

FORM – 8

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

CS/PUCARS/1QTR-23/23

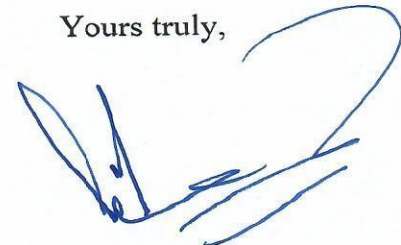
June 02, 2023

**TRANSMISSION OF FIRST QUARTERLY REPORT  
FOR THE PERIOD ENDED MARCH 31, 2023**

Dear Sir,

1. We have to inform you that the First Quarterly Report of Pakistan International Airlines Corporation Limited (PIACL) for the period ended March 31, 2023 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**



**Thrusting for Progress!**

**FIRST  
QUARTERLY REPORT  
2023**

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# CORPORATE PROFILE

as at May 29, 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 Imdad Ullah Bosal**

*Secretary Finance Division*

**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*

## 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 COMMITTEES

as at May 29, 2023

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

## DIRECTORS' REPORT - FOR THE PERIOD ENDED MARCH 31, 2023

On behalf of the Directors of Pakistan International Airlines Corporation Limited we are pleased to present the performance report along with the financial statements for the period ended March 31, 2023.

The financial results for the period are summarized below;

Profit & Loss Statement	Period Ended March 31	
	2023	2022
	(PKR in Millions)	
<b>Revenue</b>	<b>59,058</b>	<b>34,514</b>
Cost of Services		
Fuel Cost	(25,598)	(12,105)
Other Cost of Services	(28,558)	(21,118)
<b>Gross Profit/ (Loss)</b>	<b>4,902</b>	<b>1,291</b>
Other Operating Expenses	(4,085)	(3,074)
Other Income	548	1,900
<b>Profit/(Loss) from Operations</b>	<b>1,365</b>	<b>117</b>
Exchange Gain/(Loss)	(20,933)	(3,727)
Finance Cost	(16,764)	(9,726)
<b>Loss Before Taxation</b>	<b>(36,332)</b>	<b>(13,336)</b>

The world gradually started to come out of the adverse effects of the COVID-19 pandemic which crippled the Aviation Industry for almost two years. Countries around the globe started easing out travel restrictions and people returned to travel, PIA also witnessed growth in its key operational routes. Due to this positive trend, Airline posted a growth of 71% in its revenues as compared to the corresponding period last year. This resulted in Gross Profit and Operating Profit of Rs. 4,902 million and Rs. 1,365 million respectively as compared to a Gross Profit and Operating Profit of Rs. 1,291 million and Rs. 117 million respectively during corresponding period last year.

The Organization continues to face liquidity problems which resulted in increased borrowings pushing the finance cost up by 72%, rise in Interest rates also contributed to this increase. Due to devaluation of Pak Rupee during the period, Airline posted an Exchange loss of Rs. 20,933 million against Rs. 3,727 million during corresponding period last year. These two major factors contributed towards increase in the loss after taxation as compared to the same period of last year.

## **DIRECTORS' REPORT - FOR THE PERIOD ENDED MARCH 31, 2023**

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IATA's future outlook for the Aviation Industry indicates a strong growth in the year 2023 and it is expected that passenger numbers would significantly increase in 2023 as compared 2022.

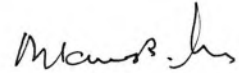
PIA Management is focusing on further enhancing the revenues by expanding the customer base of the Airline. Rigorous efforts are being made to explore new destinations and avenues to commence its operations, several new destinations were added during the period while frequencies were enhanced on high yield routes. Recent positive developments on account of revival of complete Hajj/Umrah operations with significantly relaxed travel restrictions after COVID-19 pandemic will result in better prospects for the National Carrier.

Although there has been an improvement in overall operating environment but it remained challenging for the airline, especially in the wake of significant increase in the fuel prices and devaluation of Pak Rupee. However, with the current revitalization plan being implemented across the Organization we are hopeful that, with support of our customers, dedication of our employees and continued support of shareholders as well as Government of Pakistan, we will emerge stronger for the better times ahead.

For and on behalf of the Board,



**AVM Muhammad Amir Hayat**  
**Acting Chief Executive Officer**



**Aslam R Khan**  
**Chairman**

**May 29, 2023**



UNCONSOLIDATED  
**FINANCIAL**  
STATEMENTS

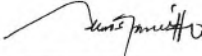


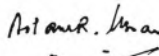
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)  
AS AT MARCH 31, 2023

		March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)	
Note		(Rupees in '000)		(US\$ in '000)		
<b>ASSETS</b>						
<b>NON-CURRENT ASSETS</b>						
	Property, plant and equipment	4	89,264,343	92,599,437	314,542	408,952
	Investment property		2,727,583	2,727,583	9,611	12,046
	Intangibles		257,902	283,552	909	1,252
	Long-term investments		4,561,743	4,704,588	16,074	20,777
	Long-term loan to subsidiaries		3,924,164	2,993,549	13,828	13,221
	Long-term deposits		4,177,879	2,299,607	14,722	10,156
			104,913,614	105,608,316	369,686	466,404
<b>CURRENT ASSETS</b>						
	Stores and spares		3,538,693	3,535,579	12,469	15,614
	Trade debts	5	28,442,021	20,527,777	100,221	90,658
	Advances		8,455,418	5,451,647	29,794	24,076
	Trade deposits and short-term prepayments		3,391,911	3,021,415	11,952	13,344
	Other receivables	6	8,110,885	7,421,067	28,580	32,774
	Cash and bank balances	7	4,095,930	9,408,610	14,433	41,552
			56,034,858	49,366,096	197,449	218,018
			160,948,468	154,974,413	567,136	684,422
<b>TOTAL ASSETS</b>						
<b>EQUITY AND LIABILITIES</b>						
<b>SHARE CAPITAL AND RESERVES</b>						
	Issued, subscribed and paid-up share capital		52,345,110	52,345,110	184,449	231,175
	Reserves		(688,051,977)	(651,151,056)	(2,424,495)	(2,875,717)
	Surplus on revaluation of property, plant & equipment - net		11,114,088	11,132,055	39,163	49,163
			(624,592,778)	(587,673,891)	(2,200,883)	(2,595,379)
<b>NON CURRENT LIABILITIES</b>						
	Long-term financing	8	279,674,528	289,391,057	985,492	1,278,055
	Lease liabilities	9	19,502,414	16,326,395	68,721	72,103
	Advances from subsidiaries		11,565,059	9,262,852	40,752	40,908
	Deferred liabilities		49,655,385	47,074,376	174,971	207,897
			360,397,386	362,054,680	1,269,936	1,598,963
<b>CURRENT LIABILITIES</b>						
	Trade and other payables	10	257,609,583	230,195,252	907,741	1,016,624
	Unclaimed dividend - Preference shares		3,297	3,297	12	15
	Accrued interest	11	58,176,447	50,002,025	204,997	220,827
	Taxation - net		3,064,638	2,629,942	10,799	11,615
	Short-term borrowings - secured	12	30,824,112	30,388,449	108,615	134,206
	Current maturity of non-current liabilities		75,465,783	67,374,659	265,919	297,551
			425,143,860	380,593,624	1,498,083	1,680,838
			785,541,246	742,648,304	2,768,019	3,279,801
			160,948,468	154,974,413	567,136	684,422
<b>TOTAL EQUITY AND LIABILITIES</b>						
<b>CONTINGENCIES AND COMMITMENTS</b>						
		13				

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

  
AVM Muhammad Amir Hayat  
Chief Executive Officer

  
Amos Nadeem  
Chief Financial Officer

  
Aslam R Khan  
Chairman-PIACL

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

Note	Three months period ended		Three months period ended		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
	(Rupees in '000)		(US\$ in '000)		
<b>Revenue - net</b>	14	59,058,308	34,514,306	231,500	191,751
<b>Cost of services</b>					
Aircraft fuel		(25,598,089)	(12,104,808)	(100,341)	(67,250)
Others	15	(28,558,019)	(21,118,049)	(111,943)	(117,325)
		(54,156,108)	(33,222,857)	(212,284)	(184,575)
<b>Gross Profit / (loss)</b>		4,902,200	1,291,449	19,216	7,176
Distribution costs		(1,991,675)	(1,393,838)	(7,807)	(7,744)
Administrative expenses		(1,753,061)	(1,447,494)	(6,872)	(8,042)
Other provisions and adjustments - net		(340,505)	(233,084)	(1,335)	(1,295)
Other income		548,253	1,899,992	2,149	10,556
		(3,536,988)	(1,174,424)	(13,865)	(6,525)
<b>Profit from operations</b>		1,365,212	117,025	5,351	651
Exchange (loss) / gain - net		(20,932,685)	(3,727,084)	(82,053)	(20,706)
<b>Loss before interest and taxation</b>		(19,567,473)	(3,610,059)	(76,702)	(20,055)
Finance costs	16	(16,764,429)	(9,725,958)	(65,714)	(54,034)
<b>Loss before taxation</b>		(36,331,902)	(13,336,017)	(142,416)	(74,089)
Taxation	17	(442,937)	(258,857)	(1,736)	(1,438)
<b>Net loss for the period</b>		(36,774,839)	(13,594,874)	(144,152)	(75,527)
		(Rupees)		(US\$)	
<b>Loss per share - basic and diluted</b>	18				
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each		(7.02)	(2.60)	(0.03)	(0.01)
'B' class ordinary shares of Rs. 5 each		(3.51)	(1.30)	(0.01)	(0.01)

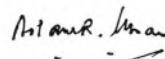
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AVM Muhammad Amir Hayat  
Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL

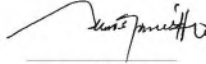
**PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED**  
**UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	Three months period ended		Three months period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	(Rupees in '000)		(US\$ in '000)	
Net loss for the period	(36,774,839)	(13,594,874)	(144,152)	(75,527)
<b>Other comprehensive income:</b>				
Items that will not be reclassified subsequently to unconsolidated statement of profit or loss				
Unrealised (loss) / gain on re-measurement of investments at FVOCI	(144,049)	29,912	(565)	166
<b>Total comprehensive loss for the period</b>	<b>(36,918,888)</b>	<b>(13,564,962)</b>	<b>(144,717)</b>	<b>(75,362)</b>

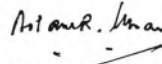
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Chief Executive Officer



**Amos Nadeem**  
Chief Financial Officer



**Aslam R Khan**  
Chairman-PIACL

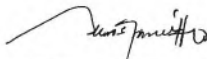
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Three months period ended		Three months period ended	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Note	(Rupees in '000)		(US\$ in '000)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
19	20,816,717	7,295,419	81,599	40,531
Cash generated from operations				
Profit on bank deposits received	55,880	33,825	219	188
Finance costs paid	(8,162,324)	(6,723,765)	(31,995)	(37,355)
Taxes paid	(8,241)	(45,180)	(32)	(251)
Staff retirement benefits paid	(797,053)	(587,826)	(3,124)	(3,266)
Long-term deposits and prepayments - net	(1,878,272)	(202,929)	(7,363)	(1,127)
<b>Net cash used in operating activities</b>	<b>10,026,707</b>	<b>(230,456)</b>	<b>39,304</b>	<b>(1,280)</b>
Proceeds from long-term financing				
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
	(282,408)	(700,243)	(1,107)	(3,890)
Purchase of property, plant and equipment				
Purchase of intangible assets	(774)	-	(3)	-
Disbursement of loan to a subsidiary	(930,615)	(93,176)	(3,648)	(518)
Proceeds from sale of property, plant and equipment	(28)	-	-	-
<b>Net cash used in investing activities</b>	<b>(1,213,825)</b>	<b>(793,419)</b>	<b>(4,758)</b>	<b>(4,408)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
	(12,540,764)	(9,807,026)	(49,158)	(54,485)
Repayment of long-term financing				
Proceeds from long-term financing	-	8,622,646	-	47,905
Repayment of lease liabilities	(2,701,724)	(1,654,906)	(10,590)	(9,194)
<b>Net cash generated from financing activities</b>	<b>(15,242,488)</b>	<b>(2,839,286)</b>	<b>(59,748)</b>	<b>(15,774)</b>
<b>Decrease in cash and cash equivalents</b>	<b>(6,429,607)</b>	<b>(3,863,160)</b>	<b>(25,203)</b>	<b>(21,462)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>9,561,425</b>	<b>11,775,843</b>	<b>37,479</b>	<b>65,423</b>
<b>Cash and cash equivalents at end of the period</b>	<b>3,131,818</b>	<b>7,912,683</b>	<b>12,276</b>	<b>43,960</b>
<b>Cash and cash equivalents</b>				
Short-term investments	-	19,220	-	107
Cash and bank balances	7	4,095,930	9,579,943	16,055
Running finance under mark-up arrangements	12	(964,112)	(1,686,480)	(3,779)
		3,131,818	7,912,683	12,276
				43,960

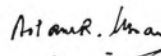
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AVM Muhammad Amir Hayat  
Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

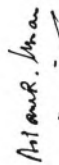
Share Capital	Capital Reserves				Reserves			Other component of equity		Surplus on revaluation of property, plant & equipment	Total
	Reserve for replacement of fixed assets	Capital redemption reserve fund	General capital reserve	General reserve	Accumulated loss	Unrealised gain on remeasurement of investments at FVOCI	Actuarial gain / (loss) on defined benefit plan				
								(Rupees in '000)			
52,345,110	1,966,779	250,000	284,259	1,779,674	(562,037,455)	257,658	(3,271,464)	10,991,836	(497,463,603)		
-	-	-	-	-	(13,594,874)	29,912	-	-	-	(13,594,874)	
-	-	-	-	-	(13,594,874)	29,912	-	-	-	(13,564,962)	
-	-	-	-	-	19,383	-	-	-	(19,383)	-	
<u>52,345,110</u>	<u>1,966,779</u>	<u>250,000</u>	<u>284,259</u>	<u>1,779,674</u>	<u>(575,612,946)</u>	<u>287,570</u>	<u>(3,271,464)</u>	<u>10,942,453</u>	<u>(511,028,465)</u>		
Loss for the period	-	-	-	-	-	-	-	-	-	-	
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2022	-	-	-	-	-	-	-	-	-	-	
Balance as at January 01, 2023	-	-	-	-	-	-	-	-	-	-	
Loss for the period	-	-	-	-	-	-	-	-	-	-	
Other comprehensive loss for the period	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income / (loss)	-	-	-	-	-	-	-	-	-	-	
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	-	-	-	-	-	
Balance as at March 31, 2023	52,345,110	1,966,779	250,000	284,259	1,779,674	(686,730,550)	134,382	(5,736,521)	11,114,988	(624,592,778)	



AVM Muhammad Amir Hoyal  
Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL

**PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED**  
**NOTES TO AND FORMING PART OF THE UNCONSOLIDATED**  
**CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

**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. The head office of the Company is situated at PIA Building, Jinnah International Airport, Karachi.

- 1.2 During the current period, the Company incurred a net loss of Rs. 36,774.839 million (March 31, 2022: Rs. 13,594.874 million) resulting in accumulated losses of Rs. 686,730.550 million as of March 31, 2023 (December 31, 2022: Rs. 649,973.678 million). Further, as of March 31, 2023 current liabilities of the Company exceeded its current assets by Rs. 369,109.002 million (December 31, 2022: Rs. 331,227.528 million).

In view of the situation described above, the management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, 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 condensed interim 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;
  - approval for extension of repayment period of the term finance certificates;
  - provision of funds for acquisition of narrow body aircraft on dry lease; and
  - reimbursement of financial charges on term finance and sukuk certificates.
- b) On December 30, 2017 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 (July - September 2022), Rs. 16,768 million, Rs. 28,263 million, Rs. 19,072 million, Rs. 21,850 million and Rs. 3,422 million respectively have been provided by the GoP in respect of markup support.
- c) On April 4, 2019 in a meeting with the GoP, the Company presented its strategic business plan 2019-23 which was approved and during that meeting GoP assured full support to the Company in terms of provision of funds / equity in order to increase its potential to compete in the aviation market.
- d) Further, through a letter dated March 04, 2020, GoP through ministry of finance has reiterated its maximum support to maintain the Company as going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.
- e) Subsequent to the period, through a letter dated April 19, 2023, GoP, through ministry of finance has reiterated its maximum support to maintain the Company as going concern in the foreseeable future. In addition, through letter dated April 24, 2020, GoP has also extended its further support for the situation arising due to COVID-19.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 (the Act); and
- Provisions of and directives issued under the Companies Act, 2017.

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

These are separate unconsolidated condensed interim financial statements of the Company in which investment in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Further, the Company also prepares consolidated interim financial information incorporating the financial results of its subsidiaries.

### 2.2 Basis of measurement

These unconsolidated condensed interim financial statements have been prepared under the historical cost convention except that:

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

### 2.3 Functional and presentation currency

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

The US Dollar (\$) amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of these unconsolidated condensed interim financial statements. The US Dollar (\$) amounts in the unconsolidated condensed interim statement of financial position have been translated into US Dollar (\$) at the rate of Rs. 283.7919 = US\$ 1 (December 31, 2022: Rs. 226.4309 = US\$ 1) and in the unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been translated into US Dollar (\$) at the average rate of Rs. 255.1114 = US\$ 1 (March 31, 2022: Rs. 179.9959 = US\$ 1).

## 3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended December 31, 2022.

### 3.2 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, 2023 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 condensed interim financial statements.

### 3.3 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 standards will not have any material impact on the future financial statements of company.





		March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>5 TRADE DEBTS</b>			
<b>Considered good</b>			
Due from Government		5,727,969	4,912,551
Due from other customers		22,714,052	15,615,226
		<u>28,442,021</u>	<u>20,527,777</u>
<b>Considered doubtful</b>			
Government related		337,109	337,109
Other customers		4,733,438	4,733,438
Less: Allowance for expected credit loss		(5,070,547)	(5,070,547)
		<u>-</u>	<u>-</u>
		<u>28,442,021</u>	<u>20,527,777</u>
<b>6. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
<b>Related parties</b>			
Sales tax receivable	6.1	4,745,637	4,745,637
Excise duty		100,000	100,000
PIA Investments Limited		405,530	282,065
Receivable from GoP		211,985	172,643
Receivable from NICL		-	9,032
		<u>5,463,152</u>	<u>5,309,377</u>
<b>Other than related parties</b>			
Others		2,647,733	2,111,690
<b>Considered doubtful</b>		(930,678)	(930,678)
Less: Provision for impairment against doubtful other receivables		930,678	930,678
		<u>-</u>	<u>-</u>
		<u>8,110,885</u>	<u>7,421,067</u>

- 6.1 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.

		March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>7 CASH AND BANK BALANCES</b>			
Cash In hand		2,841	935
With banks:			
- in current accounts	7.1	2,507,363	4,888,221
- in deposit accounts	7.2 & 7.3	1,585,726	4,519,454
		<u>4,093,089</u>	<u>9,407,675</u>
		<u>4,095,930</u>	<u>9,408,610</u>

7.1 This has been adjusted by an aggregate amount of Rs. 694.683 million (December 31, 2022: Rs. 1,954.179 million), representing book overdrafts.

7.2 These carry interest ranging from 0.5% to 12.43% (December 31, 2022: 0.5% to 12.43%) per annum.

7.3 This includes a bank balance of BDT 672.247 million (December 31, 2022: BDT 676.077 million) equivalent to Rs. 1,519,064 million (December 31, 2022: Rs. 1,519.164 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.

		March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
<b>8. LONG-TERM FINANCING</b>			
Borrowings	8.1	275,100,694	284,011,629
Sukuk certificates		4,573,834	5,379,427
		<u>279,674,528</u>	<u>289,391,057</u>
<b>8.1 Borrowings</b>			
Balance at beginning of the period / year		345,259,570	318,647,418
Financing obtained during the period / year		-	54,817,867
Repayments made during the period / year		(12,540,764)	(42,237,512)
Amortization of arrangement fee		628,249	42,609
Exchange loss		11,260,216	13,989,188
		<u>344,607,272</u>	<u>345,259,570</u>
Less: Current maturity		(69,506,578)	(61,247,941)
Balance at end of the period / year		<u>275,100,694</u>	<u>284,011,629</u>

		March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
		----- (Rupees in '000) -----	
<b>9. LEASE LIABILITIES</b>			
<b>Present value of minimum lease payments</b>			
- Aircraft fleet including engines		24,546,694	21,555,475
- Buildings		432,095	593,975
- Technical ground equipment		9,913	8,090
		<u>24,988,702</u>	<u>22,157,540</u>
Less: Current maturity		(5,486,288)	(5,831,145)
		<u>19,502,414</u>	<u>16,326,395</u>

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	----- (Rupees in '000) -----	
<b>10. TRADE AND OTHER PAYABLES</b>		
<b>Trade creditors</b>		
Goods	30,249,533	26,082,039
Services	33,548,644	28,849,641
Airport related charges	62,270,024	56,250,988
	<u>126,068,201</u>	<u>111,182,668</u>
<b>Others</b>		
Accrued liabilities	8,353,861	7,685,401
Employees VSS obligations	5,277	5,277
Advance against transportation (unearned revenue)	24,435,397	19,601,459
Obligation for compensated absences	7,869,977	7,551,622
Unredeemed frequent flyer liabilities	358,400	358,400
Advances from customers	3,973,341	1,452,006
Employees Provident Fund	1,652,226	1,213,527
Collection on behalf of others	67,444,498	64,891,207
Customs, federal excise duty and sales tax	2,181,312	2,354,437
Federal excise duty - International travel	12,087,898	11,344,252
Income tax deducted at source	2,535,813	2,088,273
Short term deposits	643,382	466,723
	<u>257,609,583</u>	<u>230,195,252</u>

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

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
<b>11. ACCRUED INTEREST</b>		
Long-term financing	43,758,482	37,685,600
Short-term borrowings	2,619,589	1,331,595
Provident fund	8,704,643	8,653,841
Advance from PIAIL	3,093,733	2,330,989
	<u>58,176,447</u>	<u>50,002,025</u>
<b>12. SHORT-TERM BORROWINGS - SECURED</b>		
Short-term loans	29,860,000	29,860,000
Running finance under mark-up arrangements	964,112	528,449
	<u>30,824,112</u>	<u>30,388,449</u>

### 13. CONTINGENCIES AND COMMITMENTS

#### 13.1 Contingencies

There has been no material change in the status of contingencies as disclosed in note 30 to the unconsolidated financial statements for the year ended December 31, 2022.

#### 13.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 8.045 million (December 31, 2022: Rs. 28.494 million).
- b) Outstanding letters of guarantee amounted to Rs. 365.409 million (December 31, 2022: Rs. 312.301 million).

- e) In 2012, the Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527.904 million ( December 31, 2022: US\$ 1,527.904 million) equivalent to Rs. 433,606.779 million (December 31, 2022 Rs. 345,964.678 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

Three months period ended	
March 31, 2023	March 31, 2022
(Un-Audited)	
(Rupees in '000)	

**14. REVENUE - NET**

Passenger	54,456,160	30,835,289
Cargo	1,308,137	1,242,776
Charter services	1,281,004	615,627
Others	2,013,007	1,820,614
	<u>59,058,308</u>	<u>34,514,306</u>

Three months period ended	
March 31, 2023	March 31, 2022
(Un-Audited)	
(Rupees in '000)	

**15. COST OF SERVICES - OTHERS**

Salaries, wages and allowances	3,342,289	2,741,418
Welfare and social security costs	325,051	267,900
Retirement benefits	926,749	698,774
Compensated absences	232,855	123,715
Legal and professional charges	7,841	9,574
Stores and spares consumed	649,640	285,937
Maintenance and overhaul	3,900,009	3,135,074
Flight equipment rental	3,021,993	1,578,015
Aircraft Charter	-	2,151,950
Landing and handling	7,894,499	4,181,097
Passenger services	876,487	417,756
Crew layover	754,038	387,775
Staff training	9,471	5,952
Utilities	11,564	9,407
Communication	856,542	493,686
Insurance	1,460,679	1,067,767
Rent, rates and taxes	401,600	216,534
Printing and stationery	26,295	28,767
Depreciation	3,609,356	3,083,541
Amortisation on intangibles	2,112	1,749
Others	248,949	231,661
	<u>28,558,019</u>	<u>21,118,049</u>

Three months period ended	
March 31, 2023	March 31, 2022
(Un-Audited)	
(Rupees in '000)	

**16. FINANCE COSTS**

Mark-up / profit / interest on :		
long-term financing	14,684,701	8,445,347
short-term borrowings	1,390,047	899,138
advance from PIAIL	152,877	33,751
lease liabilities	427,683	245,246
discounting on deposits	61,594	48,627
Agency and commitment fee	(857)	43,157
Bank and other charges	48,382	10,693
	<u>16,764,429</u>	<u>9,725,958</u>

**Three months period ended**  
**March 31,                      March 31,**  
**2023                                      2022**

(Un-Audited)

(Rupees in '000)

**17. TAXATION**

	442,937	258,857
--	---------	---------

17.1 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.

17.2 There has been no material change in the status of tax contingencies as disclosed in note 30 to the unconsolidated financial statements for the year ended December 31, 2022.

**Three months period ended**  
**March 31,                      March 31,**  
**2023                                      2022**

(Un-Audited)

(Rupees in '000)

**18. LOSS PER SHARE - BASIC AND DILUTED**

Loss for the period	(36,774,839)	(13,594,874)
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)	(7.02)	(2.60)
'B' class ordinary share (Rupees)	(3.51)	(1.30)

**Three months period ended**  
**March 31,                      March 31,**  
**2023                                      2022**

(Un-Audited)

(Rupees in '000)

**19. CASH GENERATED FROM OPERATIONS**

Loss before taxation	(36,331,902)	(13,336,017)
Adjustments for:		
Depreciation	3,617,531	3,088,514
Gain on disposal of property, plant and equipment	28	-
Amortisation of intangibles	26,398	21,860
Provision for slow moving stores and spares	113,648	-
Provision for employee benefits	1,941,981	1,413,535
Provision for redelivery cost	1,754,436	-
Finance cost	16,764,429	9,725,958
Unrealised exchange loss	17,985,162	3,272,939
Profit on bank deposits	(55,880)	(33,825)
Working capital changes	5,815,831	4,152,964
(Increase) / decrease in stores and spares	(116,762)	(80,554)
(Increase) in trade debts	(7,914,244)	(5,975,773)
(Increase) / decrease in advances	(3,003,771)	(1,119,242)
(Increase) in trade deposits and prepayments	(370,495)	(487,894)
(Increase) / decrease in other receivables	(689,818)	(546,047)
Increase in trade and other payables	27,095,976	11,351,965
	15,000,886	3,142,455
	20,816,717	7,295,419

## 20. TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Relationship
Government of Pakistan	Major Shareholder (92% share)
PIA Investments Limited PIAIL	Subsidiary
Skyrooms (Private) Limited	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	Subsidiary
Minhal France S.A	Sub - Subsidiary
Al-Shifa Trust	CSR Setup
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
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
Nausherwan Adil	Key management personnel
AVM Irfan Zaheer	Key management personnel
AVM Syed Hasan Kashif	Key management personnel
Khalid Muhammad	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 Asif Gilani	Key management personnel

20.2 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	Three months period ended	
		March 31, 2023	March 31, 2022
		----- (Un-Audited) -----	
		----- (Rupees in '000) -----	
Skyrooms (Private) Limited	Payments made against in-transit passengers	8,670	16,469
	Reimbursement of expenses	230,100	188,634
PIA Investments Limited	Markup expense on advance	152,877	33,751
	Markup income on advance	160,963	23,321
Retirement benefit funds	Contribution to provident fund and others	548,314	511,559
	Interest on overdue balance of provident fund	54,197	277,893
Al-shifa Trust	Donation	700	350
Pakistan State Oil	Purchase of fuel	14,642,629	7,154,832
	Late Payment Interest	226,793	233,832
Civil Aviation Authority	Airport related charges	6,642,283	3,537,583
National Insurance Company Limited	Insurance premium	1,459,851	1,067,160
National Bank of Pakistan	Finance costs	1,962,770	1,160,525
Government of Pakistan	Finance costs	4,406,385	2,003,751
Key Management Personnel	Salaries, wages and other benefits	26,831	34,792

## 21. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 21.1 Financial risk factors

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.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2022. There have been no changes in any risk management policies since the year end.

### 21.2 Fair value estimation

As at March 31, 2023 all the Company's assets and liabilities are carried at cost except for those mentioned below:

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

The Company's investment property are stated at revalued amounts

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

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

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

## 22. GENERAL

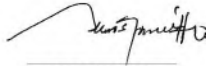
All figures have been rounded off to the nearest thousand Pakistan Rupees unless otherwise stated.

## 23. AUTHORISATION OF FINANCIAL STATEMENTS

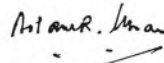
These unconsolidated condensed interim financial statements were authorised for issue by the Board of Directors in their meeting held on 29th May, 2023.



AVM Muhammad Amir Hayat  
Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL



CONSOLIDATED  
**FINANCIAL**  
STATEMENTS

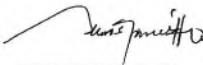


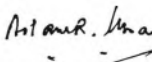
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT MARCH 31, 2023

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	Rupees in '000		US\$ in '000	
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
<b>Fixed assets</b>				
Property, plant and equipment	4 159,615,617	161,565,679	562,439	713,532
Investment Property	92,794,617	92,794,619	326,981	409,814
Intangibles	7,634,852	7,064,576	26,902	33,850
	<u>260,044,886</u>	<u>262,024,874</u>	<u>916,322</u>	<u>1,157,196</u>
Long-term investments	48,737	431,391	172	1,905
Receivable in respect of Centre Hotel	1,710,507	1,710,507	6,027	7,554
Long-term loans and advances	-	603	-	3
Derivative	214,817	210,689	757	930
Long-term deposits and prepayments	4,514,523	2,634,857	15,908	11,636
<b>Total non-current assets</b>	<u>266,533,471</u>	<u>267,012,921</u>	<u>939,186</u>	<u>1,179,224</u>
<b>CURRENT ASSETS</b>				
Stores and spares	3,593,786	3,578,798	12,663	15,805
Trade debts	28,680,988	20,960,178	101,063	92,568
Short-term loans and advances	12,671,663	5,482,828	44,651	24,258
Trade deposits and prepayments	3,830,976	3,768,912	13,499	16,645
Other receivables	8,024,210	7,041,841	28,275	31,099
Cash and bank balances	8,006,157	13,409,820	30,326	59,222
<b>Total Current assets</b>	<u>65,407,780</u>	<u>54,252,176</u>	<u>230,477</u>	<u>239,597</u>
<b>TOTAL ASSETS</b>	<u>331,941,252</u>	<u>321,265,096</u>	<u>1,169,663</u>	<u>1,418,820</u>
<b>EQUITY AND LIABILITIES</b>				
<b>SHARE CAPITAL AND RESERVES</b>				
Issued, subscribed and paid-up share capital	52,345,110	52,345,110	184,449	231,175
Reserves	(675,112,988)	(640,907,533)	(2,378,902)	(2,830,477)
Surplus on revaluation of property, plant and equipment - net	97,169,847	93,752,856	342,398	414,046
Attributable to the Holding Company's shareholders	(525,598,031)	(494,809,567)	(1,852,055)	(2,185,256)
Non-controlling interest	4,972,936	4,813,904	17,523	21,280
<b>TOTAL EQUITY</b>	<u>(520,625,095)</u>	<u>(489,995,663)</u>	<u>(1,834,532)</u>	<u>(2,163,996)</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term financing	317,100,690	326,952,669	1,117,370	1,443,940
Lease Liabilities	19,502,413	16,326,395	68,721	72,103
Long-term advances and deposits	161,505	161,505	569	713
Deferred taxation	29,826,260	29,854,645	105,099	131,849
Deferred liabilities	53,650,585	51,044,303	189,049	225,340
<b>Total Non current liabilities</b>	<u>420,241,455</u>	<u>424,339,517</u>	<u>1,480,808</u>	<u>1,874,035</u>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	266,387,969	236,739,480	938,674	1,045,526
Unclaimed dividend - Preference shares	3,297	3,297	12	15
Accrued interest	55,879,380	49,111,544	196,903	216,894
Provision for taxation	2,922,012	2,629,942	10,296	11,615
Short-term borrowings	30,824,112	30,388,449	108,615	134,206
Current maturities of non - current liabilities	76,308,122	68,048,530	268,888	300,527
<b>Total current liabilities</b>	<u>432,324,892</u>	<u>386,921,242</u>	<u>1,523,388</u>	<u>1,708,782</u>
<b>TOTAL LIABILITIES</b>	<u>852,566,347</u>	<u>811,260,759</u>	<u>3,004,196</u>	<u>3,582,817</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>331,941,252</u>	<u>321,265,096</u>	<u>1,169,663</u>	<u>1,418,820</u>
<b>CONTINGENCIES AND COMMITMENTS</b>				
13				

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

  
AVM Muhammad Amir Hayat  
Chief Executive Officer

  
Amos Nadeem  
Chief Financial Officer

  
Aslam R Khan  
Chairman-PIACL

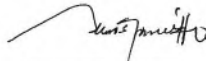
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Note	Three months period ended		Three months period ended	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
		Rupees in '000		US\$ in '000	
<b>REVENUE - NET</b>	14	61,308,146	35,390,530	240,319	196,619
<b>COST OF SERVICES</b>					
Aircraft fuel		(25,598,089)	(12,104,808)	(100,341)	(67,250)
Others	15	(29,094,382)	(21,525,880)	(114,046)	(119,591)
		(54,692,471)	(33,630,688)	(214,387)	(186,841)
<b>GROSS PROFIT</b>		6,615,675	1,759,841	25,932	9,778
Distribution costs		(1,991,675)	(1,393,838)	(7,807)	(7,744)
Administrative expenses		(4,307,744)	(2,844,079)	(16,886)	(15,801)
Other provisions and adjustments		(340,505)	(233,084)	(1,335)	(1,295)
Other income		791,417	1,971,524	3,102	10,953
		(5,848,507)	(2,499,477)	(22,926)	(13,886)
<b>PROFIT/(LOSS) FROM OPERATIONS</b>		767,168	(739,636)	3,006	(4,108)
Exchange Loss - net		(20,931,923)	(3,726,322)	(96,695)	(50,309)
<b>LOSS BEFORE INTEREST AND TAXATION</b>		(20,164,755)	(4,465,957)	(93,689)	(54,417)
Finance costs	16	(17,458,464)	(9,726,102)	(68,435)	(54,035)
<b>LOSS BEFORE TAXATION</b>		(37,623,218)	(14,192,057)	(162,124)	(108,452)
Taxation	17	(383,067)	(156,841)	(1,502)	(871)
<b>LOSS FOR THE PERIOD</b>		<u>(38,006,286)</u>	<u>(14,348,899)</u>	<u>(163,626)</u>	<u>(79,718)</u>
Attributable to:					
Equity holders of the Holding Company		(38,015,114)	(14,347,656)	(163,661)	(79,711)
Non-controlling interest		8,828	(1,243)	35	(7)
		<u>(38,006,286)</u>	<u>(14,348,899)</u>	<u>(163,626)</u>	<u>(79,718)</u>
<b>LOSS PER SHARE - BASIC AND DILUTED</b>	18	Rupees		US\$	
Loss attributable to:					
- 'A' class Ordinary shares of Rs 10 each		<u>(7.26)</u>	<u>(2.74)</u>	<u>(0.03)</u>	<u>(0.02)</u>
- 'B' class Ordinary shares of Rs 5 each		<u>(3.63)</u>	<u>(1.37)</u>	<u>(0.01)</u>	<u>(0.01)</u>

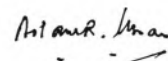
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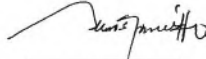
**PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED**  
**CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023**

	<u>Three months period ended</u>	
	<u>March 31,</u> <u>2023</u>	<u>March 31,</u> <u>2022</u>
	-----Rupees in '000-----	
Loss for the period	(38,006,286)	(14,348,899)
<b>Other comprehensive income</b>		
Loss on re-measurement of derivative - net of tax		
Exchange differences on translation of foreign operations	3,782,885	1,252,337
Total comprehensive income	<u>(34,223,401)</u>	<u>(13,096,563)</u>
Attributable to:		
Equity holders of the Holding Company	(34,064,369)	(13,215,028)
Non-controlling interest	(159,032)	118,466
	<u>(34,223,401)</u>	<u>(13,096,563)</u>

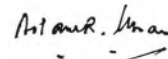
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Amos Nadeem  
Chief Financial Officer



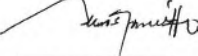
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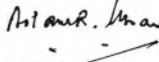
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

Note	Three months period ended		Three months period ended		
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	
		Rupees in '000		US\$ in '000	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
	19	20,913,533	6,894,440	81,978	38,303
Cash generated from operations		55,880	33,825	219	188
Profit on bank deposits received		(8,718,409)	(6,805,031)	(34,174)	(37,807)
Finance costs paid		(8,241)	(45,180)	(32)	(251)
Taxes paid		(797,053)	(587,826)	(3,124)	(3,266)
Staff retirement benefits paid		(1,878,272)	(202,929)	(7,362)	(1,127)
Long-term deposits and prepayments - net		9,567,438	(712,701)	37,505	(3,960)
<b>Net cash (used in) / generated from operating activities</b>					
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Purchase of property, plant and equipment		(315,954)	(723,912)	(1,238)	(4,022)
Purchase of Intangibles		(774)	-	(3)	-
Proceeds from sale of property, plant and equipment		(28)			
Restricted Cash		(11,457)	1,647	(45)	9
<b>Net cash used in investing activities</b>		(328,240)	(722,265)	(1,286)	(4,013)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Repayment of long-term financing		(12,540,764)	(10,274,372)	(49,158)	(57,081)
Proceeds from long-term financing		37,197	8,737,632	146	48,544
Repayment of lease liabilities		(2,701,724)	(1,654,906)	(10,590)	(9,194)
<b>Net cash generated from financing activities</b>		(15,205,291)	(3,191,646)	(59,602)	(17,731)
<b>Increase in cash and cash equivalents</b>		(5,966,094)	(4,626,612)	(23,383)	(25,703)
Cash and cash equivalents at the beginning of the period		13,949,946	13,310,023	54,682	73,946
Currency translation		-	1,056,624	-	5,870
Effect of exchange rate fluctuations on cash held		(341,808)	(256,209)	(1,340)	(1,423)
Cash and cash equivalents at the end of the period		7,642,045	9,483,827	29,956	52,689
<b>Cash and Cash equivalents</b>					
Short-term investment		-	19,220	-	107
Cash and bank balances	7	8,606,157	11,151,087	33,735	61,952
Running finance under mark-up arrangements		(964,112)	(1,686,480)	(3,779)	(9,370)
		7,642,045	9,483,827	29,956	52,689

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

  
**AVM Muhammad Amir Hayat**  
Chief Executive Officer

  
**Amos Nadeem**  
Chief Financial Officer

  
**Aslam R Khan**  
Chairman-PIACL

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED  
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2023

	Share Capital	Reserve for replacement of fixed assets	Capital redemption reserve fund	General capital reserve	Legal reserve	Hedging reserve	General reserve	Accumulated loss	Foreign currency translation	Unrealised gain on re-measurement of investment at FVOCI	Actuarial gain / (loss) on defined benefit plan	Surplus on revaluation of property, plant and equipment - net	Non-controlling interest	Total
Balance as at January 01, 2022	52,345,110	1,966,779	250,000	284,259	60,136	(71,670)	1,779,674	(966,421,657)	9,177,593	257,658	(3,271,464)	86,985,953	3,806,633	(416,051,676)
Total comprehensive income for the period:														
- Loss for the period	-	-	-	-	-	-	-	(14,347,656)	-	-	-	-	(1,243)	(14,348,900)
- Currency translation differences for the period	-	-	-	-	-	(75,231)	-	1,056,624	1,131,855	-	-	(8,854,590)	120,461	(7,222,735)
- Unrealised gain on re-measurement of investments	-	-	-	-	-	-	-	-	-	-	-	-	(772)	(772)
Total comprehensive income for the period transferred to equity	-	-	-	-	-	(75,231)	-	(13,291,032)	1,131,855	-	-	(8,854,590)	118,466	(15,970,532)
Surplus on revaluation of property, plant and equipment realised during the quarter ended March 31, 2021 on account of dilution interest / written off disposed off - net of tax.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid to Non - controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2022	52,345,110	1,966,779	250,000	284,259	60,136	(146,901)	1,779,674	(578,712,089)	10,309,359	257,659	(3,271,464)	77,130,773	3,724,299	(434,022,409)
Balance as at January 01, 2023	52,345,110	1,966,779	250,000	284,259	77,142	144,886	1,779,674	(662,132,656)	12,180,364	278,431	(5,736,521)	93,752,856	4,813,504	(489,995,663)
Total comprehensive income for the period:														
- Loss for the period	-	-	-	-	-	-	-	(38,008,286)	-	-	-	-	8,628	(37,997,438)
Surplus arise on operating fixed assets during the period - net of tax	-	-	-	-	-	144,028	-	-	3,762,865	-	-	4,147,911	190,204	4,147,911
- Currency translation differences	-	-	-	-	-	-	-	-	-	(144,549)	-	-	-	(144,549)
- Other comprehensive income / (loss)	-	-	-	-	-	144,028	-	(38,008,286)	3,762,865	(144,046)	-	-	169,032	(29,116,479)
Surplus on revaluation of property, plant and equipment realised during the quarter ended March 31, 2023 on account of dilution interest / written off disposed off - net of tax.	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	52,345,110	1,966,779	250,000	284,259	77,142	288,923	1,779,674	(690,120,875)	15,953,249	134,382	(6,756,621)	97,169,847	4,972,936	(529,695,695)

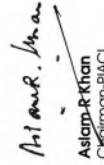
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Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL

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 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, 2018, the Holding Company 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 was entitled were transferred to the Holding Company and the Holding Company has assumed all liabilities and obligations of the Holding Company. 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.

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

Business Unit	Geographical Location
Head Office	PIA Head Office, Old Terminal, Karachi

Regional sales offices are located across the country and overseas the details of which is impracticable to disclose in this Consolidated condensed interim financial information 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 and is currently registered in British Virgin Islands. During 1986 PIAIL was registered under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act, (2012) as a Holding Company limited by shares. The principal activities are to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world. The Holding Company's controlling interest in PIAIL is 100% (December 2016: 100%). The registered office of PIAIL is situated at Citco Building, Wickham Cay, Road Town, Tortola, British Virgin Islands.

Following are the details of PIAIL's subsidiaries:

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

Note (A): Roosevelt Hotel 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 the outstanding loans, RHC transferred the net operating assets of the Roosevelt Hotel to RHC Operating LLC.

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

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

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

PIAIL has been Consolidated in these Consolidated condensed financial information on the basis of its Consolidated financial statements for the year ended March 31, 2022

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited holding Holding Company under the Companies Act, 1913 (now repealed Companies Ordinance, 1984). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been Consolidated on the basis of its management accounts for the year ended December 31, 2021 as the same is not considered to be material to these Consolidated condensed interim financial information.

Sabre Travel Network Pakistan (Private) Limited (Sabre) was incorporated in Pakistan on October 12, 2004 as a private 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's controlling interest in Sabre is 70%. Sabre has been Consolidated on the basis of its unaudited financial statements for the year ended December 31, 2021 as the same is not considered material to these Consolidated condensed interim financial information.

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

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

#### Associate

Minhal Incorporated (Minhal), Sharjah was incorporated on January 1, 1977 in Sharjah, United Arab Emirates as a limited liability 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's interest in Minhal is 40%.

- 1.3 During the current period, the Company incurred a net loss of Rs. 38,006,288 million (March 31, 2022: Rs. 14,348,899 million) resulting in accumulated losses of Rs. 690,120,875 million as of March 31, 2023 (December 31, 2022: Rs. 652,132,556 million). Further, as of March 31, 2023, current liabilities of the Company exceeded its current assets by Rs. 366,917,112 million (December 31, 2022: Rs. 332,669,067 million).

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

- a) GoP, being the major shareholder of the Holding Company, through its Finance Division's letter dated September 02, 2008 communicated that it would extend all maximum support to maintain the Holding Company's going concern status. Since then it has been extending support to the Holding Company through following measures to ensure that the Holding Company continues and sustains in the long term as a viable business entity:
- long-term financing to meet working capital requirements of the Holding Company;
  - issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Company to raise / rollover funds;
  - approval for extending repayment period of the term finance certificates;
  - provided funds for acquisition of narrow body aircraft on dry lease; and
  - reimbursement of financial charges on term finance and sukuk certificates.



- b) On December 30, 2017, it was agreed by GoP that mark-up support would be provided on GoP guaranteed loans for five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19 and 2019-20, Rs. 16,768 million and Rs. 28,263 million (till March 2020) respectively have been provided by the GoP in respect of markup support. Furthermore, during fiscal year 2020-21 (till March 2021), the GoP has provided Rs. 11,794.317 million in respect of markup support.
- c) On April 4, 2019 in another meeting, the Holding Company presented its strategic business plan 2019-23 which was approved and during that meeting GoP assured full support to the Holding Company in terms of provision of funds / equity in order to increase its potential to compete in the Aviation market.
- d) Further, through a letter dated March 04, 2020, GoP through ministry of finance has re-iterated its maximum support to maintain the Holding Company's going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.
- e) Subsequent to the period, through a letter dated April 19, 2023, GoP through ministry of finance has re-iterated its maximum support to maintain going concern status of the Holding Company in the foreseeable future. In addition, through letter dated April 24, 2020, GoP also extended its further support during COVID-19 times.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

- 2.2 This Consolidated condensed interim financial information does not include all the information and disclosures required in the annual financial statements, and, therefore, should be read in conjunction with the Holding Company's annual Consolidated financial statements for the year ended December 31, 2021.

### 2.3 Functional and presentation currency

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

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

- 2.4 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. 283.7919 = US\$ 1 (2022: Rs. 226.4309 = 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.255.1114 = US\$ 1 (2022: Rs. 179.9959 = US\$ 1).

## 3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted in the preparation of the consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Holding Company for the year ended December 31, 2022.

### 3.2 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, 2023 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 condensed interim financial statements.

### 3.3 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 standards will not have any material impact on the future financial statements of company.

### 3.4 Accounting estimates and judgements

Estimates and judgements made by the management in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the unconsolidated annual financial statements of the Company for the year ended December 31, 2022.

		March 31, 2023	December 31, 2022
	Note	(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
<b>4 PROPERTY, PLANT AND EQUIPMENT</b>			
Owned	4.1	137,912,666	138,147,855
Right of use assets		21,219,243	23,021,349
Capital work-in-progress		483,688	396,475
		<u>159,615,617</u>	<u>161,565,679</u>

#### 4.1

Include herein are the following additions / transfer and deletion during current period:

		Three months period ended	
		March 31, 2023	March 31, 2022
		(Un-Audited)	(Un-Audited)
		----- Rupees in '000 -----	
<b>4.1.1 Owned</b>			
<b>Addition</b>			
Building owned Renovation and Improvements		804	-
Engineering equipment and tools		7,155	701
Furniture, fixtures and fittings		15,326	1,642
Office equipment		11,001	24,804
Computer and office automation		34,391	45,757
Intangibles		774	-
Capital Spares		124,966	72,379
		<u>194,417</u>	<u>145,283</u>
<b>4.1.2 Capital work in progress</b>			
Additions during the period		88,766	554,960
Transferred to operating assets		-	-
		<u>88,766</u>	<u>554,960</u>
<b>4.2 Depreciation charge for the period has been allocated as under:</b>			
Cost of services - others		3,785,814	3,256,187
Administrative expenses		3,233	237,030
Distribution costs		4,969	1,956
		<u>3,794,015</u>	<u>3,495,173</u>

**5 TRADE DEBTS**

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
<b>Considered good</b>		
Due from Government	5,727,969	16,047,626
Due from other customers	<u>22,953,019</u>	<u>4,912,550</u>
	<u>28,680,988</u>	<u>20,960,176</u>
<b>Considered doubtful</b>		
Government related	643,697	643,697
Other customers	<u>4,423,250</u>	<u>4,846,511</u>
	<u>5,066,947</u>	<u>5,490,208</u>
Less: provision for impairment against doubtful debts	<u>(5,066,947)</u>	<u>(5,490,208)</u>
	-	-
	<u>28,680,988</u>	<u>20,960,176</u>

**6 OTHER RECEIVABLES**

**Considered good**

Claims receivable

6.1

-

9,032

Excise duty

100,000

100,000

Sales tax receivable

6.2

4,745,637

4,745,637

Receivable from GoP

211,985

172,643

5,463,152

5,027,312

**- other than related parties**

Rental income

-

18,143

Others

2,561,058

1,996,386

8,024,210

7,041,841

**Considered doubtful**

Less: provision for doubtful other receivables

450,562

930,678

(450,562)

(930,678)

8,024,210

7,041,841

- 6.1 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)].
- 6.2 The Holding 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.

	March 31, 2023 (Un-Audited) ----- Rupees in '000 -----	December 31, 2022 (Audited)
<b>7 CASH AND BANK BALANCES</b>		
<b>Cash</b>		
In hand	4,015	11,246
In transit	-	73,804
	<u>4,015</u>	<u>85,050</u>
<b>With banks:</b>		
Restricted cash	-	-
- in current accounts	5,435,191	8,709,081
- in savings accounts	3,166,951	4,615,489
	<u>8,602,142</u>	<u>13,324,570</u>
	<u>8,606,157</u>	<u>13,409,620</u>

7.1 This has been adjusted by an aggregate amount of Rs. 694.683 million (December 31, 2022: Rs. 1,954.179 million), representing book overdrafts.

7.2 These carry interest ranging from 0.5% to 12.43% (December 31, 2022: 0.5% to 12.43%) per annum.

7.3 This includes a bank balance of BDT 672.247 million (December 31, 2022: BDT 676.077 million) equivalent to Rs. 1,519.064 million (December 31, 2022: Rs. 1,519.164 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.

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
<b>8 LONG-TERM FINANCING</b>		
Borrowings	312,526,856	321,573,242
Sukuk certificates	4,573,834	5,379,427
	<u>317,100,690</u>	<u>326,952,669</u>

#### 8.2 Borrowings

Balance at beginning of the period / year	383,495,054	348,890,706
Financing obtained during the period / year	-	82,810,063
Repayments made during the period / year	(12,540,764)	(42,237,512)
Amortization of arrangement fee	628,249	42,609
Exchange loss	11,260,216	13,989,188
	<u>382,842,755</u>	<u>383,495,054</u>
Less: Current maturity	(76,308,122)	(61,921,812)
Balance at end of the period / year	<u>306,534,633</u>	<u>321,573,242</u>

**9 LEASE LIABILITIES**

	March 31, 2022 (Un-Audited)	December 31, 2022 (Audited)
	----- (Rupees in '000) -----	
Present value of minimum lease payments		
- Aircraft fleet including engines	24,546,694	21,555,475
- Buildings	432,095	593,975
- Technical ground equipment	9,913	8,090
	24,988,702	22,157,540
Less: Current maturity	(5,486,288)	(5,831,145)
	<u>19,502,413</u>	<u>16,326,395</u>

**10 TRADE AND OTHER PAYABLES**

	March 31, 2022 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
<b>Trade creditors</b>		
Goods	34,249,533	26,082,039
Services	34,288,528	28,849,641
Airport related charges	62,270,024	58,225,067
Others	330,024	-
	<u>131,138,109</u>	<u>113,156,747</u>
<b>Other Liabilities</b>		
Accrued liabilities	8,691,382	9,450,526
Advance against transportation (unearned revenue)	24,435,397	19,601,459
VSS employee obligation	5,277	5,277
Obligation for compensated absences- Holding Company	7,869,977	7,551,622
Unredeemed frequent flyer liabilities	358,400	358,400
Advance from customers	3,973,341	1,452,006
Amount due to Associate undertaking	-	384,267
Advances and deposits	-	73,368
Earnest money	-	1,771
Payable to Holding Company employees' provident fund	1,687,795	1,249,096
Federal excise duty - International travel	12,087,898	11,344,252
Short-term deposits	-	466,723
Collection on behalf of others	67,444,498	64,891,208
Customs and federal excise duty	2,181,312	2,354,437
Income tax deduct at source	2,535,813	2,095,314
Multi employer pension withdraw liability	2,049,146	2,049,146
Fair value of cash flow hedges	7,249	-
Others	1,922,375	246,612
	<u>266,387,969</u>	<u>236,739,480</u>

**11 ACCRUED INTEREST**

	March 31, 2023 (Un-Audited)	December 31, 2022 (Audited)
	-----Rupees in '000 -----	
Mark-up / profit payable on:		
- long-term financing	43,758,482	39,126,108
- short-term borrowings	2,619,589	1,331,595
- provident fund	9,501,309	8,653,841
	<u>55,879,380</u>	<u>49,111,544</u>

**12 SHORT-TERM BORROWINGS - SECURED**

Short-term loans	29,860,000	29,860,000
Running finance under mark-up arrangements	964,112	528,449
	<u>30,824,112</u>	<u>30,388,449</u>

**13 CONTINGENCIES AND COMMITMENTS****13.1 Contingencies**

There has been no material change in the status of contingencies as disclosed in notes 31 to the consolidated financial statements for the year ended December 31, 2022.

**13.2 Commitments**

- a) Commitments for capital expenditure amounted to Rs. 8.045 million (December 31, 2022: Rs. 28.494 million).
- b) Outstanding letters of guarantee amounted to Rs. 365.409 million (December 31, 2022: Rs. 312.301 million).
- c) In 2012, the Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527.904 million ( December 31, 2022: US\$ 1,527.904 million) equivalent to Rs. 433,606.779 million (December 31, 2022 Rs. 345,964.678 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

**Three months period ended**

	March 31, 2023	March 31, 2022
	.....(Un-Audited).....	
	-----Rupees'000-----	

**14 REVENUE - Net**

Passenger	54,456,160	30,835,289
Cargo	1,308,137	1,242,776
Charter	1,281,004	615,627
Room, food and beverages sales	2,127,926	649,768
Others	2,134,919	2,047,070
	<u>61,308,146</u>	<u>35,390,530</u>

	<u>Three months period ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>
	.....(Un-Audited).....	
	-----Rupees'000-----	
<b>15 COST OF SERVICES - Others</b>		
Salaries, wages and allowances	3,615,686	2,981,345
Welfare and social security costs	325,051	267,900
Retirement benefits	926,749	698,774
Compensated Absences	232,855	123,715
Legal and professional charges	9,527	11,260
Stores and spares consumed	649,640	285,937
Repair, Maintenance and overhaul	3,909,717	3,137,367
Aircraft charter	-	2,151,950
Flight equipment rental	3,021,993	1,578,015
Landing and handling	7,894,499	4,181,097
Passenger services	876,487	417,756
Crew layover	754,038	387,775
Staff training	21,029	17,510
Food cost	18,477	34,977
Utilities	53,234	19,516
Communication	858,299	495,443
Insurance	1,460,679	1,067,767
Rent, rates and taxes	423,373	221,929
Printing and stationery	26,295	28,767
Depreciation	3,615,187	3,085,560
Amortization	2,112	1,749
Others	399,455	329,772
	<u>29,094,382</u>	<u>21,525,880</u>

	<u>Three months period ended</u>	
	<u>March 31,</u>	<u>March 31,</u>
	<u>2023</u>	<u>2022</u>
	.....(Un-Audited).....	
	-----Rupees'000-----	
<b>16 FINANCE COSTS</b>		
long-term financing	14,685,223	8,445,347
short-term borrowings	1,390,047	899,138
lease liabilities	1,274,074	245,246
discounting on deposits	61,594	48,627
Agency and commitment fee	(857)	43,157
Bank and other charges	48,381	10,693
	<u>17,458,464</u>	<u>9,692,206</u>

**17 TAXATION**

<u>Three months period ended</u>	
March 31, 2023	March 31, 2022
.....(Un-Audited).....	
-----Rupees'000-----	
Current - for the period	156,841
Deferred	-
<u>447,537</u>	<u>156,841</u>
<u>(64,470)</u>	<u>-</u>
<u>383,067</u>	<u>156,841</u>

17.1 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.

17.2 There has been no material change in the status of tax contingencies as disclosed in note 31 to the consolidated financial statements for the year ended December 31, 2022.

**18 LOSS PER SHARE - BASIC AND DILUTED**

<u>Three months period ended</u>	
March 31, 2023	March 31, 2022
(Un-Audited)	(Un-Audited)
----- (Rupees in '000) -----	
Loss for the period	(14,348,899)
Weighted average number of ordinary shares outstanding	5,235,261,117
Loss per share attributable to	(2.74)
'A' class ordinary share (Rupees)	(3.63)
'B' class ordinary share (Rupees)	(1.37)



	Three months period ended	
	March 31, 2023 (Un-Audited)	March 31, 2022 (Un-Audited)
	-----Rupees in '000 -----	
<b>19 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>		
Loss before taxation	(37,623,218)	(14,192,057)
Adjustments for:		
<b>Depreciation</b>	<b>4,193,896</b>	<b>3,495,173</b>
Gain on disposal of property, plant and equipment	28	-
Amortisation of intangibles	29,151	21,860
Provision for slow moving stores and spares	113,648	1,411,883
Provision for employee benefits	1,941,981	-
Provision for redelivery cost	1,754,436	-
Provision for trade debts	7,056	-
Interest income	312,430	-
Finance cost	17,178,904	9,726,102
Unrealised exchange loss	18,284,464	3,272,939
Profit on bank deposits	(55,880)	(33,825)
	<b>6,136,896</b>	<b>3,702,074</b>

**Working capital changes:**

Increase in stores and spare parts	(14,988)	(79,292)
(Increase) / Decrease in trade debts	(7,720,812)	(6,066,852)
Decrease / (Increase) in advances	(7,178,835)	(1,119,903)
(Increase) in trade deposits and prepayments	(62,064)	(487,894)
Decrease / (Increase) in other receivables	(982,369)	(435,036)
Increase in trade and other payables	28,814,041	11,381,343
	<b>12,854,973</b>	<b>3,192,366</b>

**Cash generated from operations after working capital changes**

	<b>18,991,869</b>	<b>6,894,440</b>
--	-------------------	------------------

**20 TRANSACTIONS WITH RELATED PARTIES**

Following are the related parties with whom the Holding 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%	Major Shareholder
Skyrooms (Private) Limited	100%	Major Shareholder
Sabre Travel Network Pakistan (Private) Limited	92%	Major Shareholder

#### TRANSACTIONS WITH RELATED PARTIES

Name of Related Parties	Direct Shareholding	Relationship
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities	-	Post Retirement Benefits
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
Nausherwan Adil	-	Key management personnel
AVM Irfan Zaheer	-	Key management personnel
AVM Syed Hasan Kashif	-	Key management personnel
Khalid Muhammad	-	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 Asif Gilani	-	Key management personnel

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

Name of Related Parties and relationship with the Holding	Nature of transactions	March 31, 2023	March 31, 2022
		(Un-Audited)	(Un-Audited)
-----Rupees in '000 -----			
<b>Skyrooms (Private) Limited - Subsidiary</b>			
	Payment made against in-transit passenger	8,670	16,469
	Reimbursement of expenses	230,100	188,634
<b>Retirement funds</b>			
	Contribution to provident Fund and other	548,314	511,559
	Interest on Loan from pension / provident fund	54,197	277,893
<b>Pakistan State Oil - PSO</b>			
	Purchase of Fuel	14,642,629	7,154,832
	Late payment interest	226,793	233,066
<b>Civil Aviation Authority - CAA</b>			
	Airport Related charges	6,642,283	3,537,583
<b>National Insurance Company - NICL</b>			
	Insurance premium	1,459,851	1,067,160
<b>National Bank of Pakistan - NBP</b>			
	Finance cost charged	1,962,770	1,160,525
<b>GoP - Major shareholder</b>			
	Finance cost	4,406,385	2,003,751
<b>Key Management Personnel</b>			
	Salaries, wages and other benefits	26,831	34,792

## 21 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

### 21.1 Financial risk factors

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.

These unconsolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual unconsolidated financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2022. There have been no changes in any risk management policies since the year end.

### 21.2 Fair value estimation

As at March 31, 2023, all the Holding Company's assets and liabilities are carried at cost except for those mentioned below:

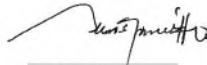
- a) The Holding Company's leasehold land, buildings on leasehold land are stated at revalued amounts, being the fair value at the date of revaluation, less accumulated depreciation and subsequent accumulated impairment losses, if any;
- b) The Holding Company classifies long-term investments in listed companies measured in the consolidated condensed interim statement of financial position at fair values; and
- c) The carrying value of all financial and non-financial assets and liabilities measured at other than cost in these consolidated condensed interim financial information approximate their fair values.

## 22 DATE OF AUTHORISATION FOR ISSUE

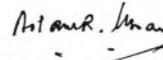
These Consolidated condensed interim financial information were authorized for issue by the Board of Directors of the holding Holding Company in their meeting held on 29th May, 2023.



AVM Muhammad Amir Hayat  
Chief Executive Officer



Amos Nadeem  
Chief Financial Officer



Aslam R Khan  
Chairman-PIACL



Company Secretary

PIA Headquarters, Jinnah International Airport,  
Karachi - 75200, Pakistan.

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