2021, Company's management had held a zoom call with its attorneys at Dubai, wherein, the attorneys had apprised as follows:

A few months back, Abu Dhabi land department had provided them an updated list of the properties owned by Sheikh Khalifa (apparently 3 properties). Accordingly, he had requested the enforcement Judge to issue an inquiry to the land department, and inquire if there were any restrictions on the plots that might prevent the claimant from auctioning the properties, however, the Court had not yet issued the said inquiry.

There were three steps to auction the said properties:

1 - Identification,
2 - Enforcement attachment, and
3 - Auctioning of said properties

Attorneys also advised that they were at stage 2 i.e. enforcement, however the process was very sow due to the ongoing Covid restrictions, but they were following up with the enforcement department regularly, and hopefuly they would be able to attach, and auction said properties at the earliest time possible.

In view of above, the management is confident that the amount of AED 23,341,905 along with interest at the rate of 6% from the issuance of the aforementioned judgment will eventually be received by PNL Accordingly, the management has continued to recognize the subject amount of AED 27,746,.614 (US $ 7,554210), 1e the amount initially recognized based on PIAIL'Ss share of net assets as at 21 April 1997, as an asset in the consolidated financial statements as it believes that the eventual receipt against the arbitration award will not be materially different from the amount ecognized as an asset.

12. LONG-TERM LOANS AND ADVANCES

	Note	2022	2021
		------ (Rupees in '000) ------	
Secured, considered good			
Employees	12.1	603	603

12.1 This represents loans given by SRL to its employees which are secured against gratuity fund balances of respective employees. The loans carry interest at the rate of 5% to 8% (2021: 5% to 8%) per annum and is receivable within four years from the date of disbursement. There are no loans to directors, chief executive officer or other executives.

13.	LONG-TERM DEPOSITS AND PREPAYMENTS	Note	2022	2021
			------ (Rupees in '000) ------	
	Deposits			
	Considered good			
	Aircraft fleet lease deposits		2,061,379	3,879,201
	Others	13.3	408,977	524,493
			2,470,356	4,403,694
	Considered doubtful		357,877	357,877
	Less: Provision for impairment against doubtful deposits	13.1	(357,877)	(357,877)
			-	-
			2,470,356	4,403,694
	Prepayments			
	Rental commission		12,732	18,323
	Prepayment in respect of lease	13.2	154,213	124,169
	Exposure fee to support financing		-	130
			166,945	142,622
	Current portion shown under short-term prepayments		(2,444)	(3,576)
			164,501	139,046
			2,634,857	4,542,740

13.1 Movement in provision is as follows:

Balance as at beginning of the year	357,877	357,877
Provision made during the year	-	-
Balance as at end of the year	357,877	357,877

13.2 Movement in prepayment in respect of lease is as follows:

Balance as at beginning of the year	13.2.1	124,169	115,522
Amortisation for the year	35	(2,174)	(1,815)
Translation adjustment		32,218	10,462
Balance as at end of the year		154,213	124,169

13.2.1 Upto December 31, 2012, PIAIL was claiming an aggregate amount of US$ 733,280 from Pakistan Cricket Board (PCB), formerly Board of Control for Cricket in Pakistan (BCCP), on account of various payments made during the calendar years from 1980 to 1988 in terms of agreement dated October 07, 1980 and Promissory Note dated December 04, 1980, signed between PIAIL and PCB. According to the agreement, PCB had agreed to pay PIAIL all sums including outstanding principal amount along with interest thereon. In order to settle PIAIL's aforesaid claim, PCB initially executed a sub-lease for transfer of Land of 5 acres (settlement plot) in the name of Holding Company on September 13, 1987, and later PCB and PIAIL entered into a Joint Venture Agreement dated October 11, 2007, whereby, PCB offered PIAIL another piece of land as an alternate to the Settlement Plot measuring 5.8 acres (i.e. 'Alternate Plot'). It was agreed that after the date of signing of the JV Agreement 2007, PCB and PIAIL should form a limited liability company with ownership ratio of 62.5% and 37.5% to be held by PIAIL and PCB respectively.

Accordingly, during the year 2008, a separate company was formed with the name of Avant Hotels (Private) Limited (Avant), which is owned by PIAIL and PCB in the aforesaid agreed ratio. As per the JV Agreement 2007, the rights of the shareholders' in Avant shall be outlined in a shareholders' agreement to be executed between PCB and PIAIL, which has not been executed to date.

On 14 February 2013, representatives of PCB and Avant signed the sub-lease agreement before the registrar for transfer of a plot measuring 5.8 acres to Avant. In consequence of sub-lease of the aforementioned land in favor of Avant, the principal receivable from PCB was derecognized and correspondingly the asset received in lieu was recognized as a long-term prepayment against Avant's right to use the land for 66 years commencing from 14 February 2013. In accordance with the sub-lease agreement, upon the expiry or termination of the said sub-lease agreement, Avant shall peacefully handover the plot to PCB including all the developments and supra structure. According to the terms of aforesaid joint venture agreement, right granted over the use of land was considered settlement of all outstanding dues of PIAIL from PCB. Accordingly, in these 66 years, Avant would recover the amount payable by PCB as stated above and also make profit during said period. Accordingly, the value of right to use asset is likely to be different from the lease payments.

The process of carrying out an independent exercise to ascertain the fair value of the subject 'right to 'use the land', remains to be completed. Based on the fair value to be determined, Avant will evaluate 'the recognition of transaction in accordance with the its accounting framework. Pending result of the said fair value exercise Avant's evaluation of the appropriate accounting policies the financial effect of the right to use the land' does not form part of these consolidated financial statements.

Furthermore, on 7 August 2019 Government of Pakistan (GOP) has extended the Master lease agreement between GOP and PCB for a period of 99 years i.e. from 2019 till 2118 for land measuring 104.5 acres pertaining to PCB. Consequently, the Avant Hotel's Board has decided to extend the sub-lease agreement between PIAIL and PCB for a period of 99 years i.e. from 2019 till 2118, however a written agreement is yet to be made.

PIAIL believes that the fair value of the aforesaid right to use the land would be sufficient to cover the principal and accrued interest thereon. However, pending results of the said exercise, as a matter of prudence, the amount of recognition of long term prepayment has been restricted to the extent of outstanding principal amount of US$ 0.712 million only. The amount of prepayment has been classified under non-current asset in these consolidated financial statements which is being amortised over the lease term of 66 years. Appropriate accounting adjustments, if required, shall be made upon determination of the fair value of the subject right to use the land as set out above in these consolidated financial statements.

13.3 This includes lease rentals prepaid by SRL to Civil Aviation Authority, Pakistan (CAA) for acquisition of the right to use plot of land and hotel building which is amortised over a period of 30 years on a straight line basis.

Initial lease agreement was effective from June 3, 1981 for a period of 20 years which expired on June 02, 2001. Lease arrangement for further 30 years has been finalised between SRL and CAA in their meeting held on January 07, 2008. However, the subject agreement has not yet been registered due to disagreement between the parties over the completion of certain legal formalities. SRL is currently pursuing the subject matter with relevant government authorities and is confident that following resolution of the dispute, the lease agreement will be registered.

14. STORES AND SPARES

	Note	2022	2021
		------ (Rupees in '000) ------	
Stores		1,026,304	1,000,460
Spare parts		8,434,944	8,166,119
Inventory related to food and beverages		39,250	27,841
		9,500,498	9,194,420
Provision for slow moving and obsolete spares	14.1	(5,921,700)	(6,245,068)
		3,578,798	2,949,352

14.1 Movement in provision is as follows:

	Note	2022	2021
Balance as at beginning of the year		6,245,068	5,982,193
(Reversal) / provision for the year	36	(323,368)	262,875
Balance as at end of the year		5,921,700	6,245,068

15. TRADE DEBTS

	Note	2022	2021
		------ (Rupees in '000) ------	
Considered good			
Due from other customers		16,047,626	11,232,274
Due from Government	15.3	4,912,550	3,941,966
		20,960,176	15,174,240
Considered doubtful			
Government related	15.1 & 15.2	643,697	337,109
Other customers	15.1 & 15.2	4,846,511	5,184,545
Less: Provision for impairment against doubtful debts	15.2	(5,490,208)	(5,521,654)
		-	-
		20,960,176	15,174,240

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

2022

	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	---- (Rupees in '000) ----					
Current	3,353,273	209,275	3,562,548	14,180,431	365,400	14,545,831
Overdue less than or equal to 90 days	24,571	1,533	26,104	1,626,955	33,332	1,660,287
More than 90 days past due	72,328	4,514	76,842	131,710	89,116	220,826
More than 180 days past due	100,008	6,241	106,249	108,530	139,647	248,177
More than 360 days past due	1,362,370	422,134	1,784,504	-	4,219,016	4,219,016
	4,912,550	643,697	5,556,247	16,047,626	4,846,511	20,894,137

2021

	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	---- (Rupees in '000) ----					
Current	464,861	-	464,861	7,176,062	116,069	7,292,131
Overdue less than or equal to 90 days	572,753	-	572,753	2,510,082	92,043	2,602,125
More than 90 days past due	378,636	-	378,636	789,156	157,058	946,214
More than 180 days past due	741,207	-	741,207	284,037	274,732	558,769
More than 360 days past due	1,784,509	337,109	2,121,618	472,937	4,544,643	5,017,580
	3,941,966	337,109	4,279,075	11,232,274	5,184,545	16,416,819

		Note	2022	2021
			------ (Rupees in '000) ------	
15.2	**Movement in provision is as follows:**			
	Balance as at beginning of the year		5,521,654	4,549,289
	Write off		(8,567)	(252,087)
	Translation adjustment		90,514	32,587
	Provision for the year	36	(113,373)	1,191,865
	Balance as at end of the year		5,490,208	5,521,654

15.3 Maximum aggregate gross amount due from Government at any month end was Rs. 5,602.653 million (2021: Rs. 6,724.020 million).

16. ADVANCES

	Note	2022	2021
Considered goods			
Lease rentals		4,431,373	2,102,319
Suppliers		871,685	850,614
Others	16.1	189,770	138,285
		5,492,828	3,091,218
Considered doubtful		820,580	820,580
		6,313,408	3,911,798
Provision for doubtful advances	16.2	(820,580)	(820,580)
		5,492,828	3,091,218

16.1 This includes advance of Rs. 22.04 million (2021: Rs. 2.112 million) paid to key management personnel.

16.2 Movement in provision is as follows:

	2022	2021
Balance as at beginning of the year	820,580	923,470
Provision made during the year	-	(102,890)
Balance as at end of the year	820,580	820,580

17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

	Note	2022	2021
Trade deposits			
Considered good		2,920,198	4,259,294
Considered doubtful		43,707	44,507
Less: provision against doubtful deposits	17.1	(43,707)	(44,507)
		-	-
		2,920,198	4,259,294
		-	2,151
Restricted Cash	17.2	848,714	1,363,090
Prepayments	17.3	3,768,912	5,624,535

17.1 Movement in provision is as follows:

	2022	2021
Balance as at beginning of the year	44,507	44,816
Reversal of provision	(800)	(309)
Balance as at end of the year	43,707	44,507

17.2 This represents restricted cash balances (escrow accounts) Rs. Nil (2021: 2.15 million) consists of replacement and other reserves required by agreement with RHC's lenders which are held in separate bank accounts.

		Note	2022	2021
			------ (Rupees in '000) ------	
17.3	**Prepayments**			
	Current portion of long-term prepayments		**2,444**	3,576
	Real estate taxes		**-**	654,448
	Insurance		**393,040**	230,779
	Rent		**162,988**	177,402
	Others		**290,242**	296,885
			848,714	1,363,090

		Note	2022	2021
18.	**OTHER RECEIVABLES**			
	Considered good			
	- Related party			
	Sales tax receivable	18.1	**4,745,637**	4,745,637
	Excise duty	31.1.1(a)	**100,000**	100,000
	Receivable from GoP		**172,643**	133,720
	Claims receivable		**9,032**	310,175
	- other than related party			
	Rental income	18.2	**18,143**	9,631
	Others	18.3	**1,996,386**	2,026,504
			7,041,841	7,325,667
	Considered doubtful		**930,679**	450,562
	Less: Provision for doubtful other receivables	18.4	**(930,679)**	(450,562)
			-	-
			7,041,841	7,325,667

18.1 Represents unadjusted portion of input tax under Sales Tax Act, 1990 (the Act). The Company has filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit (LTU) through a letter has interalia stated that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services in terms of Rule 41A(14) of the Federal Excise Rules, 2005 [note 31.1.1 (d)].

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

	2022	2021
Not later than 1 year	**295,067**	263,049
Later than 1 year but not later than 5 years	**1,071,038**	893,618
Later than 5 years	**340,680**	436,901
	1,706,785	1,593,568

18.2 RHC's Rental Income from commercial leases is recognized on a straight-line basis over the term of leases. Deferred rental income of $80,128 & $54,567 at December 31, 2022 & 2021, respectively, represents pro-rata future receipts and are reflected in other financial assets on the accompanying statement of financial position. RHC has applied an allowance for future losses against deferred rental income from commercial leases of $971,575 and $950,450 as of December 31, 2022 & December 31, 2021, respectively, as management has reduced this portion or the deferred asset to its estimated net realizable value. Since recognition was not assured, the allowance was reflected as a reduction to revenue in the accompanying consolidated statements of comprehensive (loss). The Company, as lessor under various lease agreements with expiration dates ranging from 2027 to 2029, will receive rental income over the next five years and thereafter as follows:

18.3 These include aggregate amount of US $ 370,246 (2021: US $ 138,499) in respect of taxes recoverable, credits on value added tax (VAT), supplier rebates and deposit on Cotisation sur la Valeur Ajoutée des Entreprises (CVAE) in respect of MFSA.

18.4 **Movement in provision is as follows:**	Note	2022	2021
		------ (Rupees in '000) ------	
Balance as at beginning of the year (under IAS 39)		450,562	337,431
Adjusted balance as on January 01, 2021		450,562	337,431
Provision made during the year	36	480,117	113,131
Balance as at end of the year		930,679	450,562

18.5 The maximum Aggregate amount due from related parties at the end of any month during the year were as follows;

	2022	2021
National insurance company limited	113,084	1,161,031
Government of Pakistan	16,608	8,617,112
Federal board of revenue	4,845,637	4,845,637
PIA investments Limited	60,372	2,023

19. SHORT-TERM INVESTMENT

	2022	2021
At FVOCI		
UNQUOTED	19,220	19,220
Sita inc m.v	(19,220)	-
Less: provision for diminution in value of short term investments	-	19,220

20. CASH AND BANK BALANCES

	Note	2022	2021
Cash			
In hand		11,246	1,176
In transit		73,804	29,907
		86,050	31,083
With banks:			
- in current accounts	20.1	8,709,081	11,821,371
- in deposit accounts	20.2 & 20.3	4,615,489	2,158,838
		13,324,570	13,980,209
		13,409,620	14,011,292

20.1 This has been adjusted by an aggregate amount of Rs. 1,954.179 million (2021: Rs. 504.244 million), representing book overdrafts.

20.2 These carry interest ranging from 0.5% to 12.43% (2021: 0.5% to 8.9%) per annum.

20.3 This includes a bank balance of BDT 676.077 million (2021: BDT 674.591 million) equivalent to Rs. 1,519.164 million (2021: Rs. 1,390.803 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.

21. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2022	2021		Note	2022	2021
(Number of shares)				------ (Rupees in '000) ------	
		Authorised capital			
		Ordinary share capital			
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10/- each		53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5/- each		7,500	7,500
5,350,750,000	5,350,750,000			53,500,000	53,500,000
		Preference share capital			
50,000,000	50,000,000	Preference shares of Rs. 10/- each		500,000	500,000
5,400,750,000	5,400,750,000			54,000,000	54,000,000
		Issued, subscribed and paid-up share capital			
		Ordinary share capital			
		'A' class shares of Rs. 10/- each			
4,998,895,608	4,998,895,608	Issued for consideration in cash		49,988,955	49,988,955
931,028	931,028	Issued for consideration other than cash		9,310	9,310
233,934,482	233,934,482	Issued as bonus shares		2,339,345	2,339,345
-	-	Issued against advance from GoP		-	-
5,233,761,118	5,233,761,118			52,337,610	52,337,610
		'B' class shares of Rs. 5/- each			
1,003,374	1,003,374	Issued for consideration in cash		5,017	5,017
2,625	2,625	Issued for consideration other than cash		13	13
494,000	494,000	Issued as bonus shares		2,470	2,470
1,499,999	1,499,999			7,500	7,500
5,235,261,117	5,235,261,117			52,345,110	52,345,110

21.1 At December 31, 2022, the GoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares respectively (2021: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

22. RESERVES

	Note	2022	2021
Capital reserves			
Reserve for replacement of fixed assets	22.1	1,966,779	1,966,779
Capital redemption reserve fund		250,000	250,000
General Capital reserve		284,259	284,259
Hedging reserve		144,895	(71,670)
Legal reserve	22.2	77,142	60,136
		2,723,075	2,489,504
Revenue reserve			
General reserve		1,779,674	1,779,674
Accumulated losses		(652,132,556)	(562,149,593)
		(650,352,882)	(560,369,919)
Other component of equity			
Unrealised gain on remeasurement of investment		278,431	257,658
Actuarial loss on defined benefit plans		(5,736,521)	(3,271,464)
Foreign exchange translation reserve		12,180,364	9,177,503
		6,722,274	6,163,697
		(640,907,533)	(551,716,718)

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

	Note	2022	2021
		------ (Rupees in '000) ------	
22.2 Legal reserve			
Balance as at beginning of the year		85,524	66,670
Translation adjustment		(8,382)	(6,534)
Balance as at end of the year		77,142	60,136

22.3 This balance comprises of legal reserve of Minhal France S.A.

23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

	2022	2021
Balance as at beginning of the year	111,173,975	98,617,745
Surplus arising on property, plant and equipment during the year	(9,358,133)	4,088,632
Less: transferred to accumulated losses:		
- Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	(661,236)	(385,932)
- Surplus on revaluation of property, plant and equipment released during the year on account of aircraft retired / written off - net of tax	-	-
- Related deferred tax	(225,836)	(185,867)
Translation and other adjustments	28,043,510	9,039,397
	128,972,280	111,173,975
Less: related deferred tax liability on:		
- Balance as at beginning of the year	30,188,612	26,655,106
- Tax effect of (deficit) / surplus arising on property, plant and equipment during the year	(3,057,461)	1,022,158
- Tax effect of incremental depreciation charged during the year on related assets transferred to consolidated statement of profit or loss	(225,836)	(185,867)
- Tax effect of surplus released during the year on account of aircraft retired / written off	-	-
- Effect of change in tax rate	-	-
- Tax effect of translation and other adjustments	8,314,109	2,697,215
	35,219,424	30,188,612
Balance as at end of the year	93,752,856	80,985,363

24. LONG-TERM FINANCING

	Note	2022	2021
		----- (Rupees in '000) -----	
Borrowings	24.1	321,573,242	296,898,060
Sukuk certificates	24.3	5,379,427	5,675,000
Less: Unamortized transaction cost		-	-
		326,952,669	302,573,060

		2022	2021
		------ (Rupees in '000) ------	
24.1	Balance at beginning of the year	348,890,706	303,606,550
	Financing obtained during the year	62,610,063	80,955,649
	Repayments made during the year	(42,237,512)	(44,389,549)
	Amortization of arrangement fee	42,609	-
	Exchange loss	13,989,188	8,718,056
		383,495,054	348,890,706
	Less: Current maturity	(61,921,812)	(51,992,647)
	Balance as of end of the year	321,573,242	296,898,059

24.2 The details of borrowings are as follows:

Financier	Note	Type of facility	Facility amount (million)	Repayment period	Number of instalments/ Mode	2022	2021
						----- (Rupees in '000) -----	
Banking Companies - secured							
Related parties							
National Bank of Pakistan	**24.2.1 & 24.2.2 & 24.2.3**	Term Finance	PKR 2,175	2018 - 2023	12 Quarterly	181,250	725,000
National Bank of Pakistan	**24.2.1 & 24.2.2 & 24.2.3**	Term Finance	PKR 2,825	2018 - 2023	12 Quarterly	470,833	1,177,083
National Bank of Pakistan - Bahrain; and Habib bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Syndicate Finance	US $ 120	2013 - 2025	40 Quarterly	20,612,981	16,733,480
Others							
Askari Bank Limited	**24.2.1 & 24.2.2**	Term Finance	PKR 5,000	2023 - 2026	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	**24.2.1 & 24.2.2**	Islamic Finance	PKR 5,000	2020 - 2026	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	**24.2.1 & 24.2.2**	Islamic Finance	PKR 5,000	2020 - 2025	36 Monthly	5,000,000	5,000,000
Faysal Bank Limited	**24.2.1 & 24.2.2**	Islamic Finance	PKR 3,000	2023 - 2026	36 Monthly	3,000,000	3,000,000
Habib Bank Limited	**24.2.1 & 24.2.2**	Term finance	PKR 2,000	2021 - 2024	36 Monthly	1,056,666	1,722,222
Habib Bank Limited	**24.2.1 & 24.2.2**	Islamic finance	PKR 1,000	2021 - 2024	36 Monthly	10,000,000	10,000,000
Habib Bank Limited	**24.2.1 & 24.2.2**	Term finance	PKR 17,000	2023 - 2026	60 Monthly	17,000,000	7,000,000
Askari Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Term finance	PKR 12,000	2024-2029	60 Monthly	11,899,594	-
Askari Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Term finance	PKR 5,000	2024-2029	60 Monthly	4,963,119	-
Askari Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Term finance	PKR 6,000	2020 - 2025	48 Monthly	4,500,000	5,625,000
Askari Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Term finance	PKR 10,000	2021 - 2026	36 Monthly	7,500,000	10,000,000
Faysal Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Islamic Finance	PKR 5,000	2019 - 2025	60 Monthly	4,999,100	4,999,500
Faysal Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Islamic Finance	PKR 4,000	2019 - 2024	36 Monthly	2,222,222	3,111,111
Faysal Bank Limited	**24.2.1 & 24.2.2 & 24.2.3**	Islamic Finance	PKR 5,000	2020 - 2025	36 Monthly	4,432,275	5,000,000
Al Baraka Bank (Pakistan) Limited	**24.2.1 & 24.2.2 & 24.2.4**	Islamic Finance	PKR 2,500	2020 - 2023	36 Monthly	833,333	1,666,667
Al Baraka Bank (Pakistan) Limited	**24.2.1 & 24.2.2 & 24.2.4**	Islamic Finance	PKR 2,000	2023 - 2026	36 Monthly	2,000,000	2,000,000
Al Baraka Bank (Pakistan) Limited	**24.2.1 & 24.2.2 & 24.2.5**	Islamic Finance	PKR 1,000	2021 - 2025	36 Monthly	916,667	1,000,000
Al Baraka Bank (Pakistan) Limited	**24.2.1 & 24.2.2 & 24.2.6**	Islamic Finance	PKR 2,500	2023 - 2026	36 Monthly	2,500,000	2,500,000
Al Baraka Bank (Pakistan) Limited	**24.2.1 & 24.2.2 & 24.2.7**	Islamic Finance	PKR 1,000	2023 - 2026	36 Monthly	1,000,000	1,000,000
Standard Chartered Bank (Pakistan) Limited	**24.2.1 & 24.2.8**	Consortium	US $ 250	2020 - 2024	36 Monthly	26,731,426	35,547,858
JS Bank Limited	**24.2.1 & 24.2.2 & 24.2.9**	Term finance	PKR 19,167	2021 - 2026	60 Monthly	17,829,303	18,927,413
The Bank of Punjab	**24.2.1 & 24.2.2 & 24.2.9**	Term finance	PKR 56,177.40	2024-2032	96 Monthly	56,686,442	-
JS Bank Limited	**24.2.1 & 24.2.2 & 24.2.3 & 24.2.9**	Term Finance	PKR 15,000	2017 - 2024	66 Monthly	4,090,909	6,136,364
Soneri Bank Limited	**24.2.1 & 24.2.2 & 24.2.3 & 24.2.9**	Term finance	PKR 5,000	2019 - 2024	36 Monthly	3,333,333	4,166,667
Bank Islami Pakistan Limited	**24.2.1 & 24.2.2 & 24.2.10**	Islamic Finance	PKR 16,500	2021 - 2026	60 Monthly	13,200,000	16,500,003
Noor Bank	**24.2.1 & 24.2.11**	Consortium	USD 120	2019 - 2023	33 Monthly	754,770	7,646,918
The Bank of Punjab	**24.2.12**	Term Finance	PKR 5,000	2016 - 2022	60 Monthly	-	1,000,000
The Bank of Punjab	**24.2.12**	Term Finance	PKR 5,000	2016 - 2023	60 Monthly	-	1,333,333
The Bank of Punjab	**24.2.12**	Demand Finance	PKR 30,000	2016 - 2025	84 Monthly	-	15,901,266
The Bank of Punjab	**24.2.12**	Term finance	PKR 2,500	2017 - 2024	60 Monthly	-	1,375,000
The Bank of Punjab	**24.2.12**	Term finance	PKR 6,000	2019 - 2026	60 Monthly	-	4,846,197
The Bank of Punjab	**24.2.12**	Term finance	PKR 4,587	2019 - 2024	36 Monthly	-	3,058,331
The Bank of Punjab	**24.2.12**	Term finance	PKR 6,000	2019 - 2026	60 Monthly	-	5,663,277
The Bank of Punjab	**24.2.12**	Term finance	PKR 18,000	2022 - 2027	60 Monthly	-	18,000,000
The Bank of Punjab	**24.2.12**	Term finance	PKR 5,000	2023 - 2028	60 Monthly	-	5,000,000
Al Baraka Bank (Pakistan) Limited		Islamic Finance	PKR 4,500	2018 - 2022	36 Monthly	-	1,125,000
PIAIL							
Wells Fargo Banks, N.A	**24.2.15**	Loan	USD 140		Variable	7,893,745	6,815,056
BRED Bank	**24.2.16**	Loan	EUR 31		Variable	30,341,741	23,428,234
Others - unsecured							
Related parties							
Long term loan - GoP	**24.2.13**	Term Finance	PKR 8,000	2011 - 2020	16 half yearly	8,000,000	8,000,000
Loan from GoP against markup	**24.2.14**	Term Finance	PKR 100,646	2023 - 2038	-	100,646,457	72,157,728
						383,495,054	348,890,707
Less : current maturity						(61,921,812)	(51,992,647)
						321,573,242	296,898,060

24.2.1 Borrowings in PKR comprise of variable rate borrowings (except long term loan from GoP, with markup rate of 10% per annum) which carrying markup ranging from spread of 1.25% to 1.65% over 1 month KIBOR. Borrowings in US$ comprise of variable rate borrowings carrying markup ranging from spread of 3.10% over 1 month LIBOR to 3.75% over 3 month LIBOR per annum.

24.2.2 The finance is secured by way of unconditional and irrevocable GoP guarantee for an amount equivalent to the facility amount.

24.2.3 In line with SBP Circular No. 13/26 dated March 26, 2020, the Company applied for deferment of principal for one year. Henceforth, repayment period has been revised and same is shown in the aforementioned facilities. In addition, clause (V) of SBP circular also suggests to defer the principal for another period of one year with the consent of the financial institutions. The Company has opted for further deferment as presented in note 22 under revised repayment period.

24.2.4 The finance is secured by way of hypothecation of Boeing 777-200 ER aircraft.

24.2.5 The finance is secured by way of hypothecation of engine bearing engine No. 900-432.

24.2.6 The finance is secured by way of hypothecation of engines bearing engine No. 900-431, 432 and 453.

24.2.7 The finance is secured by way of hypothecation of two ATR 42-500 aircraft.

24.2.8 The finance is secured by first priority security over the collection account and facility service account and legally enforceable assignments of tickets' sales collection for UK, SAR, Muscat and Kualalampur sector through IATA with appropriate acknowledgments.

24.2.9 The finance is secured by way of lien over IATA routed sales of the Company, receivable or assignment.

24.2.10 The finance is secured by way of lien over musharakah asset amounting to Rs. 16,500 million and unconditional and irrevocable GoP guarantee for the facility amount.

24.2.11 The finance is secured by way of collection routed through the offshore bank account maintained with Emirates NBD Bank.

24.2.12 During the year, these loans have been repaid in full without incurring any penalty.

24.2.13 The Company has not paid any installment since due date of installment, i.e. October 23, 2011. The over due principal and markup as at December 31, 2022 is Rs 8,000 million (December 31, 2021: Rs. 8,000 million) and Rs. 10,700 million (December 31, 2021: Rs. 9,900 million) respectively. The over due principal amount is included in the current maturity.

24.2.14 In a meeting held with GoP dated December 30, 2017, it was decided that markup support would be provided for the five years starting from July 2018. In this regard, GoP has started releasing markup, first disbursement was made on October 26, 2018 and subsequently on monthly basis. The loan amount represents the outstanding amount at any given point of time.

24.2.15 RHC's previous loan of $105,000,000 required payments of interest only at the monthly rate of LIBOR plus 3.90%. The loan agreement contained covenants that the Company must adhere to which included, among other things, the maintenance of cash in escrow reserved towards payment of interest, real estate taxes and insurance.

Due to the impact of the COVID-19 pandemic, Operating experienced extreme financial constraints. On December 14, 2020, Operating entered into a loan agreement with National Bank of Pakistan ("NBP"), Bahrain Branch, (the "NBP Loan") in the amount of $124 million, with an $18 million future advance (total loan of $142 million). The proceeds received from the NBP Loan were used to repay the $105 million loan, and other costs such as severance, vacation, and sick pay to union employees and payments to creditors, among other things. during 2021 RHC received an additional advance of $10 million, bringing the total loan amount to $134 million as of December 31, 2021.

The NBP Loan requires payments of interest only based on three-month LIBOR plus 4.00% (7.64% & 4.13% at December 31, 2022 and 2021, respectively). The NBP loan was originally scheduled to mature on September 30, 2022. On December 31, 2021, the ultimate shareholders of the Parent Company approved the roll over of the principal amount of the loan amount with mark-up until December 31, 2024. Based on this action, the Company entered into negotiations with NBP to extend the loan maturity through 2024. The negotiations are currently in process but the extension of the loans through 2024 is reasonably assured. Therefore, based on the government of Pakistan's approval, bank loans have been presented as non-current liabilities on the accompanying consolidated statement of financial position as of December 31, 2022. At December 31, 2022, the Company was in compliance with all of its loan requirements.

24.2.16 A€31,000,000 loan was obtained from BRED Bank on 9 March 2018. The loan bears interest at a variable rate indexed on the three month Euribor plus 1.50%. An ammendment dated 28 October 2019 set the first repayment date for the 8-year loan at 30 June 2020 and the last payment date at 31 March 2028. A second ammendment on on 15 July 2020 set the first repayment date for the 8-year loan at 30 December 2020 and the last payment date at 30 September 2028. A third ammendment on 14 December 2021 set the first repayment date for the 10-year loan at 30 June 2021 and the last payment date at 31 December 2030.

During 2018, Minhal France SA entered into a cash flow hedge, which covers the same notional amount and period as this loan, at a cost of Euro 1,037,940 (US $ 1,175,061), whereby the Euribor portion of the interest rate was capped at 0.5%.

The amount is loaned to Minhal France SA by a Pool of Banks comprising BRED Banque Populaire (50%) and Crédit Foncier de France (50%). In December 2020, a Government guaranteed loan "PGE" was obtained for an amount of Euro 4,500,000 (US $ 4,799,700) on November 26, 2021, the option chosen set the first loan repayment date for january 17, 2023 and the last date for December 17, 2026. The amount shown on the balance sheet is the amount of drawdown capital.

Capital outstanding on the above-mentioned borrowings falls due as follows:

-within one year: Euro 3,198,395 (US $ 3,411,408).
-after more than one year and within five years: Euro 18,658,864 (US $ 19,901,544).
-after more than five years: Euro 11,453,684 (12,216,499).

The loan is secured by:

- Mortgage on the building located on 1 rue Scribe for a total amount of Euro 15,500,000 (US $ 17,555,300) plus 7% related to associated costs, until 2029.

-Pledge on MFSA's goodwill "Fonds de Commerce" for a total amount of Euro 34,100,000 (US $ 38,621,660) included in fair value of assets, corresponding to 110% of the amount of the loan.

-A daily sale pursuant to Article 313-23 of the French Monetary and Financial Code of all current and future rentals and amounts due to MFSA under the lease agreements with GAP, Eric Bompard, Golfino and Maje and any sums due to MFSA in the future.

-A daily sale pursuant to article 313-23 of the French Monetary and Financial Code of all current and future receivables from MFSA on its debtors.

-A delegation of all indemnities to be received under the insurance policy of the building subscribed with the Company, Schubb European Group Limited.

- A pledge of the Minhal BV Securities Account covering 100% of the shares it holds in the capital of MFSA (the 'Pledge of the Securities Account').

-Accordingly, both the loans are now classified under the head long term loans as per IAS 1 Presentation of Financial Statements.

24.3 TERM FINANCE AND SUKUK CERTIFICATES

	Security	Repayment period	Number of installments	Mark-up	2022	2021
Secured					----- (Rupees in '000) -----	
- other than related party						
Sukuk certificates	GoP	2023-2031	96 monthly	1 month KIBOR + 1%	5,675,000	5,675,000
Current Maturity					(295,573)	-
					5,379,427	5,675,000

25. LEASE LIABILITIES

	Note	2022	2021
		------ (Rupees in '000) ------	
Secured			
- other than related party			
Present value of minimum lease payments			
- Aircraft fleet including engines	25.1	21,556,475	15,339,172
- Buildings	25.1	593,975	801,372
- Technical ground equipment	25.1	8,090	51,641
		22,157,540	16,192,185
Less: Current maturity		(5,831,145)	(5,843,802)
		16,326,395	10,348,383

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

		Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
Balance as at beginning of the year		15,339,172	801,372	51,642	16,192,186
Additions during the year					
Additions in lease liabilities		8,647,643	238,578	-	8,886,221
Adjustment					
Exchange Loss		4,172,008	26,386	1,400	4,199,794
Repayments / adjustments made during the year		(7,522,858)	(564,079)	(45,208)	(8,132,145)
Interest charged during the year	38	919,510	91,718	256	1,011,484
Balance as at end of the year		21,555,475	593,975	8,090	22,157,540

	2022			2021		
	Minimum lease payments	Finance costs	Present value of minimum lease payments	Minimum lease payments	Finance costs	Present value of minimum lease payments
	----- (Rupees in '000) -----					
Not later than one year	6,782,003	950,858	5,831,145	6,488,214	644,411	5,843,803
Later than one year but not later than five years	15,472,033	2,077,928	13,394,105	9,101,511	1,020,171	8,081,340
Later than five years	3,034,029	101,739	2,932,290	2,412,101	145,058	2,267,043
	25,288,065	3,130,525	22,157,540	18,001,826	1,809,640	16,192,186

		2022	2021
			Restated
26. DEFERRED TAXATION		------ (Rupees in '000) ------	
Roosevelt Hotel Corporation N.V.	**26.1**	13,743,113	14,920,447
Minhal France S.A.	**26.2**	16,111,532	12,590,483
	26.3	29,854,645	27,510,930

The components of the net deferred tax liability are as follows:

26.1 Roosevelt Hotel Corporation N.V.

	2022	2021
Revaluation of lands and buildings	26,475,992	20,639,276
Excess of book value over tax depreciation	(2,319,221)	788,752
Net operating losses	(8,069,990)	(4,675,410)
Interest	(290,905)	(226,774)
Allowance for doubtful debts	(134,578)	(104,910)
Accrued vacation	(7,519)	(11,164)
Employees pension plan	(1,798,956)	(1,402,371)
Temporary difference on deferred management fee	(111,711)	(86,952)
Net deferred tax liability	13,743,112	14,920,447

	Note	2022	2021
26.2 Minhal France S.A.		------ (Rupees in '000) ------	
Revaluation of lands and buildings		12,748,834	9,858,279
Excess of book value over tax depreciation		3,242,829	2,686,526
Shop rental H&M Home		36,695	-
Provision for major repairs		847	191,092
Employees pension plan		26,459	(99,474)
Derivative Cap		55,867	(45,940)
Net deferred tax liability		16,111,531	12,590,483

26.3 Movements in temporary differences during the year

	2022				
	Balance as at the beginning of the year (Restated)	Recognized in consolidated statement of profit or loss	Translation and other adjustments	Recognized in consolidated statement of comprehensive income	Balance as at the end of the year
	------ (Rupees in '000) ------				
Excess of book value over tax depreciation	3,475,276	51,105	319,000	-	3,845,381
Allowance for doubtful trade debts	(104,911)	-	(9,225)	-	(114,136)
Accrued vacation	(11,164)	-	13,701	-	2,537
Revaluation of lands and buildings	30,497,555	(2,072,390)	4,816,015	-	33,241,180
Net operating losses	(4,675,410)	1,027	(316,317)	-	(4,990,700)
Shop rental H&M home	-				-
Provision for major repairs	191,093	1,847	23,608	-	216,548
Employees pension plan	(1,501,844)	335	(486,605)	-	(1,988,114)
Interest	(226,774)	-	(21,428)	-	(248,202)
Temporary difference on deferred mgt fee	-	(170)	-	-	(170)
Derivative Cap	(132,892)	-	(91,590)	114,799	(109,683)
	27,510,929	(2,018,246)	4,247,159	114,799	29,854,641

	2021				
	Balance as at the beginning of the year (Restated)	Recognized in consolidated statement of profit or loss	Translation and other adjustments	Recognized in consolidated statement of comprehensiv e income	Balance as at the end of the year
	------- (Rupees in '000) ------				
Excess of book value over tax depreciation	2,995,928	160,348	319,000	-	3,475,276
Allowance for doubtful trade debts	(87,549)	(8,137)	(9,225)	-	(104,911)
Accrued vacation	(10,471)	(14,394)	13,701	-	(11,164)
Revaluation of lands and buildings	26,753,911	(179,829)	2,791,848	1,131,625	30,497,555
Net operating losses	(3,112,696)	(1,237,897)	(324,817)	-	(4,675,410)
Provision for major repairs	113,040	6,023	72,030	-	191,093
Employees pension plan	(1,294,469)	(910)	(206,466)	-	(1,501,845)
Interest	(205,346)	-	(21,428)	-	(226,774)
Temporary difference on deferred mgt fee	(76,380)	(2,601)	-	-	-
Derivative Cap	(45,135)	-	(91,590)	3,833	(132,892)
	25,030,833	(1,277,397)	2,543,053	1,135,458	27,510,928

26.3.1 As part of the Tax Cuts and Jobs Act of 2017, under section 163(j) of the Internal Revenue Code, interest expense is deductible up to 30% of RHC's adjustable taxable income in a giving year. Any interest expense disallowed in the current year can be carried forward indefinitely into future tax years.

	2022	2021
26.4 Deferred taxation - Holding Company	------ (Rupees in '000) ------	
Deferred tax credits:		
Accelerated tax depreciation	13,714,524	14,257,515
Surplus on revaluation of property, plant and equipment	689,474	703,114
Right of use asset	6,672,165	4,952,281
Unrealised gain on re-measurement of investments at FVOCI	8,485	-
	21,084,648	19,912,910
Deferred tax debits:		
Unused tax losses	(2,162,622)	(2,887,850)
Provisions for liabilities and to write down other assets	(14,226,291)	(12,329,326)
Lease liability	(4,695,734)	(4,695,734)
	(21,084,647)	(19,912,910)
	-	-

26.4.1 In accordance with the accounting policy of the Company (see note 5.12), deferred tax asset of Rs. 130,784.999 million (2021: Rs. 115,400.925 million) has not been recognised in these consolidated financial statements due to uncertainty in availability of sufficient future taxable profits. It includes Rs. 98,332.523 million (2021: 83,125.348 million) and Rs. 53,528.719 million (2021: Rs. 52,188.487 million) pertaining to unused tax losses and unabsorbed depreciation respectively.

26.4.2 Movement in temporary difference during the year

	"Balance as at January 01, 2021"	"Recognised in statement of profit or loss"	"Recognised in equity"	"Balance as at December 31, 2021"	**"Recognised in statement of profit or loss"**	**Recognised in equity**	**"Balance as at December 31, 2022"**
	(Rupees in '000)						
Deferred tax credits:							
Accelerated tax depreciation	14,179,380	78,135	-	14,257,515	**(542,991)**	**-**	**13,714,524**
Surplus on revaluation of property, plant and equipment	734,782	(31,668)	-	703,114	**(29,488)**	**15,848**	**689,474**
Unrealised gain on re-measurement of investments at FVOCI	-	-	-	-	**-**	**8,485**	**8,485**
Right of use asset	3,448,444	1,503,837	-	4,952,281	**1,719,883**	**-**	**6,672,164**
	18,362,606	1,550,304	-	19,912,910	**1,147,404**	**24,333**	**21,084,647**
Deferred tax debits:							
Unused tax losses	(2,345,536)	(542,314)	-	(2,887,850)	**725,228**	**-**	**(2,162,622)**
Provisions for liabilities and to write down other assets	(10,988,209)	(1,649,764)	308,647	(12,329,326)	**(1,671,559)**	**(225,406)**	**(14,226,291)**
Lease liabilities	(5,028,861)	333,127	-	(4,695,734)	**-**	**-**	**(4,695,734)**
	(18,362,606)	(1,858,951)	308,647	(19,912,910)	**(946,331)**	**(225,406)**	**(21,084,647)**
	-	(308,647)	308,647	-	**201,073**	**(201,073)**	**-**

27. DEFERRED LIABILITIES

	Note	**2022**	2021
		(Rupees in '000)	
Post retirement medical benefits - Holding Company	27.2	**10,729,735**	9,628,739
Pension obligation - Holding Company	27.3	**29,446,974**	25,677,333
UK pension funds' obligation	27.4	**110,255**	618,559
Staff retirement benefits - PIAIL		**3,512,150**	3,270,354
Unfunded staff retirement gratuity - SRL		**83,701**	83,701
Deffered liabilites	27.6	**374,076**	309,726
Provision for redelivery cost	27.5	**6,787,412**	3,896,797
		51,044,303	43,485,209

27.1 General description of the type of defined benefit plans and accounting policy for remeasurements of the net defined benefit obligation / asset is disclosed in note 6.11 these consolidated financial statements.

27.2 Post retirement medical benefits - Holding Company

Liability recognised in the consolidated statement of financial position			
Present value of defined benefit obligation		**10,729,735**	9,628,739
Movement in liability during the year			
Balance as at beginning of the year		**9,628,739**	10,326,021
Expense recognised in consolidated statement of profit or loss	27.2.1	**1,144,622**	1,037,794
Total remeasurements recognised in consolidated other comprehensive income	27.2.2	**777,262**	(1,064,299)
Benefits due but not paid (payable)		**-**	29,347
Payments made during the year		**(820,888)**	(700,124)
Balance as at end of the year		**10,729,735**	9,628,739

27.2.1 Expense recognised in the consolidated statement of profit or loss

Current service cost	**61,472**	65,138
Interest cost	**1,083,150**	972,656
	1,144,622	1,037,794

27.2.2 Total remeasurements recognised in consolidated other comprehensive income

Actuarial loss on liability arising on		
- financial assumptions	**286,123**	193,994
- experience adjustments	**491,139**	(1,258,293)
	777,262	(1,064,299)

27.3 Pension obligation

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

	PALPA		FENA		MAIN PENSION		TOTAL	
	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)							
Liability / (asset) recognised								
Present value of defined benefit obligation	2,473,776	2,275,655	477,024	436,372	30,025,185	26,889,338	32,975,985	29,601,365
Fair value of plan assets	(1,659,679)	(1,943,094)	(955,033)	(991,203)	(914,299)	(989,735)	(3,529,011)	(3,924,032)
	814,097	332,561	(478,009)	(554,831)	29,110,886	25,899,603	29,446,974	25,677,333
Movement in liability / (asset) during the year	332,561	523,497	(584,831)	(507,977)	25,899,603	24,615,451	25,677,333	24,630,971
Opening liability / (asset)	60,499	66,777	(65,192)	(49,722)	3,536,421	2,875,481	3,531,728	2,892,536
Expense recognised in profit or loss	-	(115)	-	-	-	168,404	-	168,289
Benefits due but not paid (payables)								
Total remeasurements recognised in	464,236	(216,399)	142,014	6,863	1,884,148	223,553	2,490,398	14,017
other comprehensive income	(43,199)	(41,199)	-	(3,995)	(2,209,286)	(1,983,286)	(2,252,485)	(2,028,480)
Employer contributions	814,097	332,561	(478,009)	(554,831)	29,110,886	25,899,603	29,446,974	25,677,333
Closing liability / (asset)								
Movement in the defined benefit obligation								
Obligation at beginning of the year	2,275,655	2,254,265	436,372	457,309	26,889,338	25,752,750	29,601,365	28,464,324
Current service cost	23,961	17,745	-	-	623,014	572,160	646,975	589,905
Past service cost	-	-	-	-	-	-	-	-
Interest cost	264,172	218,680	51,274	44,588	3,027,600	2,399,470	3,343,046	2,662,738
Benefits due but not paid (payables)	-	(118)	-	-	-	168,408	-	168,290
Benefits paid	(54,769)	(22,778)	-	-	(2,245,058)	(2,285,612)	(2,299,827)	(2,308,390)
Remeasurement due to:								
Actuarial losses from changes in financial assumptions	60,644	150,553	11,156	7,744	609,971	405,737	681,771	564,034
experience adjustments	(95,887)	(342,696)	(21,778)	(73,269)	1,120,319	(123,572)	1,002,654	(539,537)
Obligation at end of the year	2,473,776	2,275,654	477,024	436,372	30,025,184	26,889,338	32,975,984	29,601,364
Movement in fair value of plan assets								
Fair value at beginning of the year	1,943,094	1,730,769	991,203	965,286	989,735	1,137,300	3,924,032	3,833,355
Interest income	227,634	169,648	116,466	94,310	114,193	96,149	458,293	360,107
Employer contributions	43,199	41,199	-	3,996	2,209,286	1,983,286	2,252,485	2,028,480
Benefits paid	(54,769)	(22,778)	-	-	(2,245,058)	(2,285,612)	(2,299,827)	(2,308,390)
Return on plan assets excluding amount	-	-	-	-	-	-	-	-
included in interest income	(499,479)	24,256	(152,636)	(72,388)	(153,857)	56,612	(805,972)	10,480
Fair value at end of the year	1,659,679	1,943,094	955,033	991,203	914,299	989,735	3,529,011	3,924,032
Expense recognised in statement of profit or loss								
Current service cost	23,961	17,745	-	-	623,014	572,160	646,975	589,905
Past service cost	-	-	-	-	-	-	-	-
Gain and losses arising on Plan settlements	-	-	-	-	-	-	-	-
Net interest expense / (income)	36,538	49,032	(65,192)	(49,722)	2,913,407	2,303,321	2,884,753	2,302,631
	60,499	66,777	(65,192)	(49,722)	3,536,421	2,875,481	3,531,728	2,892,536
Total remeasurements recognised in other comprehensive income								
Remeasurement on obligation arising on								
- financial assumptions	60,644	150,553	11,156	7,744	609,971	405,737	681,771	564,034
- experience adjustments	(95,887)	(342,696)	(21,778)	(73,269)	1,120,319	(123,572)	1,002,654	(539,537)
	(35,243)	(192,143)	(10,622)	(65,525)	1,730,290	282,165	1,684,425	24,497
Variation on plan assets excluding amount included in interest income	499,479	(24,256)	152,636	72,388	153,857	(58,612)	805,972	(10,480)
	464,236	(216,399)	142,014	6,863	1,884,147	223,553	2,490,397	14,017
The plan assets comprise of:								
Debt instruments	1%	1%	0%	0%	1%	1%	1%	1%
Others including cash and cash equivalents	99%	99%	100%	100%	99%	99%	99%	99%
	100%	100%	100%	100%	100%	100%	100%	100%
Actual return on plan assets	(271,845)	193,904	(36,170)	21,922	(39,664)	154,761	(347,679)	370,587

27.3.1 Actuarial valuations of pension funds, post retirement medical benefit scheme and compensated absences (note 26.5) were carried out at December 31, 2022. The valuations have been carried out using Projected Unit Credit method and the following significant acturial assumptions have been used:

	2022	2021
	----- (Percentage) -----	
Valuation discount rate	14.50%	11.75%
Salary increase rate	N/A	6.00%
Pension indexation rate	8.75%	6.00%
Pre-retirement average cost indexation rate	9.00%	6.25%
Post-retirement average cost indexation rate	9.00%	6.25%
Mortality table	Adjusted SLIC 2001-2005 with one year age set back	Adjusted SLIC 2001-2005 with one year age set back
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60	Age 60

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

	2022	2021
	(Number)	
Pension scheme		
Active employees	7,676	8,118
Beneficiaries	15,812	15,271
Post retirement medical benefit scheme	15,812	15,271

27.3.3 **Sensitivity analysis**

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

		2022					
		Increase / (decrease) in defined benefit obligation of					
		PALPA Fund		FENA Fund		Main Pension Fund	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)					
Valuation discount rate	1%	(181,549)	210,178	(28,521)	32,046	(2,556,322)	3,014,718
Salary increase rate	1%	36,020	(32,600)	no change	no change	1,008,181	(910,941)
Pension indexation rate	1%	194,568	(171,956)	36,133	(32,500)	2,178,088	(1,902,238)

		Increase / (decrease) in defined benefit obligation of			
		Post retirement medical benefits		Compensated absences	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
		(Rupees in '000)			
Valuation discount rate	1%	(897,416)	1,059,398	(437,678)	496,912
Salary increase rate	1%	No change	No change	490,667	(439,474)
Medical inflation rate	1%	982,566	(861,646)	N/A	N/A

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

27.3.4 The employee benefit plans expose the Company to the following risks:

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

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

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

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

27.3.5 The fair value of plan assets of pension funds includes investment in the Company's shares, amounting to Rs. 202.877 million (2021: Rs. 202.230 million).

27.3.6 The weighted average duration of the benefit obligations as at December 31, 2022 is as follows:

	Years
Post retirement medical benefits	9 Years
PALPA fund	8 Years
FENA fund	6 Years
Main Pension fund	9.3 Years
Compensated absences	7 Years

27.3.7 The expected pension and medical expense for the next one year from January 01, 2023 amounts to Rs.4,809.503 million and Rs. 1,629.017 million respectively. The expected amount of pension fund is the amount which the Company will have to contribute for the next one year.

27.3.8 The total expense relating to deferred liabilities has been allocated to cost of services, distribution costs and administrative expenses in the amount of Rs. 2,525.229 million (2021: Rs. 2,122.378 million), Rs. 1,309.378 million (2021: Rs. 1,100.492 million) and Rs. 841.743 million (2021: Rs. 707.459 million) respectively.

27.4 UK Pension Obligation

	2022	2021
	------ (Rupees in '000) ------	
Liability / (Asset) recognised		
Present value of defined benefit obligation	2,490,266	3,075,386
Fair Value of Plan Assets	(2,380,012)	(2,456,827)
Balance sheet liability	110,254	618,559
Change in defined benefit obligation		
Opening liability	3,075,385	3,046,172
Interest expense	61,677	37,676
Benefits paid	(188,032)	(170,497)
Remeasurements:		
- Actuarial gain from changes in demographic assumptions	(2,729)	(59,614)
- Actuarial gain from changes in financial assumptions	(945,346)	(34,338)
- Experience adjustments	45,029	(117,659)
Exchange loss	444,282	373,546
Present value of defined benefit obligation	2,490,266	3,075,386

Change in Fair Value of Plan Assets	2022	2021
	------ (Rupees in '000) ------	
Fair value at beginning of the year	2,456,827	1,962,669
Interest income	49,123	24,084
Cash Flows		
- Contributions	47,213	57,606
- Benefit paid	(188,032)	(170,497)
- Administrative expenses paid	(14,191)	(19,077)
Return on plan assets (excluding interest income) - OCI	(325,850)	356,971
Exchange gain	354,922	245,071
Fair value of plan assets at end of year	2,380,012	2,456,827

Amounts recognized in the statement of financial position	2022	2021
Present value of defined benefit obligation	2,490,266	3,075,386
Fair value of plan assets	(2,380,012)	(2,456,827)
Funded status	110,254	618,559
Effect of asset ceiling / onerous liability	-	-
Balance sheet liability	110,254	618,559

Significant Actuarial Assumptions	2022	2021
Weighted-average assumptions for defined benefit obligation		
Discount rate	5.10%	1.80%
Price inflation rate (RPI)	3.20%	3.50%
Price inflation rate (CPI)	2.80%	2.95%
Post-retirement mortality assumption	" S3PMA/S3PFA 1.25% p.a. "	" S3PMA/S3PFA 1.25% p.a. "
Assumed life expectancy on retirement at age 65		
- Retiring today (member age 65)	22.2 (M) / 23.9 (F)	22.1 (M) / 23.8 (F)
- Retiring in 20 years (member age 45 today)	23.5 (M) / 25.4 (F)	23.4 (M) / 25.4 (F)
- Duration (in years)	9	11

Sensitivity Analysis	2022	2021
Present value of defined benefit obligation		
Discount rate - 25 basis points	2,545,393	3,165,999
Price inflation rate + 25 basis points	2,495,178	3,083,493

Number of employees covered by the scheme:	2022	2021
	------ Number ------	
Vested deferred	20	20
Retirees	79	79
Annuitants	16	16

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

	Note	2022	2021
		------ (Rupees in '000) ------	
Balance as at beginning of the year		3,896,797	1,915,999
(Reversal) / provision recognised during the year		-	(1,343,091)
Adjustments			
Lease terminated during the year		1,445,263	478,281
Exchange loss recognised during the year		1,218,311	82,642
Re-assessment of redelivery cost		-	2,681,333
Interest charged during the year	38	227,041	81,633
		2,890,615	3,323,889
Balance as at end of the year		6,787,412	3,896,797

27.6 During the year 2021, the Company, through PIACL, received the Government Grant of $ 1,744,962 to pay the lega fees of the lawyers in connection with BVI litigation. Following, the Court's decision in favor of defendants including PIAIL, the Court allowed $ 437,732, being part of the cost to PIAIL. PIAIL paid a legal fee of $ 953,655 out of the said grant. The balance grant of $ 1,228,999 is reflected as deferred liability.

		Note	2022	2021
28.	**TRADE AND OTHER PAYABLES**	**Note**	------ (Rupees in '000) ------	
	Goods			
	Services			
	Airport related charges	**28.1**	**26,082,039**	22,853,666
			28,849,641	13,615,768
	Other liabilities	**28.2**	**58,225,067**	45,690,328
			113,156,747	82,159,762
	Accrued liabilities			
	VSS employee obligation			
	Advance against transportation (unearned revenue)		**9,450,526**	12,792,963
			5,277	12,215
	Obligation for compensated absences - Holding	**28.3**	**19,601,459**	11,261,014
	Company	**28.4**	**7,551,622**	6,264,113
	Unredeemed frequent flyer liabilities	**28.5**	**358,400**	459,890
	Advance from customers		**1,452,006**	2,238,816
	Amount due to associated undertaking	**28.6**	**384,267**	620,454
	Advances and deposits		**73,368**	57,194
	Employees provident fund	**28.7**	**1,249,096**	2,950,664
	Earnest money		**1,771**	248
	Collection on behalf of others	**28.8**	**64,891,208**	58,894,804
	Customs, federal excise duty and sales tax		**2,354,437**	2,865,423
	Federal excise duty - International travel		**11,344,252**	11,694,263
	Multi employer pension withdrawal liability		**2,049,146**	1,064,937
	Income tax deducted at source		**2,095,314**	1,681,095
	Short-term deposits		**466,723**	457,497
	Others		**246,612**	284,721
			236,739,480	195,760,073

28.1 This includes an amount of Rs. 18,772.066 million (2021: Rs. 17,602.967 million) payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is making all payments against the fuel invoices. Late payment surcharge (LPS), though accrued as per agreement, would be paid at a later stage. Contrarily, PSO applies a portion of payments against late payment surcharge (LPS).

28.2 This includes an amount of Rs. 50,684.768 million (2021: Rs. 42,939.991 million) payable to Pakistan Civil Aviation Authority (PCAA) relating to landing, handling, parking and aircraft power supply charges.

28.3 Advance against transportation (unearned revenue)

	2022	2021
Balance as at beginning of the year	**11,261,013**	6,224,862
Cash received in advance of performance and not recognised as revenue during the period	**169,342,539**	79,177,133
Amount recognised as revenue during the year	**(161,002,094)**	(74,140,982)
Balance as at end of the year	**19,601,458**	11,261,013

28.4 **Obligation for compensated absences - Holding Company**

Liability recognised in the consolidated statement of financial position

	Note	2022	2021
		------ (Rupees in '000) ------	
Balance as at beginning of the year		6,264,113	5,361,085
Expense / (reversal) during the year		1,329,403	916,403
Benefits paid during the year		(41,894)	(66,475)
Benefits due but not paid		-	53,100
Balance as at end of the year		7,551,622	6,264,113

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

- ticket inflation rate at the rate of 15.64% (2021: 11.4%);
- discount rate at the rate of 15.64% (2021: 11.4%);
- expiry of unavailed points after three years;
- accumulated points above 11,000 can be used for purchase of tickets. Points lower than 11,000 are valued on aggregate cost of redeemed points.
- Unavailed points of Ministry do not have any expiry.

28.6 This represents amount payable to Minhal Incorporated by PIAIL (associate).

28.7 This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund (PF), which could not be paid to PF within 15 days as required by Section 218 of the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR (refer note 27).

28.8 Represents taxes payable at foreign stations and amount payable to civil aviation authorities of foreign countries relating to embarkation, security and infrastructure charges. This includes an amount of Rs. 55,105.629 million (2021: Rs. 51,121.994 million) payable to Pakistan Civil Aviation Authority (PCAA).

29. ACCRUED INTEREST

	Note	2022	2021
		------ (Rupees in '000) ------	
Mark-up / profit payable on:			
- long-term financing	29.1	39,126,108	21,712,021
- short-term borrowings	29.2	1,331,595	705,261
- provident fund		8,653,841	8,426,244
		49,111,544	30,843,526

29.1 It includes Rs. 32,232 million (2021: Rs. 20,088 million) and Rs. 338.290 million (2021: 179.830 million) due to GoP and National Bank of Pakistan respectively.

29.2 It includes Rs. 1,321.451 million (2021: Rs. 704.207 million) due to the National Bank of Pakistan.

30. SHORT-TERM BORROWINGS

	Note	2022	2021
Short-term loans - secured	30.1	29,860,000	29,860,000
Running finance under mark-up arrangements	30.2	528,449	720,489
		30,388,449	30,580,489

30.1 Short-term loans - secured

Financier	Security	Facility amount (million)	Expiry date	2022	2021
				---(Rupees in '000)---	
Short-term loans - Related Parties From Banking Companies					
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	"December 31, 2022"	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	"December 31, 2022"	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	"December 31, 2022"	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 4,360	"December 31, 2022"	4,360,000	4,360,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,500	"December 31, 2022"	3,500,000	3,500,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,000	"December 31, 2022"	3,000,000	3,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	"December 31, 2022"	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	"December 31, 2022"	2,000,000	2,000,000
				29,860,000	29,860,000

30.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 months KIBOR (2021: spread of 1.5% over 3 months KIBOR). Further, the agreements of these borrowings are expired on December 31, 2022; however, subsequent to the year end, these have been renewed.

30.2 Running finances under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	2022	2021
					---(Rupees in '000)---	
Secured						
Running finance - related party						
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766.667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off over receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 701 million payable on demand.	Rs. 575	Rs. 46,551	"December 31, 2022"	528,449	574,990
Running finance - others						
Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the Holding Company for Rs. 2,800 million including 25% margin or as per SBP requirement, whichever is higher.	Rs. 350	Rs. 350	18-Feb-22	-	145,499
					528,449	720,489

30.2.1 The borrowings in PKR carry mark-up with a spread of 2% over 1 month KIBOR (2021: 2% over 1 month KIBOR).

30.2.2 The agreement of National Bank has expired on December 31, 2022; however, subsequent to the year end, it has been renewed. Further the agreement of Habib Bank Limited is expiring on February 18, 2023 for which for which the company has applied for renewal.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Sales tax and Federal Excise Duty

(a) The tax department had raised demand of Rs. 566.544 million in 1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million and additional duty of Rs. 2,923.005 million on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the tax department. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

b) The tax department had also raised demands of Rs. 6.804 million and Rs. 277.621 million on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14.416 million and additional duty / default surcharge of Rs. 17.91 million during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the tax department both have filed appeals at the ATIR which is remanded back however, remand back proceedings are still pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

c) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2,065 million and Rs. 1,319.101 million as FED and sales tax respectively along with penalty of Rs. 66.058 million and additional duty / default surcharge of Rs. 534.412 million during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATIR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. The remand back proceedings were initiated by the DCIR vide letter dated June 09, 2021. The said proceedings were concluded by the DCIR on an adhoc basis vide order dated December 12, 2021. Through the said order, the DCIR has maintained the actions taken in order in original 3 of 2010 dated February 25, 2010.

An appeal against the order has been filed by the company at CIR(A) which is pending for hearing. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877.351 million, Rs. 5,679.110 million and Rs. 7,025.270 million, respectively, on account of delayed payment of sales tax and FED for the tax periods of November to December 2008, January to March 2010 and November 2010 to January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the tax period of November to December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

The CIR (A) deleted the penalties of Rs 5,679.110 million and Rs. 7,025.270 million, respectively, through its order dated September 19, 2011, however, default surcharge and 5% penalty on the unpaid FED and sales tax were maintained. The Company and the tax department have filed appeals with ATIR, which were decided in favor of the Company. Further, for the tax periods of January to March 2010 and November 2010 to January 2011, the Company had filed an application for rectification, which was disposed off by ATIR on July 22, 2016 while maintaining the default surcharge.

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs. 4,745.852 million in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400.446 million. The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company filed an appeal against this at ATIR level, Tribunal deleted the penalty but maintained default surcharge which was challenged by the Company in Sindh High Court, the decision is pending adjudication.

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

e) On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (refer note 16.1) which was contested by the Company before the Honorable High Court of Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747.669 million under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603.502 million, Rs. 2,629.350 million and Rs. 1,514.818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court.

Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 and remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC. Later, the tax department has issued hearing notice in January 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings. The remand back proceedings were re-initiated vide notice dated June 23, 2021. These were concluded by DCIR on an adhoc basis vide order dated November 08, 2021 and passed it on exparte basis. Through the said order, the DCIR has maintained the findings of the order dated November 01, 2016. An appeal has been filed before the CIR(A). Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

f) DCIR passed orders dated March 04, 2016 and November 30, 2015 and raised demand of Rs. 24.086 million and Rs. 55.691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in these consolidated financial statements in this regard.

g) During the year 2017, DCIR passed orders dated September 07, 2016 and raised demand of Rs. 487.118 million for the short payment of Federal Excise Duty along with default surcharge and penalty regarding the services rendered in respect of travel within Pakistan for the tax periods July 2014 to June 2015. The Company filed an appeal with CIR(A) against the DCIR order. CIR(A) vide order dated August 07, 2018 deleted the levy of penalty however maintained levy of default surcharge. The Company has filed an appeal against the CIR(A) order with ATIR. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

h) On August 19, 2020, the Sindh Revenue Board has raised the demand of Rs. 54.4 million along with penalty of Rs. 2.7 million due to default on account of non-deduction of Sindh Sales Tax at the time of making payment on services taxable under Sindh Sales Tax Act 2011 during the period from January 2016 to December 2018. An appeal has been filed against the order on September 16, 2020. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

i) As per order dated October 28, 2020, the tax department has raised demand of Rs. 975.447 million against FED regarding services provided or rendered in respect of air travel by passengers in exempt zone, international cargo, international excess baggage, international meal (Pakistan Post) and chartered flights (UN & Pakistan Army) is recoverable for want of evidence. Additionally, FED is also levied on courier services taxable under the provincial law for want of evidence. An appeal has been filed at CIR(A) against the said order. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

j) As per order dated June 07, 2021, the tax department has raised the demand of Rs. 311.866 million along with penalty of Rs. 145.626 million and default surcharge of Rs. 15.639 million against short paid FED on inland carriage of goods by air & chartered flights and short payment of FED on passengers travelled by air based on comparison of data with CAA. An appeal has been filed before the CIR(A) dated July 08, 2021. The hearing for the case was held on November 19, 2021 and was reserved for order. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

k) As per order dated August 12, 2021, the Punjab tax department has raised demand of Rs. 100.455 million against short payment of withholding tax during the tax period January 2017, February 2017 and June 2017 to August 2018. An appeal has been filed against the said order. The hearing for the case has yet to be fixed. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

l) The tax department issued an order dated February 28, 2022 and raised a demand of Rs. 483.576 million along with penalty of Rs. 24.179 million & default surcharge of Rs. 234.658 million pertaining mostly to short payment of Sales tax on services in Islamabad territory for the period January to December 2017. Company has filed an appeal to CIR(A) which is pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

m) The tax department issued an order dated March 09, 2022 and levied penalty of Rs. 29.879 billion, pertaining to non-filing of sales tax and Federal Excise returns for the period February to April 2017 and Febuary 2020 to January 2021 and short payment of FED. The DCIR passed order on an exparte basis without considering the response of the Company. The Company filed an appeal to CIR(A) against which CIR(A) vide order no. STA/330/LTO/2021/42 dated June 24, 2022 has remanded back. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

n) The tax department has issued an order dated May 25, 2022 and raised a penalty on late filing of return and delayed payment for July 2018 to June 2019 amounting to Rs. 330.990 million along with default surcharge of Rs. 114.590 million. The Company has filed an appeal to CIR(A) which is pending. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

31.1.2 Other contingencies

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

b) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As of December 31, 2022 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 47,920.562 million (2021: Rs. 38,048.147 million) including late payment surcharge and interest thereon amounting to Rs. 42,340.872 million (2021: Rs. 32,374.693 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

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

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

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

During the year 2021, cases were filed against Pakistan International Airlines Corporation Limited by ex-employees in India for the clearance of their dues in respect of their full and final settlement, earned leaves and gratuity. Accordingly, no provision has been made in these consolidated financial statements against these claims amounting to Rs. 6.496 million. The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialize.

c) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatements aggregating to Rs. 5,580.982 million. The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 3,789.819 million. The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialise.

d) Certain lawsuits which arose in the normal course of business are pending against RHC. The eventual disposition of these legal actions, in the opinion of management based upon available insurance coverage and the assessment of the merits of such actions by legal counsel, will not have a material adverse effect on the financial position of RHC and the Group.

e) In December 2020, Tethyan Copper Company (TCC), in order to recover amounts receivables from Government of Pakistan, filed a lawsuit in British Virgin Islands (BVI), wherein, PIAIL was one of the defendants. In May 2021, BVI Court decided the case in favor of defendants including PIAIL. TCC has filed an appeal in this case in BVI Courts, and hearings were initially scheduled for end of January 2022, however, in agreement with all the parties, the Court had deferred the said appeal hearings, and the same are yet to be scheduled.

31.2 Commitments

a) Commitments for capital expenditure amounted to Rs. 28.494 million (2021: Rs. 176.411 million).

b) Outstanding letters of guarantee amounted to Rs. 312.301 million (2021: Rs. 275.836 million).

c) In 2012 the Company entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US$ 1,527.904 million equivalent to Rs. 345,964.678 million (2021: Rs. 269,695.683 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

32. REVENUE - NET

	Note	2022	2021 *Restated*
		------ (Rupees in '000) ------	
Passenger		154,384,160	69,323,503
Cargo		6,617,934	4,817,478
Excess baggage		1,253,806	824,806
Charter services		3,217,429	6,045,980
Engineering services		1,247,998	729,372
Room, food and beverages sales		6,175,232	1,740,232
Cancellation charges		2,926,806	1,699,127
Expired tickets		1,274,267	2,120,504
Others		1,453,688	788,162
		178,551,320	88,089,164

32.1 The analysis of revenue by geographical segment is disclosed in note 43.2 of these consolidated financial statements.

Revenue by geographical segments

Revenue analysis	2022	2021
USA & Canada	13,707,356	5,529,309
Europe & UK	13,606,707	6,489,187
Middle East & Africa	40,774,107	26,256,194
Asia (excluding Pakistan)	2,630,609	2,502,096
Pakistan	107,832,541	47,313,378
	178,551,320	88,089,164

32.2 **Gross Revenue**

	2022	2021
Revenue	195,367,491	96,925,999
Less: Commission and discount	(5,031,577)	(3,025,753)
Federal Excise Duty	(9,932,557)	(5,368,006)
Provincial sales tax	(74,033)	(32,301)
Foreign tax	(1,778,004)	(410,775)
Net Revenue	178,551,320	88,089,164

	Note	2022	2021
		------ (Rupees in '000) ------	
33. COST OF SERVICES - OTHERS			
Salaries, wages and allowances		13,666,814	10,831,391
Welfare and social security costs		1,248,045	1,590,017
Retirement benefits	33.1	2,776,955	2,347,155
Legal and professional charges		39,549	49,546
Stores and spares consumed		1,798,303	1,037,552
Maintenance and overhaul		12,002,686	8,589,088
Flight equipment rental	33.1.3	14,946,352	9,465,368
Landing and handling		21,824,427	9,955,778
Passenger services		2,836,512	980,784
Crew layover		1,748,926	924,428
Food and beverages		183,341	82,775
Utilities		85,449	71,228
Communication		2,923,693	1,537,520
Insurance		6,105,923	6,661,800
Rent, rates and taxes		880,830	792,582
Printing and stationery		188,759	186,314
Depreciation	7.3	15,209,472	13,855,689
Amortisation	9.1	8,750	12,745
Others		1,141,491	4,723,996
		99,616,277	73,695,756

33.1 The Holding Company's staff retirement benefits includes provident fund - a defined contribution plan. The Holding Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited financial statements of the provident fund as at December 31, 2022 and December 31, 2021.

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

	2022	2021
Size of provident fund	17,979,023	18,363,081
Cost of investments made	6,679,065	5,847,859
Percentage of investments made	41.5%	31.9%
Fair value of investments	7,449,066	5,861,026

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

	2022	2021	2022	2021
	(Percentage)		------ (Rupees in '000) ------	
Term finance certificates	26.1%	8.0%	4,688,824	1,477,748
Islamic bonds	7.0%	4.8%	1,256,727	875,000
Mutual funds	7.1%	18.1%	1,270,000	3,318,062
Others	1.3%	1.0%	233,515	190,216
Total	41.5%	31.9%	7,449,066	5,861,026

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

33.1.2 Number of employees of the Holding Company:

	2022	2021
	(Number)	
Average number of employees during the year	8,031	8,558
Number of employees as at year end	7,963	8,312

33.1.3 This represents lease payments classified under IFRS 16 as short term lease.

34. DISTRIBUTION COSTS

	Note	2022	2021
		------ (Rupees in '000) ------	
Salaries, wages and allowances		2,029,273	1,636,066
Welfare and social security costs		156,149	198,934
Retirement benefits		1,439,903	1,217,043
Distribution and advertising expenses		2,010,119	1,400,688
Legal and professional charges		70,309	88,082
Repairs and maintenance		20,733	36,447
Insurance		10,523	10,446
Printing and stationery		108,579	110,317
Communication		290,064	200,170
Rent, rates and taxes		164,423	141,804
Utilities		24,751	18,566
Depreciation	7.3	11,377	10,473
Others		494,026	283,929
		6,830,229	5,352,965

35. ADMINISTRATIVE EXPENSES

	Note	2022	2021
		------ (Rupees in '000) ------	
Salaries, wages and allowances		3,318,957	2,911,666
Welfare and social security costs		230,871	294,166
Retirement benefits		657,365	1,139,213
Compensated absences		925,652	-
Legal and professional charges		331,349	412,883
Insurance		60,011	55,848
Printing and stationery		43,272	35,966
Management fee	35.1	280,377	72,335
Municipal taxes		1,494,242	1,275,201
Rent, rates and taxes		712,759	492,959
Utilities		1,022,719	874,407
Remuneration of subsidiaries' auditors		691,716	463,542
Auditors' remuneration	35.2	22,362	22,362
Communication		76,377	55,768
Depreciation	7.3	17,373	14,358
Amortization	9.1	100,629	146,565
Amortization in respect of long term lease - PIAIL	13.3	2,174	1,815
Donations	35.4	4,200	4,200
Others		1,484,623	650,450
		11,477,028	8,923,704

35.1 The breakup of management fee expense incurred during the year is set forth below:

	Note	2022	2021
		------ (Rupees in '000) ------	
(i) Interstate Hotels and Resorts Holding Company (IHC)	35.1.1	18,600	-
(ii) ACCOR	35.1.2	261,777	72,335
		280,377	72,335

35.1.1 RHC entered into a contract for management of day-to-day operations of Roosevelt Hotel with IHC. The agreement provides for a base management fee calculated at 1.20% of gross operating revenues per year and an incentive management fee calculated at 14.5% of net operating income as defined in the agreement.

35.1.2 MFSA entered into a management agreement with ACCOR whereby ACCOR is entitled to a basic fee of 2.625% of Scribe Hotel's turnover less lease rentals plus an incentive fee of 9% of gross operating profit subject to a cap of 4.25% of turnover less lease rentals.

35.2 Auditors' remuneration

	2022			2021		
	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total
	(Rupees in '000)					
Audit fee	7,500	7,500	15,000	7,500	7,500	15,000
Fee for review of interim financial information	2,200	2,200	4,400	2,200	2,200	4,400
Consolidated financial statements	256	256	512	256	256	512
Code of Corporate Governance	400	400	800	400	400	800
Out of pocket expenses	825	825	1,650	825	825	1,650
	11,181	11,181	22,362	11,181	11,181	22,362

35.3 This includes auditors remuneration for subsidiaries auditors amounts to Rs. 2.01 million (2021: Rs. 0.55 million).

35.4 Donations include payments aggregating Rs. 4.20 million (2021: Rs. 4.20 million) to its CSR setup viz Al-Shifa Trust, situated at Terminal 2, Road, Karachi Airport, Pakistan in which the Chief Executive Officer of the Company (Air Marshal Arshad Malik) acts as a Trustee / Chairman. Besides this, none of the directors or their spouses have any interest in the donee.

36. OTHER PROVISIONS AND ADJUSTMENTS

	Note	2022	2021
		(Rupees in '000)	
(Reversal) / provision for slow moving and obsolete spares	14.1	(323,368)	262,875
(Reversal) / provision for impairment against doubtful debts	15.2	(113,373)	1,191,865
Provision for doubtful other receivable	18.4	480,117	113,131
Provision for diminitaion in value of short term investment	19	19,220	-
Late payment surcharge on fuel		893,918	896,114
Others		400	114,099
		956,914	2,578,084

37. OTHER INCOME

	2022	2021
Income from financial assets		
Profit on bank deposits	101,697	73,826
Income from assets other than financial assets		
Expired ticket income	-	463,908
Interest on maintenance reserve	-	
Gain on disposal of property, plant and equipment	11,777	23,107
Valuation gain on airframes & engines	-	3,727,677
Insurance claim	637,047	-
Fair value gain on investment property	-	38,285
Liabilities no longer payable - written back	1,776,822	
Others	2,157,398	2,571,182
	4,683,641	6,897,985

38. FINANCE COSTS

Mark-up on:			
- long-term financing		45,428,417	23,798,686
- short-term borrowings		4,533,282	2,752,798
		49,961,699	26,551,484
Lease liabilities	25.1 & 27.5	1,241,485	885,787
Discounting on long term deposits		110,555	84,104
Provident fund	28.7	227,596	520,380
Agency and commitment fee		46,310	488,446
Arrangement fee		42,609	-
Bank charges, guarantee commission and other related charges		87,567	52,045
		51,717,821	28,582,246

39. TAXATION

Current - for the year	39.1	1,471,094	658,638
Deferred tax expense		(4,826,098)	(1,525,691)
		(3,355,004)	(867,053)

39.1 The tax charge for the current period is based on minimum tax on turnover under section 113 of Income Tax Ordinance 2001. However, upto the half year ended 30 June 2021, the Company was not recognising income tax under the said section 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 did 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 decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.2 The Company has filed tax returns for tax years up to tax year 2022. The tax returns from tax years 2003 to 2022 have been filed under self assessment scheme. All assessments for tax years 1991 to 2002 have been finalized by the tax department. The minimum tax liability under section 80D of the ITO, 2001 had been levied by the department from assessment year 1991-92 to assessment year 2002-03 after adding 10% of net turnover on estimated basis. The Company had filed appeals against the above demands which had been decided in favor of the Company at ATIR level. The tax department had filed appeal against the decision before Sindh High Court which was decided on certain technical grounds in favor of the Company. Thereafter, the tax department has filed an appeal against the decision of Sindh High Court before Supreme Court which is pending to date. Based on consultation with legal advisor, the management believes that this issue will be decided in favor of the Company without any additional tax liability. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.3 As per Order dated March 13, 2011 a demand of Rs. 898.177 million was raised by the Deputy Commissioner Inland Revenue (DCIR) by issuing an amended order in relation to the tax year 2005. The main contention among others was disallowance of depreciation claimed on leased aircrafts. The Company claimed the depreciation on those aircrafts which were obtained under hire purchase arrangement which has been approved by the Ministry of Finance as a financing arrangement. The tax department did not accept the Company's standing and disallowed depreciation expense as inadmissible. An amount of Rs. 48.235 million was also recovered by FBR in this respect. The Company filed an appeal at CIR (A) level which was decided partially in favor of the Company. Being further aggrieved, the Company has filed appeal at Income Tax Appellate Tribunal (ITAT) level which was decided in favor of Company hence the demnad so raised was deleted by ITAT.

Further, the ACIR has issued orders dated June 27, 2012 and June 25, 2013 under section 122 (5A) of the ITO, 2001 in respect of tax years 2006 and 2007 disallowing the depreciation claimed on leased aircraft and other provisions amounting to Rs. 3,480.442 million and Rs. 20,462.797 million, respectively. The Company has filed an appeal to CIR (A) against the said orders. CIR(A) in its Appellate order dated September 10, 2015 disposed off the appeal and maintain partial disallowance of depreciation and deleted other provision amount. The Company has filed an appeal to ATIR against the decision of CIR(A). On January 2nd 2023, ATIR decided the appeal of 2006 in favour of Company, however, the matter of tax year 2007 is still pending at ATIR. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.4 ACIR had issued an order dated June 30, 2014 in respect of tax year 2008 on account of disallowance of depreciation on leased aircraft and other provisions amounting to Rs. 18,892.227 million. Subsequently, CIR(A) vide its order dated January 17, 2018 had annulled the ACIR's order as it was time barred. ACIR has filed an appeal before ATIR against the above order.

ACIR has passed an order dated December 19, 2016 under section 124/122 (5A) of the ITO, 2001 in respect of tax year 2009 and raised a demand of Rs. 109.428 million while maintaining the disallowance of depreciation, exchange loss and tax credit amounting to Rs. 17,069.522 million, Rs. 6.030 million and Rs. 168.744 million respectively, demanded in the earlier order dated June 15, 2015. The Company filed an appeal before CIR(A) and CIR(A) vide its order dated February 14, 2018 maintained the disallowance of depreciation, deleted the disallowance of exchange loss and remanded back the short allowed tax credit under various sections. Both the Company and the department have filed appeals before ATIR. On dated April 14, 2022, ATIR has decided the appeal in favour of Company.

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

The CIR(A) disposed off Company's appeal and issue Combined appellate order dated October 30, 2015 through which CIR(A) maintained disallowance depreciation and deleted other provisions. The Company has filed an appeal against the CIR(A) decision at ATIR, however, the matter is still pending for adjudication and the management is confident that this issue will ultimately be decided in favour of the Company. The ACIR issued an order dated June 20, 2015 for tax year 2011 and raised a demand of Rs. 327.535 million by applying 1% minimum tax rate against the Company's contention of 0.5% in addition to disallowing depreciation claimed on leased aircraft and other provisions amounting to Rs. 7,692.992 million.

The Company has filed an appeal before CIR(A) against the said orders whereas CIR(A) vide its order dated October 30, 2015 upheld the matter related to minimum tax and disallowance of depreciation and remanded back disallowance of other provisions and tax credits. However, Company on the advise of its tax consultant has made the provision of Rs. 537.657 million being the difference of 0.5% and 1% minimum tax for tax year 2011. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order which is pending for hearing.

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

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

Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.5 The tax department has also issued order dated December 31, 2012 under section 161/205 of the ITO, 2001 pertaining to tax year 2011 and raised a demand of Rs. 324.319 million. The Company has filed an appeal against the order before CIR(A) which are pending adjudication. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.6 On June 30th, 2022 the DCIR issued an order under section 161/205/182 of the ITO 2001 for the tax year 2016. In the said order the company is considered as an assessee-in-default on adhoc basis without considering the information already provided by the Company and raised the demand of Rs. 18.654 billion and levied a default surcharge of Rs. 14.528 billion and penalty of Rs. 1.865 billion. The Comapny has filed appeal before CIR(A) which is decided in favour of Company and matter has been remaded back. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

39.7 No numeric tax rate reconciliation is given as the minimum tax asset has been recognized to the extent of deferred tax liability (refer note 38.1).

40. LOSS PER SHARE - BASIC AND DILUTED

The calculation of loss per share at December 31 is based on loss attributed to owners of ordinary shares of the Holding Company.

	2022	2021
	------ (Rupees in '000) ------	
Loss for the year	(97,234,719)	(53,483,493)
Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
Loss per share attributable to		
'A' class Ordinary share (Rupees)	(18.57)	(10.22)
'B' class Ordinary share (Rupees)	(9.29)	(5.11)

41. OPERATING AND FINANCING CASH FLOWS

	2022	2021
Loss before taxation	(100,589,723)	(54,350,546)
Adjustments for:		
Depreciation	15,238,222	13,880,520
Gain on disposal of property, plant and equipment - net	(11,777)	(23,107)
Unrealised exchange loss	21,133,019	5,803,110
Unrealized loss on investment Property	8,306,601	38,285
Gain on valuation of Airframes & Engine	-	(3,727,677)
Amortisation / adjustment of intangibles	109,379	159,310
Provision / (reversal) for slow moving stores and obsolete spares	(323,368)	262,875
Provision for impairment against doubtful debts	(113,373)	1,191,865
Reversal for impairment against doubtful advances	-	(102,890)
Provision impairment against doubtful other receivables	480,117	113,131
Provision for staff retirement benefits	4,703,095	5,911,128
Finance cost	51,717,821	28,582,246
Share of profit from associates	647	917
Profit on bank deposits	(101,597)	(73,826)
	549,263	(2,334,659)
Working capital changes		
(Increase) / decrease in stores and spares	(629,446)	29,172
Decrease in trade debts	(5,785,936)	(6,091,487)
(Increase) / decrease in short-term loans and advances	(2,401,610)	561,047
Decrease / (increase) in trade deposits and short term prepayments	1,855,623	(897,764)
Decrease in other receivables	283,826	9,725,074
Decrease / (increase) in trade and other payables	40,979,407	(545,192)
	34,301,864	3,780,850
Cash generated from operations	34,851,127	1,446,191

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

	2022				
	Liabilities				
	Short term borrowings (including accrued markup)	Long term financing (including accrued markup)	TFC's and Sukuks (including accrued markup)	Lease liabilities	Total
Balance as at beginning of the year	30,565,261	370,602,731	-	16,192,185	417,360,177
Changes from financing cash flows					
Proceeds from loans and borrowings	-	49,068,765	5,379,427	-	54,448,192
Transfer to Short term borrowings	-	-	-	-	-
Repayment of loans and borrowings	-	(42,248,944)	-	-	(42,248,944)
Payment of finance lease liabilities	-	(8,132,144)	-	(8,132,144)	(16,264,288)
Total changes from financing cash flows	-	(1,312,323)	5,379,427	(8,132,144)	(4,065,040)
Changes in fair value	-	-	-	-	-
Other changes - liability related	-	-	-	6,046,389	6,046,389
Currency transalation difference		3,425,147	-	6,809,625	10,234,772
Interest expense	4,533,282	45,428,417	-	1,241,485	51,203,184
Interest paid	(3,906,948)	(34,648,918)	-	-	(38,555,866)
Total liability - related other changes	626,334	14,204,646	-	14,097,499	28,928,479
Total equity - related other changes	-	-	-	-	-
Balance as at end of the year	**31,191,595**	**383,495,054**	**5,379,427**	**22,157,540**	**442,223,616**

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	(Key Management Personnel)					
	Chief Executive Officer		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees in '000)					
Managerial remuneration	**9,949**	10,961	**90,023**	125,646	**1,459,090**	1,687,030
Holding Company's contribution to provident fund	-	-	**1,238**	2,618	**68,202**	52,441
Other perquisites	-	-	**44,430**	26,185	**271,973**	434,568
	9,949	10,961	**135,691**	154,449	**1,799,265**	2,174,039
	(Number)					
Number	**1**	1	**14**	14	**535**	680

Aggregate amount charged in these consolidated financial statements for fee to directors was Rs. 0.200 million (2021: Rs. 0.133 million).

43. SEGMENT INFORMATION

The primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets.

The airlines operations segment provides air transport and other allied services.

Hotel operation segment provides accommodation and related services in Pakistan, United States and Europe.

Transaction between business segments are conducted on agreed basis in a manner similar to transactions between third parties. Segment revenue, segment expenses and segment results include transaction between business segments.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

43.1 Revenue analysis

	AIRLINES OPERATIONS		HOTEL OPERATIONS		OTHERS		ELIMINATIONS / ADJUSTMENTS		CONSOLIDATED	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	(Rupees in '000)									
Revenue										
External sales	172,038,133	86,185,393	7,002,959	2,459,067	484,401	217,646	-	-	179,525,493	88,862,106
Intersegment sales	-	-	-	-	-	-	(974,173)	(772,943)	(974,173)	(772,943)
Total revenue	172,038,133	86,185,393	7,002,959	2,459,067	484,401	217,646	(974,173)	(772,943)	178,551,320	88,089,163
Results										
Segment results	(88,008,421)	(50,101,490)	(9,231,107)	(3,325,568)	4,809	(55,302)	2	(912)	(97,234,717)	(53,483,272)
Interest expense	(49,971,136)	(27,390,282)	(2,307,424)	(1,321,797)	-					
Interest income	101,597	73,826	-	-	-	-	562,435	(129,834)	(51,716,128)	(28,841,913)
Share of associate's loss	847	917	-	-	-	-	-	-	101,597	73,826
Income taxes	1,491,359	337,743	(4,863,336)	(1,218,000)	13,204	13,204	-	-	847	917
Depreciation	(13,347,293)	(12,294,782)	(1,822,672)	(1,521,605)	(64,133)	(64,133)	-	-	(3,358,773)	(867,053)
Amortisation	(109,249)	(169,310)	-	-	-	-	-	-	(15,234,098)	(13,860,520)
									(109,249)	(159,310)
Assets and liabilities										
Segment assets	154,974,414	146,366,035	178,018,691	147,280,814	552,171	372,515	(12,280,052)	(8,462,657)	321,265,224	285,556,707
Investment in associates	396	396	-	-	-	-	142,516	111,581	142,912	111,977
Capital expenditure	5,110,459	4,110,459	252,132	196,549	12,940	12,940	-	-	5,375,531	4,319,948
Segment liabilities	742,648,303	643,829,641	83,884,920	66,453,144	351,815	170,864	(15,624,067)	(10,116,530)	811,260,971	700,337,119

43.2 Geographical segments - by area of original sale

	2022					2021				
	PAKISTAN	UNITED STATES	EUROPE	OTHERS	TOTAL	PAKISTAN	UNITED STATES	EUROPE	OTHERS	TOTAL
	(Rupees in '000)									
Segment revenue	107,832,641	13,707,356	13,606,707	43,404,716	178,551,320	47,322,337	5,814,214	6,489,187	28,463,426	88,089,164
Carrying amount of assets	155,789,158	94,848,055	70,627,883	-	321,265,096	146,998,679	83,500,284	55,057,745	-	285,556,708

The major revenue earning assets comprise the aircraft fleet, all of which are registered in Pakistan. Since the fleet of the Holding Company is deployed flexibly across its worldwide route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

44 FINANCIAL RISK MANAGEMENT

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

44.1 Market risk

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

a) Fuel price risk

The Group's earnings are affected by changes in price of aircraft fuel. The Group hedges fuel prices to a limited extent through use of derivative contracts. There are no derivative contracts outstanding as of year end.

b) Currency risk

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

The Holding Company manages some of its currency risk by utilizing its foreign currency receipts to satify its foreign currency obligations. The following table demonstrates the sensitivity of financial instruments to a reasonable possible change in the foreign currency exchange rates, with all other variables held constant, on loss before tax:

	2022	2021	2022	2021
	(Rupees in '000)			
Change in US$ rate	+5%		(-5%)	
(Increase) / decrease in loss before tax	(2,748,919)	3,263,447	2,748,919	3,263,447
Change in SAR rate	+5%		(-5%)	
(Increase) / decrease in loss before tax	6,323	22,510	(6,323)	(22,510)
Change in AED rate	+5%		(-5%)	
(Increase) / decrease in loss before tax	8,990	21,682	(8,990)	(21,682)
Change in GBP rate	+5%		(-5%)	
(Increase) / decrease in loss before tax	6,842	12,794	(6,842)	(12,794)
Change in EUR rate	+5%		(-5%)	
(Increase) / decrease in loss before tax	(29,266)	22,554	29,266	(22,554)

c) Interest rate risk

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

	2022	2021
	------- (Rupees in '000) -------	
Variable rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	375,495,055	340,890,707
Liabilities against assets subject to finance lease	22,157,540	16,192,185
Short-term borrowings	30,388,449	30,580,489
	428,041,044	387,663,381
Financial assets		
Long term deposits	-	(161,875)
Short term investments	-	19,220
	428,041,044	387,520,726
Fixed rate instruments at carrying amount:		
Financial liabilities	8,000,000	8,000,000
Long-term financing	8,000,000	8,000,000
Financial assets		
Bank deposits	(4,615,489)	(2,158,838)
Long-term loans	(603)	(603)
	3,383,908	5,840,559

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's loss before tax:

	KIBOR		LIBOR	
	2022	2021	2022	2021
	(Rupees in '000)			
Change in interest rate	+1%		+0.25%	
Increase in loss before tax	(2,955,637)	(2,869,288)	(142,720)	(170,199)
Change in interest rate	(-1%)		(-0.25%)	
Decrease in loss before tax	2,955,637	2,869,288	142,720	170,199

d) Other price risk

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

44.2 Liquidity risk

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

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

	Carrying Amount	Contractual cash flows	6 months or less	1 - 2 years	More than 5 years
	(Rupees in '000)				
2022					
Long term loans and accrued mark-up	383,495,056	39,675,993	80,502,784	29,667,870	7,893,744
Lease liabilities	16,326,395	18,001,827	6,488,214	9,101,512	2,412,101
Trade and other payables	215,686,015	215,686,015	215,686,015	-	-
Derivative (CAP)	-	-	-	-	(210,689)
Accrued interest / mark-up / profit	-	-	-	-	-
Short-term borrowings	30,388,449	30,388,449	30,388,449	-	-
Long term deposits	712,682	712,682	-	712,682	-
	646,608,596	304,464,966	333,065,462	39,482,064	10,095,156
2021					
Long-term financing	348,890,707	508,266,870	78,776,385	295,718,486	113,802,520
Liabilities against assets subject to	16,192,185	18,001,827	6,488,214	9,101,512	2,412,101
Trade and other payables	182,260,043	182,260,043	182,260,043	-	-
Accrued interest / mark-up / profit	30,843,526	30,843,526	387,980	23,072,629	7,382,917
Short-term borrowings	30,580,489	30,580,489	30,580,489	-	-
Long term deposits	125,781	125,781	-	125,781	-
Derivative (CAP) - Fair Value	87,498	87,498	-	87,498	-
	608,980,428	770,166,234	298,493,311	328,105,906	123,597,538

44.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. All financial assets except cash in hand are subject to credit risk. The carrying amount of financial assets as at December 31, 2022 represents the maximum credit exposure, which is as follows:

	2022	2021
	(Rupees in '000)	
Receivable in respect of Centre Hotel	1,710,507	1,333,420
Long-term deposits	2,470,356	4,403,694
Trade debts	20,960,176	15,174,240
Short-term loans	-	2,393,106
Trade deposits	2,920,198	4,259,294
Other receivables	2,023,561	2,346,310
Bank balances	13,324,570	13,980,209
	43,409,368	43,890,272

Trade debts

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

Ageing of trade debts is disclosed in note 15 to these consolidated financial statements.

Other financial assets

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

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

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

44.4 Capital management

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

45. Fair value of financial instruments

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

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

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

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

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

	2022								
	Carrying amount					Fair value			
	Fair value through OCI	Fair value through profit and loss	Amortised cost	Other financial assets	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value									
Long-term investments	288,109		-	-	288,109	288,109	-	-	288,109
Financial assets not measured at fair value									
Non-current assets									
Receivable in respect of Centre Hotel	-	-	1,710,507	-	1,710,507	-	-	-	-
Investments in unquoted securities	371			-	371	-	-	-	-
Current assets									
Trade debts	-	-	20,960,176	-	20,960,176	-		-	-
Trade deposits	-	-	2,920,198	-	2,920,198	-	-	-	-
Other receivables	-	-	393,718	-	393,718	-	-	-	-
Accrued mark-up	-	-	2,330,989	-	2,330,989	-	-	-	-
Short-term investment	19,220	-	-	-	19,220	-	-	19,220	19,220
Cash and bank balances	-	-	3,811,053	85,050	3,896,103	-	-	-	-
	307,700	-	32,126,641	85,050	32,519,391	288,109	-	19,220	307,329

2022

	Carrying amount					Fair value			
	Fair value through OCI	Fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial liabilities not measured at fair value									
Long-term financing	-	-	384,935,564	-	384,935,564	-	-	-	-
Term finance and sukuk certificates	-	-	5,675,000	-	5,675,000	-	-	-	-
Lease liabilities	-	-	22,157,540	-	22,157,540	-	-	-	-
Advances from subsidiary	-	-	-	-	-	-	-	-	-
Trade and other payables	-	-	185,288,263	-	185,288,263	-	-	-	-
Accrued interest	-	-	49,165,560	-	49,165,560	-	-	-	-
Long term deposit	-	-	161,373	-	161,373	-	-	-	-
Short-term borrowings	-	-	30,388,449	-	30,388,449	-	-	-	-
Derivative Cap - Fair Value	-	-	-	-	-	-	-	-	-
	-	-	677,771,749	-	677,771,749	-	-	-	-

2021

	Carrying amount					Fair value			
	Fair value through OCI	Fair value through profit and loss	Amortised cost	Other financial assets	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial assets measured at fair value		-							
Long-term investments	258,851		-	-	258,851	258,851	-	-	258,851
Financial assets not measured at fair value									
Non-current assets		-							
Receivable in respect of Centre Hotel	-	-	1,333,420	-	1,333,420	-	-	-	-
Investments in unquoted securities	371			-	371	-	-	-	-
		-							
Current assets	-	-		-	15,174,240	-		-	-
Trade debts	-	-	15,174,240	-	4,259,294	-	-	-	-
Trade deposits	-	-	4,259,294	-	1,557,872	-	-	-	-
Other receivables	-	-	1,557,872	-	1,439,874	-	-	-	-
Accrued mark-up	19,220	-	1,420,654	-	31,083	-	-	1,439,874	1,439,874
Short-term Investment	-	-	-	31,083	3,896,103	-	-	-	-
Cash and bank balances	278,442	-	23,745,480	31,083	24,056,005	258,851	-	1,439,874	1,698,725

2021

	Carrying amount					Fair value			
	Fair value through OCI	Fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	(Rupees in '000)								
Financial liabilities not measured at fair value									
Long-term financing	-	-	349,016,487	-	349,016,487	-	-	-	-
Term finance and sukuk certificates	-	-	5,675,000	-	5,675,000	-	-	-	-
Lease liabilities	-	-	16,192,185	-	16,192,185	-	-	-	-
Advances from subsidiary	-	-	7,084,407	-	7,084,407	-	-	-	-
Trade and other payables	-	-	155,852,029	-	155,852,029	-	-	-	-
Accrued interest	-	-	23,984,551	-	23,984,551	-	-	-	-
Short-term borrowings	-	-	30,580,489	-	30,580,489	-	-	-	-
Derivative Cap - Fair Value	-	-	87,498	-	87,498	-	-	-	-
	-	-		-		-	-	-	-
	-	-	588,472,646	-	588,472,646	-	-	-	-

The Roosevelt Hotel is located at 45 East 45th Street New York, New York 10017 United State of America, which opened in 1924, features 1,025 rooms, a restaurant, a lounge, a rooftop lounge, a street level lounge, room service, approximately 28,000 square feet of meeting space, concierge services, a business center, a fitness center, valet parking, and a gift shop. In addition, the property features approximately 23,000 square feet of retail space (including storage spaces), located on the ground floor and featuring street frontage. In addition to the existing improvements, the property also includes 51,447 square feet of transferrable development rights.

Hotel properties have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 4.1. The Scribe Hotel is a luxury 5 star hotel located at 1, rue Scribein Paris, France. The Scribe Hotel has 213 guest rooms, including 13 suites and 4 duples apartments. The Scribe Hotel is located in the center of Paris, between the Opera house, Place Vendôme, La Madeleine and the department stores on boulevard Haussmann. The Scribe Hotel is currently managed by Accor Hotels with the brand Sofitel. In addition to guest rooms, the Scribe Hotel has a gastronomic restaurant, a bar, a tea house with library, a wellness center, a meeting space and other typically found in a in a full service hotel. The Scribe Hotel is also composed off retail high street retail units on rue Scribe and the corner of boulevard des Capucines.

The valuation are conducted by the valuation experts appointed by the Group who used different approaches to arrive at the fair value including discounted cash flows, fee simple interest, recent comparable transaction approach and multiple approach and alternative use. The valuation complies with the requirements of the RICS Valuation Standards (the 'Red Book', dated January 2014) published by the Royal Institution of Chartered Surveyors (RICS). The retained approach to value the Scribe Hotel is the DCF method and for Roosevelt Hotel is fee simple interest method as if vacant and available to be redeveloped to its highest and best use. Other valuation methods were employed in order to corroborate the retained valuation approach.

Valuation Technique	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Scribe Hotel			
The valuation model considered the present value of net cash flows to be generated from the Property taking into account the average daily rate, occupancy rate, capex and working capital requirements.	Average daily rate Occupancy rate Terminal growth Risk adjusted discount rate	306 Euros 14% 6% 5%	Average daily rate were higher / (lower) Occupancy rate were higher / (lower) Growth rate were higher / (lower) Risk adjusted discount rate were lower / (higher)
For retails units, income Capitalization approach is used which converts anticipated cash flows into present value by capitalizing net operating income by a market derived "Capitalization rate"	Yield rate Purchase cost	2.90% 7.50%	Yield rate were lower / (higher) Purchase rate were lower / (higher)
Roosevelt Hotel			
The valuation model is considered is fee simple interest method as if vacant and available to be redeveloped to its highest and best use.	Per Square foot of development zoning floor area (SFDA)	$707	The estimated fair value would increase / (decrease) if: Per SFDA increase / (decrease)
	Max SFDA	649,695	Max SFDA increase / (decrease)

46. TRANSACTIONS WITH RELATED PARTY

46.1 Following are the related parties with whom the Group had entered into transactions or had agreements and / or arrangements in place during the year:

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAIL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Minhal France S.A (MFSA)	-	Sub - Subsidiary
Al-Shifa Trust	-	CSR Setup

Name of Related Parties	Direct Shareholding	Direct Shareholding
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
UK Pension Fund		Post Retirement Benefits
	-	
Profit oriented state controlled entities	-	
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
	-	
Key management personnel	-	
Air Cdre Aamer Altaf	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Amos Nadeem	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
AVM Irfan Zaheer	-	Key management personnel
Air Cdre Jawad Zafar Chaudhry	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Mohsin Ausaf Khan	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Dr. Muhammad Altaf Tahir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel
Syed Asif Gilani	-	Key management personnel

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

Name of Related Parties and relationship with the Company		2022	2021
		----- (Rupees in '000) -----	
Retirement funds	Contribution to provident fund and others	**2,031,556**	2,296,977
	Interest on overdue balance of provident fund	**227,596**	520,380
Management Fee paid to ACCOR		**261,776**	75,923

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

Profit oriented state-controlled entities - common ownership

Pakistan State Oil (PSO)	Purchase of fuel	**44,495,150**	13,244,940
	Late Payment Interest	**893,918**	896,114
Civil Aviation Authority (CAA)	Airport related charges	**17,481,128**	8,496,460
National Insurance Company (NICL)	Insurance premium	**5,986,190**	802,656
National Bank of Pakistan (NBP)	Finance costs	**5,624,335**	3,483,409
GoP - Major shareholder	Finance cost	**12,143,605**	5,391,832

46.3 One of the hotels owned by PIAIL, Hotel Scribe Paris, is managed by a related party ACCOR. The amount of management fee is based on the agreement with the related party.

46.4 Transactions with the directors, chief executive and key management personnel have been disclosed in note 42 to these unconsolidated financial statements.

46.5 Details of balances held with aforementioned related parties excluding profit oriented state-controlled entities have been disclosed in respective notes.

47 OTHER SIGNIGICANT MATTERS

47.1 IMPACT OF COVID - 19

The impact of the COVID-19 pandemic on the hospitality industry has been severe. Through 2020, RHC Operating LLC received a large number of cancellations of client bookings and operations experienced a significant decline. Federal and state regulations regarding the ability to travel, dine in bar and restaurants, and convene as a group for meetings also affected the Company's operations. On December 18, 2020, Operating determined it was in the best interest to close the hotel for an indeterminate amount of time.

- As a result of the temporary closure, Operating severed substantially all of its workforce incurring approximately $8.6 million in liabilities (which was paid in 2020) and an estimated liability of $24.6 million for withdrawing from the Union pension plan.

The RHC has taken various actions to maintain liquidity including:

- The RHC's affiliates provided $16.6 million in financing to fund costs and expenses.

- Financing provided by NBP of $134 million, with an additional $8 million available.

- The RHC's affiliates have agreed to provide a loan facility of $30.3 million. As of December 31, 2022, approximately $13 million has been utilized on this facility. The available balance of approximately $17 million is expected to be utilized to fund the Company's operating costs.

- Deferral of management fees payable to the parent company.

- Reduction in professional fees and other variable costs.

- The RHC and PIAIL have requested The ultimate beneficial owners to provide financial support to The RHC to meet its liabilities and expenses.

- The RHC has obtained approval from its ultimate beneficial owners (PIACL) to reopen the Hotel in the foreseeable future to generate cash flows to finance its liabilities and expenses. In the regard, the RHC's third party management company is currently inspecting the existing infrastructure of the Hotel, and it will recommend budgeted costs to reopen the hotel.

- As of December 31, 2022, the RHC has an estimated funding requirement approximately $56 million which includes the budgeted cost for reopening of the hotel & the hotels operating budget for 2023. the RHC has undrawn loan facilities of $25 million, and other expected cash inflows from its affiliates amounting to $5.5 million. The funding shortfall of approximately $25.5 million is expected to be financed by its affiliates and or the ultimate beneficial owners.

- "Management has evaluated the significance of these conditions and has concluded that there is a reasonable expectation that the RHC can continue in operational existence for the foreseeable future".

47.2 **SUBSEQUENT EVENT**

Subsequent to the year end, on May 12, 2023, RHC Operating LLC ("RHC") has entered into a contract with New York City Health and Hospitals Corporation, a New York public benefit corporation for housing migrants at the Roosevelt Hotel for a period of 3 years with a guaranteed period of 18 months. On May 12, 2023, RHC has also executed a settlement agreement with New York Hotel and Gaming Trades Council, AFL-CIO ("Union"). Consequently, the Hotel is being reopened. The financial implications for both the aforesaid contracts would be reflected in the financial statements for the year ending December 31, 2023.

48 **BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)**

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

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

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

Had the exemption not been granted, the accumulated losses as at December 31, 2022 would have been higher by Rs. 725.707 million (2021: Rs. 725.707 million).

49 **GENERAL**

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

50 **CORRESPONDING FIGURES**

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

51 **AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS**

These consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company in their meeting held on 18th May, 2023.

AVM Muhammad Amir Hayat Chief Executive Officer	Amos Nadeem Chief Financial Officer	Navaid H. Malik Director

PROXY FORM FOR SEVENTH AGM OF PIACL

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

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

hereby appoint Mr / Mrs / Miss .... of .... or failing him / her .... of ....who is / are also a Shareholder(s) of the PIACL vide Registered Folio / Participant ID No. .... Account No............ as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Seventh Annual General Meeting of PIACL to be held on Saturday, June 17, 2023, and at any adjournment thereof.

As witness my / our hand / seal this .... Day of, ...2023.

Signed by the said ....in the presence of

WITNESSES

1. Name

CNIC No

Address

Signature
(Affix Revenue Stamp of appropriate value)

2. Name

CNIC No

Address

NOTES

(1) This proxy Form, duly executed, must be lodged at the office of Company Secretary, PIACL Registered Office, Karachi, not less than 48 hours before the time fixed for holding the Meeting i.e. upto 10:00 A.M. Thursday June 15, 2023.

(2) No person shall act as Proxy unless he himself/she herself is a Shareholder of the PIACL except that a corporate entity may appoint a person who is not a Shareholder.

(3) Proxies without Folio / Participant ID Number and Account / Sub-Account number will not be entertained.

(4) Signature of the appointer Shareholder should agree with his / her specimen signature registered with the PIACL.

(5) If a Shareholder appoints more than one proxy and more than one instruments of proxy are deposited by a Shareholder with the PIACL, all such instruments shall be rendered invalid.

(6) In addition to the above the following requirements have to be met by CDC Account Holders / Corporate Entities:

(i) Attested copies of CNIC or Passport of the Beneficial Owner and the Proxy holder shall be furnished with the Proxy Form whereas the Proxy holder shall also show his / her original CNIC or Passport at the Meeting.

(ii) In case of corporate entity, the Board's Resolution / Power of Attorney with specimen signature of the Nominee Attorney shall be produced at the Meeting unless these documents have already been provided.

(7) Detailed procedure is provided in the Notes to the Notice of Seventh AGM.

پراکسی فارم برائے ساتواں سالانہ اجلاسِ عام پاکستان انٹرنیشنل ایئرلائنز کارپوریشن لمیٹڈ

میں/ہم.........................بن/بنت/زوجہ.........................بحیثیت حصص یافتگان پاکستان انٹرنیشنل ائرلائنز کارپوریشن لمیٹڈ حامل مندرجہ ذیل حصص:

فولیو نمبر/ شراکت کنندہ کا ID نمبر/ اکاؤنٹ نمبر	'A' کلاس حصص	'B' کلاس حصص

بذریعہ ہذا جناب / محترمہ.........................بن/ بنت/ زوجہ.........................یا ان کی غیر موجودگی میں.........................بن/ بنت/ زوجہ
.........................جو کہ پی آئی اے سی ایل کے حصص یافتہ بھی ہے/ ہیں رجسٹرڈ فولیو/ شراکت کنندہ کا ID نمبر..........اکاؤنٹ نمبر..........کو اپنے/ ہمارے ایماء پر اپنی/ ہماری غیر حاضری پر مورخہ 17 جون 2023 بروز ہفتہ منعقد ہونے والے ساتویں سالانہ اجلاس عام میں شرکت کرنے اور حق رائے دہی استعمال کرنے کیلئے اپنا/ ہمارا پراکسی (مختار) مقرر کرتا/ کرتی ہوں/ کرتے ہیں۔

آج بروز..........2023 کو میرے/ ہمارے بطور گواہ دستخط/ مہر سے جاری ہوا۔

دستخط شدہ بجانب.........................کی موجودگی

گواہان

(١ نام: ....

سی این آئی سی نمبر ....

پتہ ....

(٢ نام: ....

سی این آئی سی نمبر ....

پتہ ....

نوٹس

١۔ یہ پراکسی فارم باضابطہ طور پر مکمل ہو اور اجلاس کے مقررہ وقت سے 48 گھنٹے قبل یعنی بروز جمعرات 15 جون 2023 بوقت صبح 10:00 بجے کمپنی سیکریٹری، پی آئی اے سی ایل، پی آئی اے، ہیڈ آفس، کراچی کے دفتر میں لازماً وصول ہو جائے۔

٢۔ کارپوریشن کے غیر حصص یافتہ کو بطور پراکسی مقرر نہیں کیا جا سکتا، البتہ کارپوریٹ اینٹٹی کسی غیر حصص یافتہ کو مقرر کر سکتی ہے۔

٣۔ فولیو/ شراکت کنندہ کا ID نمبر اور اکاؤنٹ/ سب اکاؤنٹ نمبر کے بغیر پراکسیز پر غور نہیں کیا جائے گا۔

٤۔ مقرر کرنے والے حصص یافتہ کے دستخط پی آئی اے سی ایل میں رجسٹرڈ دستخط کے نمونے کے مطابق ہونے چاہئیں۔

٥۔ اگر حصص یافتہ ایک سے زائد پراکسی مقرر کرے اور حصص یافتہ کی جانب سے پراکسی کے ایک سے زائد انسٹرومنٹس پی آئی اے سی ایل کو جمع کروائے گئے تو ایسے تمام انسٹرومنٹس کو کالعدم قرار دیا جائے گا۔

٦۔ درج بالا کے ساتھ سی ڈی سی اکاؤنٹ ہولڈرز/ کارپوریٹ اینٹٹیز درج ذیل پر عمل کریں۔

ا۔ شناختی اور سی این آئی سی یا پاسپورٹ کی مصدقہ نقل اور پراکسی ہولڈر پراکسی فارم کے ساتھ مہیا کرے جبکہ پراکسی ہولڈر اجلاس کے وقت اپنا اصل سی این آئی سی یا پاسپورٹ دکھائے گا۔

ب۔ کارپوریٹ اینٹٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی نامزد کنندہ کے دستخط کے نمونے/ اٹارنی کے ساتھ اجلاس کے وقت مہیا کریں بجز اس کے کہ یہ دستاویزات پہلے سے مہیا کر دیے گئے ہوں۔

٧۔ تفصیلی طریقہ کار ساتویں سالانہ اجلاس عام کے نوٹس میں مہیا کر دیا گیا ہے۔

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Company Secretary
PIA Headquarters, Jinnah International Airport,
Karachi - 75200, Pakistan.
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