

FORM – 8

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

CS/PUCARS/2QTR-23/23

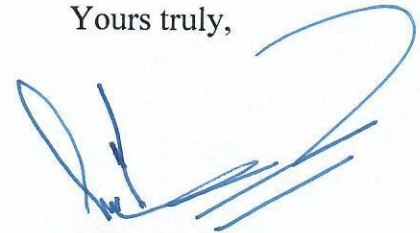
August 30, 2023

**TRANSMISSION OF SECOND QUARTERLY REPORT
FOR THE PERIOD ENDED JUNE 30, 2023**

Dear Sir,

1. We have to inform you that the Second Quarterly Report of Pakistan International Airlines Corporation Limited (PIACL) for the period ended June 30, 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!

**HALF
YEARLY REPORT
2023**

PROFILE

as at August 28, 2023

Chairman-PIACI

Capt. (Retd) Saif Anjum
Secretary Aviation Division

Secretary Finance Division

Chief Executive Officer

Secretary Economic Affairs Division

Company Secretary

Chief Internal Auditor

Chief Executive Officer

*Director General Precision Engineering
Complex*

*Chief Operating Officer &
Chief Training & Development*

*Chief Projects Officer & Head of Security
and Vigilance*

Chief Commercial Officer

Chief of Flight Operations

Chief Financial Officer

Chief Technical Officer

Acting Chief Information Officer

Acting Chief Human Resource Officer

Mr Aamir Bashir
Oftg. Chief Supply Chain Management



Chartered Accountants

Chartered Accountants

Mr Haroon Rashid Abbasi

CDC Share Registrar Services Limited (CDCSRSL)

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

Main Sharah-e-Faisal Karachi-74400 PAKISTAN

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Email: info@cdcpak.com

Website: www.cdcpakistan.com

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

Sonei Bank Limited

National Bank of Pakistan

Standard Chartered Bank Limited

PIA Building Jinnah International Airport

Karachi -75200 Pakistan

Tel: 0092-21-99040000

UAN: 111-786-786

Web: www.piac.com.pk

BOARD

as at August 28, 2023

	Mr Atif Aslam Bajwa Mr Navaid H Malik Syed Muhammad Ali Gardezi	Member Member
	Mr Zahid F Ebrahim Syed Muhammad Ali Gardezi AVM Muhammad Amir Hayat	Member Member
	Syed Muhammad Ali Gardezi AVM Muhammad Amir Hayat	Member

DIRECTORS' REPORT

FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

On behalf of the Directors of Pakistan International Airlines Corporation Limited (PIACL), we are pleased to present the Performance Report of PIACL along with the Unconsolidated Financial Statements for the six months period ended June 30, 2023.

The financial results of the above-mentioned period are summarized below:

<i>Profit & Loss Statement</i>	Six months Period ended June 30,	
	2023	2022
	(PKR in Millions)	
Revenue	120,278	71,196
Operating Expenses		
<i>Fuel & Oil</i>	(48,349)	(30,578)
<i>Others</i>	(60,677)	(44,960)
Gross Profit / (loss)	11,252	(4,342)
<i>Other Operating Expenses</i>	(9,359)	(6,154)
<i>Other Income</i>	1,680	4,130
Profit from Operations	3,573	(6,366)
<i>Exchange Gain/(Loss)</i>	(27,465)	(13,835)
Loss Before Interest & Taxation	(23,892)	(20,201)
<i>Finance Cost</i>	(36,823)	(21,118)
Loss Before Taxation	(60,715)	(41,319)

As anticipated, the aviation industry is healing from the lingering effects of COVID-19 crisis as airlines continue to cut the pertinent losses and passenger stake advantage of the ease in travel restrictions. As per IATA market research, Global passenger traffic ended the first half of 2023 on a strong note with revenue passengers kilometers (RPKs) increasing by nearly 47.2% on year-to-year basis. Reopening of the China's air travel market has served as a major boost for aviation industry as Asia Pacific carriers experience significant growth over the last years. Globally, air traffic is estimated to rise steadily as IATA's MAY 2023 passenger polling data validates an enthusiastic and positive approach of flyers.

During the six months period ended June 30, 2023, PIACL generated a total revenue of PKR 120.278 Billion with gross profit of PKR 11.252 Billion as compared to revenue and gross loss of PKR 71.196 Billion and PKR 4.342 Billion respectively in the corresponding period of 2022; witnessing a staggering increase of nearly 359% in the gross profit.

However, the net loss surged to PKR 60.715 Billion as compared to PKR 41.319 Billion in the corresponding period mainly on account of composite impact of unprecedented PKR depreciation against the USD and higher interest rates for both KIBOR and LIBOR. The exchange losses nearly doubled in the current period with airline suffering loss of PKR27.465 Billion as compared to PKR 13.835 Billion during the half year ended June 2022. The ongoing liquidity challenges and financial constraints led to increased markup cost hit on account of massive increase in KIBOR (i.e. 20% vs 12%) and LIBOR (i.e. 5% vs 1%), due to which the business took a hit of nearly PKR 36.823 Billion (June2022: PKR 21.118 Billion) on account of financial costs. Aircraft fuel remained the single largest element of total operational cost at 41% vs 37% in last period.

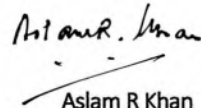
Despite the persistent challenges, PIA Management is continuously pursuing avenues to maximize its revenue by making strenuous efforts to grip the market opportunities which can further boost the National flag carrier's revenue. However, due to continuing liquidity constraints, significant cash inflows would be required from GoP for repayment of debts, capital expenditures and to settle long outstanding liabilities. Consequently, Board approved restructuring of PIACL.

Prime Minister of Pakistan on 28th June, 2023 approved restructuring of PIACL, for which a steering committee was constituted to steer the process of incorporating measures for financial status improvement.

Overall, PIA has witnessed good financial results due to positive trend in the revenue but it remained challenging for the airline, especially in the current circumstances due to exorbitant finance costs and devaluation of Pak-rupee. However, with the rigorous efforts of the management and with the co-operation of our customers, dedication of our employees and continuous support of our shareholders as well as Government of Pakistan, we will emerge stronger for the better times ahead.



AVM Muhammad Amir Hayat
Chief Executive Officer



Aslam R Khan
Chairman

INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Pakistan International Airlines Corporation Limited

Report on review of unconsolidated condensed interim financial statements

Introduction

We have reviewed the accompanying unconsolidated condensed interim statement of financial position of Pakistan International Airlines Corporation Limited ("the Company") as at June 30, 2023 and the related unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows, unconsolidated condensed interim statement of changes in equity and notes to the unconsolidated condensed interim financial statements for the six-month period then ended (here-in-after referred as the "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated condensed interim financial statements as at and for the six-month period ended June 30, 2023 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Emphasis of matter

We draw attention to the following:

- i) Note 1.2 to the unconsolidated condensed interim financial statements which inter-alia states that in view of the financial position of Company, the Government of Pakistan has confirmed to extend necessary financial support to the Company to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.

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Chartered Accountants
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Square Building No. 1,
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Karachi – 74200

Grant Thornton Anjum Rahman
Chartered Accountants
First and Third Floor, Modern
Motors, Beaumont Road,
Karachi – 75530

- ii) Notes 12.2 and 13 to the unconsolidated condensed interim financial statements which state that an aggregate amount of Rs. 9,193.895 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 449.016 million on account of the Company and employees' contributions and Rs. 8,744.879 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under Section 218 of the Companies Act, 2017.
- iii) Notes 15.1 and 19.2 to the unconsolidated condensed interim financial statements read with notes 30.1 and 38.1 to the annual financial statements for the year ended December 31, 2022 which state that the Company is exposed to various tax and other contingencies, the ultimate outcome of which cannot presently be determined and, accordingly, no provision has been made by the management in respect of these contingencies in the unconsolidated condensed interim financial statements.

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

Other matter

The figures of unconsolidated condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended June 30, 2023 and June 30, 2022 have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended June 30, 2023.

The engagement partners on the review resulting in this independent auditors' review report are Tariq Feroz Khan and Khurram Jameel.

BDO Ebrahim & Co.
Chartered Accountants
Place: Karachi
Date: August 24, 2023

Grant Thornton Anjum Rahman
Chartered Accountants
Place: Karachi
Date: August 24, 2023

UNCONSOLIDATED
FINANCIAL
STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2023

		June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)	
Note		(Rupees in '000)		(US\$ in '000)		
ASSETS						
NON-CURRENT ASSETS						
	Property, plant and equipment	4	90,731,597	92,599,437	317,254	408,952
	Investment property		2,727,582	2,727,582	9,537	12,046
	Intangibles		270,646	283,552	946	1,252
	Long-term investments	5	4,550,487	4,704,590	15,911	20,777
	Long-term loan to subsidiaries	6	3,983,359	2,993,549	13,928	13,221
	Long-term deposits		4,429,540	2,299,607	15,488	10,156
			106,693,210	105,608,317	373,064	466,404
CURRENT ASSETS						
	Stores and spares		3,867,627	3,535,580	13,524	15,614
	Trade debts	7	24,307,977	20,527,778	84,996	90,658
	Advances		7,319,934	5,451,648	25,595	24,076
	Trade deposits and short-term prepayments		2,649,493	3,021,415	9,264	13,344
	Other receivables	8	10,376,743	7,421,066	36,284	32,774
	Cash and bank balances	9	5,168,597	9,408,610	18,073	41,552
			53,690,370	49,366,097	187,736	218,018
			160,383,580	154,974,414	560,802	684,422
TOTAL ASSETS						
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
	Issued, subscribed and paid-up share capital		52,345,110	52,345,110	183,031	231,175
	Reserves		(712,887,952)	(651,151,053)	(2,492,698)	(2,875,716)
	Revaluation surplus of property, plant and equipment		11,096,287	11,132,055	38,799	49,163
			(649,446,555)	(587,673,888)	(2,270,868)	(2,595,378)
NON CURRENT LIABILITIES						
	Long-term financing	10	277,926,348	289,391,056	971,803	1,278,055
	Lease liabilities	11	21,799,471	16,326,395	76,224	72,103
	Advances from subsidiaries		11,653,289	9,262,852	40,747	40,908
	Deferred liabilities		50,516,827	47,074,376	176,638	207,897
			361,895,935	362,054,679	1,265,412	1,598,963
CURRENT LIABILITIES						
	Trade and other payables	12	269,018,532	230,195,252	940,655	1,016,625
	Unclaimed dividend - Preference shares		3,297	3,297	12	15
	Accrued interest	13	66,936,998	50,002,025	234,053	220,827
	Taxation - net		3,513,750	2,629,942	12,286	11,615
	Short-term borrowings	14	30,880,733	30,388,449	107,978	134,206
	Current maturity of non-current liabilities		77,580,888	67,374,659	271,271	297,549
			447,934,198	380,593,624	1,566,255	1,680,837
			160,383,581	154,974,414	560,802	684,422
TOTAL EQUITY AND LIABILITIES						
CONTINGENCIES AND COMMITMENTS						
		15				

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Khaid Mahmood
Director


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Note	Six months period ended		Quarter ended		Six months period ended	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		(Rupees in '000)				(US\$ in '000)	
Revenue	16	120,278,451	71,195,627	61,220,143	36,681,321	469,451	371,429
Cost of services							
Aircraft fuel		(48,348,780)	(30,577,846)	(22,750,691)	(18,473,038)	(188,707)	(159,525)
Others	17	(60,677,308)	(44,959,684)	(32,119,289)	(23,841,635)	(236,826)	(234,556)
		(109,026,088)	(75,537,530)	(54,869,980)	(42,314,673)	(425,533)	(394,081)
Gross profit / (loss)		11,252,363	(4,341,903)	6,350,163	(5,633,352)	43,918	(22,652)
Distribution costs		(4,332,538)	(2,914,613)	(2,340,863)	(1,520,774)	(16,910)	(15,206)
Administrative expenses		(3,766,274)	(2,920,598)	(2,013,213)	(1,473,104)	(14,700)	(15,237)
Other provisions and adjustments - net		(1,260,581)	(319,150)	(920,076)	(86,066)	(4,920)	(1,665)
Other income		1,679,904	4,130,223	1,131,651	2,230,231	6,557	21,547
		(7,679,490)	(2,024,138)	(4,142,501)	(849,713)	(29,973)	(10,561)
Profit / (loss) from operations		3,572,873	(6,366,041)	2,207,662	(6,483,065)	13,945	(33,213)
Exchange loss - net		(27,465,338)	(13,835,121)	(6,532,653)	(10,108,037)	(107,198)	(72,178)
Loss before interest and taxation		(23,892,465)	(20,201,162)	(4,324,991)	(16,591,102)	(93,253)	(105,391)
Finance costs	18	(36,822,891)	(21,117,570)	(20,058,462)	(11,391,612)	(143,721)	(110,171)
Loss before taxation		(60,715,356)	(41,318,732)	(24,383,453)	(27,982,714)	(236,974)	(215,562)
Taxation - current	19	(902,088)	(533,967)	(459,151)	(275,110)	(3,521)	(2,786)
Net loss for the period		(61,617,444)	(41,852,699)	(24,842,604)	(28,257,824)	(240,495)	(218,348)
		(Rupees in '000)				(US\$)	
Loss per share	20						
Loss attributable to:							
'A' class ordinary shares of Rs. 10 each		(11.77)	(7.99)	(11.77)	(7.99)	(0.05)	(0.04)
'B' class ordinary shares of Rs. 5 each		(5.88)	(4.00)	(5.88)	(4.00)	(0.02)	(0.02)

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Khaid Mahmood
Director


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Six months period ended		Quarter ended		Six months period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Rupees in '000)				(US\$ in '000)	
Net loss for the period	(61,617,444)	(41,852,699)	(24,842,604)	(28,257,824)	(240,495)	(218,348)
Other comprehensive income:						
Items that will not be reclassified subsequently to consolidated statement of profit or loss						
Unrealized (loss) / gain on re-measurement of investments at FVOCI	(155,222)	7,433	(11,173)	(22,479)	(606)	39
Total comprehensive loss for the period	<u>(61,772,666)</u>	<u>(41,845,266)</u>	<u>(24,853,777)</u>	<u>(28,280,303)</u>	<u>(241,101)</u>	<u>(218,309)</u>

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Chief Executive Officer

Khaid Mahmood
 Director


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Six months period ended		Six months period ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
Note	(Rupees in '000)		(US\$ in '000)		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	21	37,055,931	11,887,374	144,631	62,017
Profit on bank deposits received		91,380	51,529	357	269
Finance costs paid		(18,993,577)	(14,992,847)	(74,133)	(78,218)
Taxes paid		(18,280)	(152,162)	(71)	(794)
Staff retirement benefits paid		(1,717,518)	(1,551,124)	(6,704)	(8,092)
Long-term deposits - net		(1,184,499)	(312,914)	(4,623)	(1,632)
Net cash generated from / (used in) operating activities		15,233,437	(5,070,144)	59,457	(26,450)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(437,354)	(2,966,769)	(1,707)	(15,478)
Purchase of intangible assets		(40,412)	-	(158)	-
Disbursement of loan to a subsidiary		(989,810)	(435,983)	(3,863)	(2,275)
Proceeds from sale of property, plant and equipment		(28)	-	-	-
Net cash used in investing activities		(1,467,604)	(3,402,752)	(5,728)	(17,753)
CASH FLOWS FROM FINANCING ACTIVITIES					
Long-term financing - net		(13,142,940)	9,489,562	(51,297)	49,507
Repayment of lease liabilities		(5,355,192)	(3,480,504)	(20,902)	(18,158)
Net cash (used in) / generated from financing activities		(18,498,132)	6,009,058	(72,199)	31,351
Decrease in cash and cash equivalents		(4,732,299)	(2,463,838)	(18,471)	(12,852)
Cash and cash equivalents at beginning of the period		8,880,161	11,775,843	34,660	61,435
Cash and cash equivalents at end of the period		<u>4,147,862</u>	<u>9,312,005</u>	<u>16,189</u>	<u>48,581</u>
Cash and cash equivalents					
Short-term investments		-	19,220	-	100
Cash and bank balances		5,168,597	10,215,806	20,173	53,296
Running finance under mark-up arrangements	14	(1,020,733)	(923,022)	(3,984)	(4,815)
		<u>4,147,862</u>	<u>9,312,005</u>	<u>16,189</u>	<u>48,581</u>

The annexed notes 1 to 25 form an integral part of these unconsolidated condensed interim financial statements.


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Director



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Reserves						Surplus on revaluation of property, plant & equipment	Total			
	Capital Reserves			Revenue Reserves							
	Reserve for replacement of fixed assets	General capital reserve	Capital redemption reserve fund	General reserve	Accumulated loss	Unrealised gain on remeasurement of investments at FVOCI			Actuarial gain / (loss) on defined benefit plan		
Balance as at January 01, 2022	52,345,110	1,966,779	250,000	284,259	1,779,674	(562,037,455)	257,658	(3,271,464)	10,961,836	(497,463,603)	
Loss for the period	-	-	-	-	-	-	-	-	-	-	
Other comprehensive loss for the period	-	-	-	-	-	(41,852,699)	-	-	-	-	(41,852,699)
Total comprehensive loss	-	-	-	-	-	(41,852,699)	-	-	-	-	(41,852,699)
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	36,327	-	-	(36,327)	-	
Balance as at June 30, 2022	52,345,110	1,966,779	250,000	284,259	1,779,674	(603,853,827)	257,658	(3,271,464)	10,925,509	(539,316,302)	
Balance as at January 01, 2023	52,345,110	1,966,779	250,000	284,259	1,779,674	(649,873,676)	278,431	(5,736,521)	11,132,055	(587,673,889)	
Loss for the period	-	-	-	-	-	(61,617,444)	-	-	-	-	(61,617,444)
Other comprehensive loss for the period	-	-	-	-	-	-	(155,222)	-	-	-	(155,222)
Total comprehensive loss	-	-	-	-	-	(61,617,444)	(155,222)	-	-	-	(61,772,666)
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	35,788	-	-	(35,788)	-	
Balance as at June 30, 2023	52,345,110	1,966,779	250,000	284,259	1,779,674	(711,555,352)	123,209	(5,736,521)	11,096,287	(649,446,555)	

(Rupees in '000)


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Chief Financial Officer


Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED
CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 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 Airlines Company Act, 1956 and the Company is now governed under the Companies Act, 2017 (the Act). According to the Conversion Act, all assets, rights, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Company and the Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of the provisions of the Act. The principal activity of the Company is to provide commercial air transportation, which includes passenger, cargo and postal carriage services. Other activities of the Company include provision of engineering and allied services.
- 1.2 During the current period, the Company incurred a net loss of Rs. 61,617,444 (June 30, 2023: Rs. 41,852,669) million resulting in accumulated loss of Rs. 711,555,352 (December 31, 2022; Rs. 649,973,676) million. Further, as of June 30, 2023, current liabilities of the Company exceeded its current assets by Rs. 394,243,828 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 depend on the support of the Government of Pakistan (GoP), no material uncertainty exists and going concern basis of accounting is appropriate. Accordingly, these 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 mark-up 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) Further, through a letter of support 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.

1.3 In order to improve the financial position of the Company, the board is currently contemplating to restructure the operations of the Company.

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. 285.9905 = 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. 256.2107 = US\$ 1 (June 30, 2022: Rs. 191.6801 = 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 period

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 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.

Six months period ended
June 30, 2023 **June 30, 2022**
 ----- (Un-Audited) -----
 ----- (Rupees in '000) -----

4.1 Operating fixed assets - owned

Opening net book value	69,197,051	73,418,994
Additions during the period / year	345,681	3,986,790
Transfers	-	(986,370)
Depreciation	(3,514,824)	(7,222,363)
Closing net book value	66,027,908	69,197,051

4.2 Right of use assets

Opening net book value	23,007,463	17,076,831
Additions during the period / year	4,924,216	12,215,631
Transfers	-	(104,247)
Termination of lease	(72,705)	-
Depreciation	(3,648,280)	(6,180,752)
Closing net book value	24,210,693	23,007,463

	June 30,	December 31,
	2023	2022
	(Un-Audited)	(Audited)
	----- (Rupees in '000) -----	

5 LONG-TERM INVESTMENTS

Related parties

Subsidiaries	5.1	4,415,714		4,415,714
Associate		396		396
		4,416,110		4,416,110

Others

At fair value through OCI		134,376		288,480
		4,550,486		4,704,590

5.1 Subsidiaries

PIA Investments Limited (PIAIL)		4,415,712		4,415,712
Skyrooms (Private) Limited		40,000		40,000
Midway House (Private) Limited (under winding-up)		28,520		28,520
Sabre Travel Network Pakistan (Private) Limited		2		2
		68,522		68,522
Provision for diminution in value of investments		(68,520)		(68,520)
		2		2
		4,415,714		4,415,714

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	----- (Rupees in '000) -----	
6 LONG-TERM LOAN TO SUBSIDIARIES		
Considered good		
PIA Investments Limited	3,983,359	2,993,549
Considered doubtful		
Skyrooms (Private) Limited	37,042	37,042
Midway House (Private) Limited	82,476	82,476
	119,518	119,518
Less: provision for impairment against doubtful loan	(119,518)	(119,518)
	3,983,359	2,993,549
7 TRADE DEBTS		
Considered good		
Due from Government	7,611,236	4,912,550
Due from other customers	16,696,741	15,615,228
	24,307,977	20,527,778
Considered doubtful		
Government related	337,109	337,109
Other customers	5,471,608	4,733,438
Less: loss allowance	(5,808,717)	(5,070,547)
	-	-
	24,307,977	20,527,778
	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
Note	----- (Rupees in '000) -----	
8. OTHER RECEIVABLES		
Considered good		
Related parties		
Sales tax receivable	4,745,637	4,745,637
Excise duty	100,000	100,000
PIA Investments Limited	765,590	282,065
Receivable from GoP	1,943,723	172,643
Receivable from NICL	9,032	9,032
	7,563,982	5,309,377
Other than related parties		
Others	2,812,761	2,111,689
Considered doubtful	790,489	930,678
Less: loss allowance	(790,489)	(930,678)
	-	-
	10,376,743	7,421,066
9 CASH AND BANK BALANCES		
Cash		
In hand	2,841	935
With banks:		
- in current accounts	3,271,514	4,888,221
- in deposit accounts	1,894,242	4,519,454
	5,165,756	9,407,675
	5,168,597	9,408,610

		June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	Note	----- (Rupees in '000) -----	
10. LONG-TERM FINANCING			
Borrowings	10.1	272,919,844	284,011,629
Sukuk certificates		5,006,504	5,379,427
		<u>277,926,348</u>	<u>289,391,056</u>
10.1 Borrowings			
Balance at beginning of the period / year		345,259,570	318,647,418
Financing obtained during the period / year	10.2	10,306,844	54,817,867
Repayments made during the period / year		(23,424,510)	(42,237,512)
Amortization of arrangement fee		43,508	42,609
Exchange loss		11,634,641	13,989,188
		<u>343,820,054</u>	<u>345,259,570</u>
Less: Current maturity		(70,900,210)	(61,247,941)
Balance at end of the period / year		<u>272,919,844</u>	<u>284,011,629</u>

10.2 During the period, the Company obtained additional financing from the following:

Financier	Type of facility	Repayment period	Number of Installments / Mode	Number of Installments / Mode	June 30, 2023 Rupees
Faysal Bank Limited	Diminishing Musharakah	2023-2028		48 Monthly	5,000,000
Askari Bank Limited	Term Finance Facility	2023-2030		60 Monthly	5,000,000
Markup reimbursement from GoP					306,844
					<u>10,306,844</u>

11. LEASE LIABILITIES

Present value of minimum lease payments

- Aircraft fleet including engines	27,471,805	21,555,475
- Buildings	348,370	593,975
	<u>27,820,175</u>	<u>22,149,450</u>
- Technical ground equipment	9,713	8,090
	<u>27,829,888</u>	<u>22,157,540</u>
Less: Current maturity	(6,030,417)	(5,831,145)
	<u>21,799,471</u>	<u>16,326,395</u>

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
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----- (Rupees in '000) -----

12. TRADE AND OTHER PAYABLES

Trade creditors

Goods		28,155,233	26,082,039
Services		38,674,559	28,849,641
Airport related charges	12.1	67,447,546	56,250,988
		134,277,338	111,182,668

Others

Accrued liabilities		9,219,258	7,685,400
Advance against transportation (unearned revenue)		26,584,574	19,601,459
Obligation for compensated absences		8,166,964	7,551,622
Unredeemed frequent flyer liabilities		358,400	358,400
Advances from customers		2,577,561	1,452,006
Employees Provident Fund	12.2	449,016	1,213,527
Collection on behalf of others	12.3	71,309,518	64,891,207
Customs, federal excise duty and sales tax		2,253,124	2,354,437
Federal excise duty - International travel		10,162,738	11,344,252
Income tax deducted at source		2,982,688	2,088,273
Others		677,353	472,000
		<u>269,018,532</u>	<u>230,195,252</u>

- 12.1 This includes an amount of Rs. 56,869.676 million (December 31, 2022: Rs. 50,684.768 million) payable to Pakistan Civil Aviation Authority (PCAA) relating to landing, handling, parking and aircraft power supply charges.
- 12.2 This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund, which could not be paid within 15 days as required by Section 218 of the Act, 2017 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR.
- 12.3 Represents taxes payable at foreign stations and amount payable to civil aviation authorities of foreign countries relating to embarkation, security and infrastructure charges. This includes an amount of Rs. 58,773.651 million (December 31, 2022: Rs. 51,121.994 million) payable to Pakistan Civil Aviation Authority (PCAA).

	2023 (Un-Audited)	2022 (Audited)
Note	----- (Rupees in '000) -----	
13. ACCRUED INTEREST		
Long-term financing	51,520,395	37,685,600
Short-term borrowings	3,363,082	1,331,595
Provident fund	8,744,879	8,653,841
Advance from PIAL	3,308,642	2,330,989
	<u>66,936,998</u>	<u>50,002,025</u>
14. SHORT-TERM BORROWINGS - secured		
Short-term loans	29,860,000	29,860,000
Running finance under mark-up arrangements	1,020,733	528,449
	<u>30,880,733</u>	<u>30,388,449</u>
15. CONTINGENCIES AND COMMITMENTS		

15.1 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, except for the amounts claimed by the Civil Aviation Authority which are not acknowledged by the Company amounting to Rs.59,060.39 million as of June 30, 2023 (December 31, 2022: Rs. 47,920.562 million)

15.2 Commitments

- Commitments for capital expenditure amounted to Rs. 10.841 million (December 31, 2022: Rs. 28.494 million).
- Outstanding letters of guarantee amounted to Rs. 328.842 million (December 31, 2022: Rs. 312.301 million).
- In 2012, the Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527.904 million (December 31, 2022: US\$ 1,527.904 million) equivalent to Rs. 436,966.03 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.

16. REVENUE - net

	Six months period ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- (Un-Audited) -----			
	----- (Rupees in '000) -----			
Passenger	109,912,275	63,398,043	55,456,116	32,562,753
Cargo	3,328,784	2,942,489	2,020,647	1,699,712
Charter services	2,102,302	1,284,931	821,297	669,304
Others	4,935,091	3,570,165	2,922,083	1,749,551
	<u>120,278,451</u>	<u>71,195,627</u>	<u>61,220,143</u>	<u>36,681,321</u>

17. COST OF SERVICES - OTHERS

Salaries, wages and allowances	6,726,820	5,454,525	3,384,531	2,713,107
Welfare and social security costs	641,729	545,050	316,678	277,150
Retirement benefits	1,864,887	1,405,206	938,138	706,432
Compensated absences	456,488	247,415	223,633	123,701
Stores and spares consumed	1,461,266	921,856	811,626	635,919
Maintenance and overhaul	8,090,035	6,250,788	4,190,026	3,115,714
Flight equipment rental	7,054,735	3,953,851	4,032,742	2,375,836
Aircraft charter	-	3,763,813	-	1,611,863
Landing and handling	17,037,176	9,043,186	9,142,677	4,862,089
Passenger services	1,878,880	918,242	1,002,393	500,486
Crew layover	1,464,106	778,731	710,068	390,956
Utilities	25,069	20,758	13,505	11,351
Communication	2,126,213	1,202,106	1,269,671	708,420
Insurance	3,223,390	2,610,113	1,762,711	1,542,346
Rent, rates and taxes	851,622	542,653	450,022	326,119
Depreciation	7,147,135	6,287,675	3,537,779	3,204,134
Amortisation on intangibles	4,260	3,498	2,148	1,749
Others	623,497	1,010,218	330,941	734,263
	<u>60,677,308</u>	<u>44,959,684</u>	<u>32,119,289</u>	<u>23,841,635</u>

18. FINANCE COSTS

Mark-up / profit / interest on :

Long-term financing	31,984,821	18,071,554	17,354,317	9,904,100
Short-term borrowings	3,180,927	1,920,180	1,790,880	1,021,042
Advance from subsidiaries	342,742	82,694	189,865	48,943
Lease liabilities	894,341	530,195	466,658	284,949
Provident Fund	91,037	154,883	36,840	(123,010)
	<u>36,493,869</u>	<u>20,759,506</u>	<u>19,838,560</u>	<u>11,136,024</u>
Discounting on long term deposits	141,794	148,906	80,199	100,279
Agency and commitment fee	66,751	170,097	67,608	126,940
Bank charges, guarantee commission and other related charges	95,205	39,061	46,822	28,368
	<u>36,797,618</u>	<u>21,117,570</u>	<u>20,033,189</u>	<u>11,391,612</u>

19. TAXATION - current

	<u>902,088</u>	<u>533,967</u>	<u>459,151</u>	<u>275,110</u>
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19.1 The tax charge for the current period is based on minimum tax on turnover under section 113 of Income Tax Ordinance 2001.

19.2 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.

Six months period ended
June 30, **June 30,**
2023 **2022**
----- (Un-Audited) -----
----- (Rupees in '000) -----

20. LOSS PER SHARE - (basic and diluted)

Loss for the period	(61,617,444)	(41,852,699)
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)	(11.77)	(7.99)
'B' class ordinary share (Rupees)	(5.88)	(4.00)

21. CASH GENERATED FROM OPERATIONS

Loss before taxation	(60,715,356)	(41,318,732)
Adjustments for:		
Depreciation	7,163,716	6,297,754
Gain on disposal of property, plant and equipment	28	-
Amortization of intangibles	53,253	43,719
Provision for slow moving stores and spares	146,709	(359,845)
Allowance for ECL	738,170	378,713
Provision for employee benefits	3,883,965	2,842,869
Provision for redelivery cost	1,891,344	1,432,338
Finance cost	36,822,891	21,117,570
Unrealized exchange loss	19,169,873	11,837,556
Profit on bank deposits	(91,380)	(51,529)
	8,960,611	2,220,414
Working capital changes		
Increase in stores and spares	(478,756)	(334,102)
Increase in trade debts	(4,518,369)	(4,828,407)
(Increase) / decrease in advances	(1,868,286)	764,089
Increase in trade deposits and short-term prepayments	(431,718)	(991,685)
Increase in other receivables	(2,815,489)	(297,368)
Increase in trade and other payables	38,207,938	15,354,433
	28,095,320	9,666,960
	37,055,931	11,887,374

22. TRANSACTIONS WITH RELATED PARTIES

22.1 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	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
Post Retirement Benefits	
PIA Main Pension Fund	Post Retirement Benefits
PIA PALPA Fund	Post Retirement Benefits
PIA FENA Fund	Post Retirement Benefits
UK Pension Fund	Post Retirement Benefits
Profit oriented state controlled entities	
Pakistan State Oil Company Limited	State owned / controlled entities
Pakistan Civil Aviation Authority	State owned / controlled entities
National Bank of Pakistan	State owned / controlled entities
National Insurance Corporation Limited	State owned / controlled entities
Federal Board of Revenue	State owned / controlled entities
Key Management personnel	
Air Cdre Aamer Altaf	Key management personnel
Amanullah Qureshi	Key management personnel
Amir Ali	Key management personnel
Amos Nadeem	Key management personnel
Nausherwan Adil	Key management personnel
AVM Syed Hasan Kashif	Key management personnel
Maj Khuram Mushtaq	Key management personnel
Mohsin Ausaf Khan	Key management personnel
AVM Muhammad Amir Hayat	Key management personnel
Syed Asif Gilani	Key management personnel

22.2 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:

Six months period ended

June 30, June 30,
2023 2022

----- (Un-Audited) -----
----- (Rupees in '000) -----

Name of Related Parties	Nature of Transaction		
Skyrooms (Private) Limited	Payments made against in-transit passengers	91,096	32,119
	Reimbursement of expenses	488,815	352,575
PIA Investments Limited	Markup expense on advance	342,742	82,694
	Markup income on advance	386,173	60,424
	Advance from Subsidiary	2,390,437	1,217,429
	Advance to Subsidiary	989,810	435,982
Minhal France S.A.	Other income	6,342	59,791
Retirement benefit funds	Contribution to provident fund and others	1,108,118	965,055
	Interest on overdue balance of provident fund	91,037	154,883
	Donation	1,750	2,100
Pakistan State Oil	Purchase of fuel	27,256,128	17,141,856
	Late Payment Interest	515,816	465,291
	Airport related charges	11,751,314	9,822,379
Civil Aviation Authority National Insurance Company Limited	Insurance premium	3,218,325	2,598,084
National Bank of Pakistan	Finance costs	4,006,710	2,335,166
Government of Pakistan	Finance costs	9,839,018	4,782,258
Key Management Personnel	Salaries, wages and other benefits	48,170	64,607

23. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

23.1 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.

23.2 Fair value estimation

As at June 30, 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.

24. GENERAL

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

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

25. AUTHORIZATION OF FINANCIAL STATEMENTS

These unconsolidated condensed interim financial statements were authorized for issue by the Board of Directors in their meeting held on -----



Chief Executive Officer



Chief Financial Officer



Chief Executive Officer

Khaid Mahmood
Director



Chief Financial Officer

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CONSOLIDATED
FINANCIAL
STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT JUNE 30, 2023

	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022	
	(Un-Audited)	(Audited)	(Un-Audited)	(Audited)	
Note	Rupees in '000		US\$ in '000		
ASSETS					
NON CURRENT ASSETS					
Property, plant and equipment	4	176,564,329	161,565,679	617,380	713,531
Investment property	5	116,485,537	92,794,619	407,306	409,814
Intangibles		9,803,143	7,664,576	34,278	33,850
Long-term investments		4,397,875	431,391	15,378	1,905
Receivable from Centre Hotel		2,160,432	1,710,507	7,554	7,554
Long-term loans and advances		-	603	-	3
Derivative		271,097	210,689	948	930
Long-term deposits and prepayments		4,799,276	2,634,857	16,781	11,636
		314,481,690	267,012,921	1,099,625	1,179,223
CURRENT ASSETS					
Stores and spares		3,950,965	3,578,798	13,815	15,805
Trade debts		26,779,485	20,960,176	93,643	92,568
Short-term loans and advances		7,495,074	5,492,828	26,207	24,258
Trade deposits and prepayments		15,211,492	3,768,912	53,189	16,645
Other receivables	6	12,135,213	7,041,841	42,432	31,099
Cash and bank balances	8	9,724,116	13,409,620	34,002	59,222
		75,296,345	54,252,175	263,288	239,597
TOTAL ASSETS		389,778,034	321,265,096	1,362,913	1,418,822
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	183,031	231,175
Reserves		(679,474,965)	(640,907,533)	(2,375,866)	(2,830,477)
Surplus on revaluation of property, plant and equipment - net		119,037,678	93,752,856	416,229	414,046
Attributable to the Holding Company's shareholders		(508,092,177)	(494,809,567)	(1,776,606)	(2,185,256)
Non-controlling interest		5,921,380	4,813,904	20,705	21,260
		(502,170,797)	(489,995,663)	(1,755,901)	(2,163,996)
NON-CURRENT LIABILITIES					
Long-term financing	9	324,267,182	326,952,669	1,133,836	1,443,940
Lease Liabilities	10	21,799,471	16,326,395	76,224	72,103
Long-term advances and deposits		165,202	161,505	578	713
Deferred taxation		37,579,885	29,854,645	131,403	131,849
Deferred liabilities		52,058,136	51,044,303	182,028	225,430
		435,869,877	424,339,517	1,524,069	1,874,035
CURRENT LIABILITIES					
Trade and other payables	11	278,085,794	236,739,480	972,360	1,045,526
Unclaimed dividend - Preference shares		3,297	3,297	26	15
Accrued interest	12	64,656,248	49,111,544	226,078	216,894
Provision for taxation		3,358,153	2,629,942	11,742	11,615
Short-term borrowings	13	30,880,734	30,388,449	107,977	134,206
Current maturities of non-current liabilities	14	79,094,728	68,048,530	276,562	300,527
		456,078,954	386,921,242	1,594,745	1,708,783
		891,948,831	811,260,759	3,118,814	3,582,818
TOTAL EQUITY AND LIABILITIES		389,778,034	321,265,096	1,362,913	1,418,822
CONTINGENCIES AND COMMITMENTS					
	15				

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Chief Executive Officer


 Director


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

Note	Six months period ended		Quarter Ended		Six months period ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
	Rupees in '000				US\$ in '000		
REVENUE - NET	16	127,161,931	73,890,197	65,853,786	38,499,667	496,318	385,487
COST OF SERVICES							
Aircraft fuel		(48,348,780)	(30,577,846)	(22,750,691)	(18,473,038)	(188,707)	(159,525)
Others	17	(61,739,628)	(45,912,722)	(32,645,247)	(24,386,842)	(240,972)	(239,528)
		(110,088,408)	(76,490,568)	(55,395,938)	(42,859,880)	(429,679)	(399,053)
GROSS PROFIT		17,073,523	(2,600,371)	10,457,848	(4,360,213)	66,639	(13,566)
Distribution costs		(4,550,393)	(3,132,678)	(2,558,718)	(1,738,840)	(17,760)	(16,343)
Administrative expenses		(10,207,159)	(5,708,474)	(5,899,415)	(2,864,395)	(39,839)	(29,781)
Other provisions and adjustments		(1,260,581)	(319,150)	(920,076)	(86,066)	(4,920)	(1,665)
Other income		2,140,887	4,297,202	1,349,470	2,325,678	8,356	22,419
		(13,877,247)	(4,863,100)	(8,028,739)	(2,363,622)	(54,163)	(25,371)
LOSS FROM OPERATIONS		3,196,276	(7,463,471)	2,429,111	(6,723,834)	12,476	(38,937)
Exchange Loss - net		(27,416,405)	(13,825,711)	(6,484,482)	(10,099,389)	(107,007)	(72,129)
LOSS BEFORE INTEREST AND TAXATION		(24,220,129)	(21,289,182)	(4,055,372)	(16,823,223)	(94,531)	(111,066)
Finance costs	18	(38,752,373)	(21,704,760)	(21,293,910)	(11,978,658)	(151,252)	(113,234)
Share of loss from associated Holding Company		1	1	1	1	-	-
LOSS BEFORE TAXATION		(62,972,501)	(42,993,941)	(25,349,281)	(28,801,880)	(245,783)	(224,300)
Taxation	19	(1,076,176)	(490,804)	(693,109)	(333,963)	(4,200)	(2,561)
LOSS FOR THE PERIOD		(64,048,678)	(43,484,744)	(26,042,390)	(29,135,842)	(249,983)	(226,861)
Attributable to:							
Equity holders of the Holding Company		(64,052,494)	(43,462,420)	(26,047,449)	(19,072,793)	(249,998)	(226,745)
Non-controlling interest		3,816	(22,324)	5,059	(89,374)	15	(116)
		(64,048,678)	(43,484,744)	(26,042,390)	(29,135,842)	(249,983)	(226,861)
LOSS PER SHARE - BASIC AND DILUTED							
Loss attributable to:							
- 'A' class Ordinary shares of Rs 10 each		(12.24)	(8.31)	(4.98)	(5.57)	(0.05)	(0.04)
- 'B' class Ordinary shares of Rs 5 each		(6.12)	(4.16)	(2.49)	(2.79)	(0.02)	(0.02)

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Chief Executive Officer


 Director


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

	Six months period ended		Quarter Ended		Six months period ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	----- Rupees in '000 -----				----- US\$ in '000 -----	
Loss for the period	(64,048,678)	(43,484,744)	(26,042,390)	(29,095,842)	(249,984)	(226,861)
Other comprehensive income						
Unrealised gain on re-measurement of available for sale investments	-	(2,144)	-	(2,144)	-	(11)
Exchange differences on translation of foreign operations	652,390	11,262,525	(3,130,495)	10,010,188	2,546	58,757
Loss on re-measurement of derivative - net of tax	-	(4,986)	-	(4,986)	-	(26)
Total comprehensive income	<u>(63,396,288)</u>	<u>(32,229,349)</u>	<u>(29,172,885)</u>	<u>(19,092,784)</u>	<u>(247,438)</u>	<u>(168,141)</u>
Attributable to:						
Equity holders of the Holding Company	(63,400,104)	(32,770,141)	(29,335,733)	(19,555,110)	(247,453)	(170,963)
Non-controlling interest	3,816	540,792	162,848	422,326	15	2,821
	<u>(63,396,288)</u>	<u>(32,229,349)</u>	<u>(29,172,885)</u>	<u>(19,092,784)</u>	<u>(247,438)</u>	<u>(168,141)</u>

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.



 Chief Executive Officer



 Chief Financial Officer



 Chief Executive Officer



 Director



 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
 FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

Note	Six months period ended		Six months period ended		
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	
	Rupees in '000		US\$ in '000		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	20	37,244,778	11,865,881	145,367	61,904
Profit on bank deposits received		417,942	51,529	1,631	268
Finance costs paid		(19,483,339)	(15,191,855)	(76,044)	(79,256)
Taxes paid		(18,280)	(152,161)	(71)	(794)
Staff retirement benefits paid		(1,717,517)	(1,551,124)	(6,704)	(8,093)
Long-term deposits and prepayments - net		(1,184,499)	813,544	(4,623)	4,244
Net cash (used in) / generated from operating activities		15,259,085	(4,164,186)	59,556	(21,727)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(437,354)	(2,987,608)	(1,711)	(15,590)
Purchase of Intangibles		(40,412)	-	(158)	-
Restricted Cash		6,822	1,470	23	4
Proceeds from sale of property, plant and equipment		(28)	-	-	-
Net cash used in investing activities		(470,972)	(2,987,608)	(1,846)	(15,586)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(23,424,510)	27,196,570	(91,427)	141,885
Proceeds from long-term financing		9,810,795	(18,799,346)	38,292	(98,076)
Repayment of lease liabilities		(5,355,192)	(3,480,504)	(20,902)	(18,157)
Net cash generated from financing activities		(18,968,907)	4,916,719	(74,037)	25,652
Increase in cash and cash equivalents		(4,180,794)	(2,235,076)	(16,327)	(11,661)
Cash and cash equivalents at the beginning of the period		13,409,620	13,356,033	52,339	69,678
Currency translation		424,156	302,753	1,665	1,579
Cash and cash equivalents at the end of the period		9,652,982	11,423,711	37,676	59,597
Cash and Cash equivalents					
Cash and bank balances	8	9,724,116	12,428,023	37,954	64,837
Running finance under mark-up arrangements		(71,134)	(1,004,312)	(278)	(5,240)
		9,652,982	11,423,711	37,676	59,597

The annexed notes 1 to 24 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Chief Executive Officer


 Director


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2023

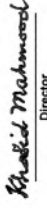
	Reserves							Surplus on revaluation of property, plant & equipment	Total	
	Capital Reserves			Revenue Reserves						
	Reserve for replacement of fixed assets	Capital redemption reserve fund	General capital reserve	General reserve	Accumulated loss	Unrealised gain on remeasurement of investments at FVOCI	Actuarial gain / (loss) on defined benefit plan			
Balance as at January 01, 2022	52,345,110	1,966,779	250,000	284,259	1,779,674	(562,037,455)	257,658	(3,271,464)	10,961,836	(497,483,603)
Loss for the period	-	-	-	-	-	(41,852,699)	-	-	-	(41,852,699)
Other comprehensive loss for the period	-	-	-	-	-	(41,852,699)	-	-	-	(41,852,699)
Total comprehensive loss	-	-	-	-	-	(41,852,699)	-	-	-	(41,852,699)
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	36,327	-	-	(36,327)	-
Balance as at June 30, 2022	52,345,110	1,966,779	250,000	284,259	1,779,674	(603,853,827)	257,658	(3,271,464)	10,925,509	(539,316,302)
Balance as at January 01, 2023	52,345,110	1,966,779	250,000	284,259	1,779,674	(649,973,676)	278,431	(5,736,521)	11,132,055	(587,673,889)
Loss for the period	-	-	-	-	-	(61,617,444)	(155,222)	-	-	(61,617,444)
Other comprehensive loss for the period	-	-	-	-	-	(61,617,444)	(155,222)	-	-	(61,772,666)
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	35,768	-	-	(35,768)	-
Balance as at June 30, 2023	52,345,110	1,966,779	250,000	284,259	1,779,674	(711,555,352)	123,209	(5,736,521)	11,096,287	(649,446,555)


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Chief Financial Officer


Director

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 (the "Holding Company")

Pakistan International Airlines Corporation Limited (the "Holding 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 Holding Company has been converted from a statutory company into a public limited company by shares, through Act No. XV of 2016 'The Pakistan International Airlines Company (Conversion) Act, 2016' (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Company Act, 1956 and the Holding 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 Holding Company and the Holding Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of provisions of the Act.

The principal activity of the 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 2021: 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 PIALI 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.

PIALI has been consolidated in these consolidated condensed financial information on the basis of its consolidated financial statements for the period ended June 30, 2023.

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 period ended June 30, 2023 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 period ended June 30, 2023 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%.

During the current period, the Group incurred a net loss of Rs. 64,048,678 million (June 30, 2022: Rs. 43,484,744 million) resulting in accumulated losses of Rs. 691,227,769 million as of June 30, 2023 (December 31, 2022: Rs. 652,132,556 million). Further, as of June 30, 2023 current liabilities of the Group exceeded its current assets by Rs. 394,243,828 million (December 31, 2022: Rs. 331,227,528 million).

In view of the situation described above, 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 Holding Company to raise / rollover funds;
 - approval for extending repayment period of the term finance certificates;
 - provided funds for acquisition of narrow body aircraft on dry lease; and
 - reimbursement of financial charges on term finance and sukuk certificates.
- b) On December 30, 2017 in a meeting with the GoP, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19, 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) In a meeting with the Honorable PM on April 4, 2019, the Holding Company presented its strategic business plan 2019-23 which was approved and during that meeting PM assured GoP's 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 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) Further, through a letter of support dated April 19, 2023, GoP, through ministry of finance has re-iterated 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

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 Act; and
- Provisions of and directives issued under the Companies 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 half year ended June 30, 2023.

2.2 Basis of measurement

The consolidated condensed interim financial information 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; and
- 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 consolidated condensed interim financial statements are measured using the currency of the primary economic environment in which the 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.

The US Dollar (\$) amounts reported in the consolidated condensed interim statement of financial position, consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of these consolidated condensed interim financial statements. The US Dollar (\$) amounts in the consolidated condensed interim statement of financial position have been translated into US Dollar (\$) at the rate of Rs. 285.9905 = US\$ 1 (December 2022: Rs. 226.4309 = US\$ 1) and in the consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been translated into US Dollar (\$) at the rate of Rs. 256.2107 = US\$ 1 (June 30, 2022: Rs. 191.6801 = US\$ 1).

- 2.4 The figures of the consolidated condensed interim statement of profit or loss and consolidated condensed interim statement of comprehensive income for the quarters ended June 30, 2023 and June 30, 2022 and notes forming part thereof have not been reviewed by the auditors of the Holding Company, as they have reviewed the cumulative figures for the half year ended June 30, 2023 and June 30, 2022.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and method of computation adopted in the preparation of the unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Holding Company for the year ended December 31, 2022, except for the following amendments to accounting standards which became effective during the current period:

3.2 Standard adopted during the period

There are certain amendments to accounting standards that are mandatory for the Holding Company's accounting period beginning on January 01, 2023, but are considered either to be not relevant or to not have any significant effect on the Holding Company's operation and are, therefore, not detailed in these consolidated condensed interim financial statements.

3.2 Standards not yet effective

There are certain new standards, amendments and interpretations to the approved accounting standards that will be mandatory for the Holding Company's accounting periods beginning on / after 1 July 2023. However, the Holding Company expects that these standards will not have any material impact on the future financial statements of the Holding Company.

3.3 Accounting estimates and judgements

Estimates and judgements made by the management in the preparation of these 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.

	Note	June 30,	December 31,
		2023	2022
		(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets			
- owned	4.1	151,846,754	138,147,855
- right of use asset	4.2	24,224,579	23,021,349
		<u>176,071,333</u>	<u>161,169,204</u>
Capital work-in-progress	4.3	492,996	396,475
		<u>176,564,329</u>	<u>161,565,679</u>
		June 30,	June 30,
		2023	2022
		(Un-Audited)	(Un-Audited)
		----- Rupees in '000 -----	
4.1 Owned			
- Additions during the period			
Building		35,908	110,086
Engineering equipment and tools		18,758	7,510
Furniture, fixtures and fittings		31,518	3,134
Equipment		29,385	33,892
Computer and office automation		56,223	57,487
Intang-Assets		40,412	-
Capital Spares		174,479	108,692
		<u>386,683</u>	<u>320,801</u>
- Transfers to investment property			
Land		-	611,600
Building		-	225,375
		<u>-</u>	<u>836,975</u>
4.1 Right of use assets			
Lease termination		(72,705)	-
- Additions during the period			
Aircraft		4,924,216	5,138,307
Building		-	220,258
		<u>4,924,216</u>	<u>5,358,565</u>
4.2 CWIP			
Addition during the period		128,853	2,740,041
Transfer to operating assets		(30,779)	(94,850)
		<u>98,074</u>	<u>2,645,191</u>
4.3 Depreciation charge for the period has been allocated as under:			
Cost of services - others		7,148,733	15,209,472
Distribution cost		6,537	11,377
Administration expense		10,347	17,373
		<u>7,165,617</u>	<u>15,238,222</u>
		Lands,	Furniture and
		buildings and	equipment
		improvements	Total
		----- Rupees in '000 -----	
5 INVESTMENT PROPERTY			
Year ended December 31, 2022			
Net Book Value as at 01 January 2022	78,390,084	538,511	78,928,595
Acquisitions	28,396	-	28,396
Transfer from owner occupied property	815,216	275,434	1,090,650
Change in Fair Value	(9,604,253)	99,635	(9,504,618)
Gain on revaluation	-	-	-
Currency translation	22,099,307	152,289	22,251,596
Net book value as at 31 December 2022	<u>91,728,750</u>	<u>1,065,869</u>	<u>92,794,619</u>
Period ended June 30, 2023			
Net Book Value as at 01 January 2023	91,728,750	1,065,869	92,794,619
Addition during the period	-	-	-
Transfer	-	-	-
Change in Fair Value	(13,727,544)	-	(13,727,544)
Currency translation	37,418,462	-	37,418,462
Net book value as on June 30, 2023	<u>115,419,668</u>	<u>1,065,869</u>	<u>116,485,537</u>

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
----- Rupees in '000 -----		
6 OTHER RECEIVABLES		
Considered good		
Claims receivable	6.1	9,032
Excise duty		100,000
Sales tax receivable		4,745,637
Receivable from GoP		1,943,723
Rental income		22,916
		<u>6,821,308</u>
- other than related parties		
Others		5,313,905
		<u>12,135,213</u>
Considered doubtful		
Less: Provision for impairment against doubtful other receivables		(790,489)
		<u>790,489</u>
		(930,679)
		<u>930,679</u>
		-
		<u>12,135,213</u>
		<u>7,041,840</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 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 Holding 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 Holding Company at the import stage shall be eventually recovered / adjusted.

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
----- Rupees in '000 -----		
8 CASH AND BANK BALANCES		
In hand		16,489
In transit		99,478
		<u>115,967</u>
With banks:		
Restricted cash		7,615
- in current accounts	8.1	4,985,231
- in deposit accounts	8.2 & 8.3	4,615,303
		<u>9,608,149</u>
		<u>13,324,570</u>
		<u>9,724,116</u>
		<u>13,409,620</u>

8.1 This has been adjusted by an aggregate amount of Rs. 694.683 million (December 31, 2022: Rs. 1954.179 million), representing book overdrafts.

8.2 These carry interest ranging from 0.5% to 18.5% (December 31, 2022: 0.5% to 12.43%) per annum.

8.3 This includes a bank balance of BDT 676.533 million (December 31, 2022: BDT 676.077 million) equivalent to Rs. 1,788.346 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 Holding Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Holding Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.

9 LONG-TERM FINANCING

		June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
----- Rupees in '000 -----			
Borrowings		319,870,692	321,573,242
Sukuk certificates		4,396,491	5,379,427
		<u>324,267,182</u>	<u>326,952,669</u>
Balance at beginning of the period		383,495,052	348,890,705
Financing obtained during the period	9.1	10,306,844	62,810,063
Repayments made during the period		(23,424,510)	(42,237,512)
Amortization of arrangement fee		628,249	42,609
Exchange loss		21,261,720	13,989,188
		<u>392,267,355</u>	<u>383,495,052</u>
Less: Current maturity		(72,396,663)	(61,921,812)
Closing balance		<u>319,870,692</u>	<u>321,573,242</u>

9.1 During the period the company obtained financing from the following:

Financier	Type of facility	Facility amount (million)	Repayment period	Number of Installments / Mode	Rupees in '000
Faysal Bank	Diminishing Musharakah	PKR 5,000	2023-2028	48 Monthly	5,000,000
Askari Bank	Term Finance Facility	PKR 5,000	2023-2030	60 Monthly	5,000,000
Markup reimbursement from GoP					306,844
					<u>10,306,844</u>

10 LEASE LIABILITIES

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
----- (Rupees in '000) -----		
Present value of minimum lease payments		
- Aircraft fleet including engines	27,471,805	21,555,475
- Buildings	348,370	593,975
	<u>27,820,175</u>	<u>22,149,450</u>
Technical ground equipments	9,713	8,090
	<u>27,829,888</u>	<u>22,157,540</u>
Less: Current maturity of lease liabilities	(6,030,417)	(5,831,145)
	<u>21,799,471</u>	<u>16,326,395</u>

11 TRADE AND OTHER PAYABLES

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
Trade creditors		
Goods	28,155,233	26,082,039
Services	41,777,694	28,849,641
Airport related charges	67,447,546	58,225,067
	<u>137,646,403</u>	<u>113,156,747</u>
Other Liabilities		
Accrued liabilities	10,093,431	9,450,526
VSS employee obligation		5,277
Advance against transportation (unearned revenue)	26,584,574	19,601,459
Obligation for compensated absences- Holding Company	8,166,964	7,551,622
Unredeemed frequent flyer liabilities	358,400	358,400
Advance from customers	2,577,561	1,452,006
Amount due to Associate undertaking	-	384,267
Advances and deposits	-	73,368
Earnest money	-	1,771
Employees' provident fund	11.1 485,752	1,249,096
Federal excise duty - International travel	10,162,738	11,344,252
Unclaimed dividend - Preference shares	672,076	-
Collection on behalf of others	71,951,447	64,891,208
Customs and federal excise duty	2,253,124	2,354,437
Income tax deducted at source	2,989,581	2,095,314
Multi employer pension withdrawl liability	-	2,049,146
Bed tax	(1,115)	-
Payable to EOBI/SESSI	13,543	-
Short-term deposits	-	466,723
Others	4,131,315	246,612
	<u>278,085,794</u>	<u>236,732,231</u>
		-

- 11.1 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.

12 ACCRUED INTEREST

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
Long-term financing	51,520,395	21,679,646
Short-term borrowings	3,363,082	705,261
Provident fund	9,772,771	8,426,244
Other	-	1,567,269
	<u>64,656,248</u>	<u>32,378,420</u>

13 SHORT-TERM BORROWINGS

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
	----- Rupees in '000 -----	
Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	1,020,734	528,449
	<u>30,880,734</u>	<u>30,388,449</u>

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

14 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	June 30, 2023 (Un-Audited)	December 31, 2022 (Audited)
-----Rupees in '000-----		
Long-term financing	72,396,663	61,921,812
Term finance and sukuk certificates	650,260	295,573
Lease liabilities	6,047,804	5,831,145
	79,094,728	68,048,530

15 CONTINGENCIES AND COMMITMENTS

15.1 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, except for the amounts claimed by the Civil Aviation Authority which are not acknowledged by the company amounting to Rs.59,060.39 million as of June 30, 2023 (December 31, 2022: Rs. 47,920.562 million)

15.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 10.841 million (December 31, 2022: Rs. 28.494 million).
- b) Outstanding letters of guarantee amounted to Rs. 328.842 million (December 31, 2022: Rs. 312.301 million).
- c) In 2012, the Holding 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. 436,966.03 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

	Six months period ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Note(Un-Audited).....			
	-----Rupees'000-----			
16 REVENUE - Net				
Passenger	109,912,275	63,398,043	79,076,986	50,754,687
Cargo	3,328,784	2,942,488	2,086,008	2,137,315
Charter	2,102,302	1,284,931	1,486,675	550,968
Engineering services	-	-	14,388,902	-
Room, food and beverages sales	1,771,665	2,231,317	1,771,665	2,116,951
Others	10,046,907	4,033,420	10,046,907	2,473,153
	127,161,931	73,890,197	108,857,142	58,033,073
17 COST OF SERVICES - Others				
Salaries, wages and allowances	6,781,624	6,027,483	3,800,279	3,480,706
Welfare and social security costs	641,729	545,050	373,829	82,150
Retirement benefits	1,864,887	1,405,206	1,166,113	825,039
Compensated Absences	456,488	247,415	332,773	196,874
Legal and professional charges	17,398	19,097	6,138	9,397
Stores and spares consumed	1,461,266	921,856	1,175,329	617,727
Repair, Maintenance and overhaul	8,096,610	6,251,799	4,959,243	4,458,889
Aircraft Charter	-	3,763,813	(2,151,950)	3,763,813
Flight equipment rental	7,054,735	3,953,851	5,476,720	3,627,547
Landing and handling	17,037,176	9,043,186	12,856,079	7,072,755
Passenger services	1,878,880	918,242	1,461,124	652,641
Crew layover	1,464,106	778,731	1,076,331	520,130
Staff training	21,127	15,962	3,617	15,011
Food cost	38,005	65,777	3,028	60,290
Utilities	47,513	37,234	27,997	21,333
Communication	2,132,964	1,208,150	1,637,521	880,464
Insurance	3,223,390	2,610,113	2,155,623	940,074
Rent, rates and taxes	862,700	553,443	640,771	410,396
Printing and stationery	57,477	101,748	28,710	2,145,367
Depreciation	7,148,733	6,290,620	4,063,173	(3,592,582)
Amortization	4,260	3,498	2,511	489
Others	1,448,562	1,150,448	1,118,790	1,027,629
	61,739,628	45,912,722	40,213,748	27,216,139

	Six months period ended		Quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	(Un-Audited)			
	Rupees '000			
18 FINANCE COSTS				
Mark-up on:				
- long-term financing	32,076,112	18,741,438	17,390,889	12,539,848
- short-term borrowings	3,180,927	1,920,180	1,790,880	1,021,042
	35,257,039	20,661,618	19,181,769	13,560,890
Lease Liabilities	2,823,570	530,195	1,549,496	284,949
Bank charges, guarantee commission and other related charges	95,205	512,947	46,824	502,254
	38,752,373	21,704,760	20,778,090	14,348,093

19 TAXATION

Current - for the period	917,907	490,804	470,370	333,963
Deferred	158,269	-	222,739	-
	1,076,176	490,804	693,109	333,963

19.1

The tax charge for the current period is based on minimum tax on turnover under section 113 of Income Tax Ordinance 2001. However, upto the half year ended 30 June 2021, the Company was not recognising income tax under the said section based on the management's interpretation that Section 113 is not to be levied on the Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these did not fall under the ambit of "gross fees for rendering of services" as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation was in line with the decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

19.2

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.

20 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Six months period ended	
	June 30, 2023 (Un-Audited)	June 30, 2022 (Un-Audited)
	Rupees in '000	
Loss before taxation	(62,972,501)	(42,993,941)
Adjustments for non cash items:		
Depreciation	8,281,832	7,307,885
Gain on disposal of property, plant and equipment	28	-
Gain on lease termination	37,587	-
Amortization	53,253	43,719
Provision for slow moving stores and spares	146,709	(359,845)
Provision for employees' benefits	3,883,965	2,823,323
Provision for expected credit loss	738,170	205,358
Provision for redelivery	1,891,344	1,432,338
Provision against other receivable	(133,102)	173,355
Finance costs	38,752,373	21,704,760
Unrealised Exchange Loss	19,284,315	11,986,463
Profit on bank deposits	(417,942)	(51,529)
Cash generated from operations before working capital changes	9,546,031	2,271,887
Working capital changes:		
(Increase) / decrease in stores and spare parts	(372,167)	(330,828)
(Increase) / decrease in trade debts	(6,205,204)	(3,807,805)
(Increase) / decrease in advances	(1,868,286)	(511,276)
(Increase) / decrease in trade deposits and prepayments	(431,718)	(991,685)
(Increase) / decrease in other receivables	(4,770,192)	(297,368)
Increase in trade and other payables	41,346,314	15,532,957
	27,698,747	9,593,994
Cash generated from operations after working capital changes	37,244,778	11,865,881

21. TRANSACTIONS WITH RELATED PARTIES

21.1 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 Syed Hasan Kashif	Key management personnel
Maj Khuram Mushtaq	Key management personnel
Mohsin Ausaf Khan	Key management personnel
AVM Muhammad Amir Hayat	Key management personnel
Syed Asif Gilani	Key management personnel

21.2 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 consolidated financial statements are as follows:

Name of Related Parties	Nature of Transaction	Six months period ended	
		June 30, 2023	June 30, 2022
		----- (Un-Audited) -----	
		----- (Rupees in '000) -----	
Skyrooms (Private) Limited	Payments made against in-transit passengers	91,096	32,119
	Reimbursement of expenses	488,815	352,575
PIA Investments Limited	Markup expense on advance	342,742	82,694
	Markup income on advance	386,173	60,424
Minhal France S.A.	Other income	6,342	59,791
Retirement benefit funds	Contribution to provident fund and others	1,108,118	965,055
	Interest on overdue balance of provident fund	91,037	154,883
Al-shifa Trust	Donation	1,750	2,100
Pakistan State Oil	Purchase of fuel	27,256,128	17,141,856
	Late Payment Interest	515,816	465,291
Civil Aviation Authority	Airport related charges	11,751,314	9,822,379
National Insurance Company Limited	Insurance premium	3,218,325	2,598,084
National Bank of Pakistan	Finance costs	4,006,710	2,335,166
Government of Pakistan	Finance costs	9,839,018	4,782,258
Key Management Personnel	Salaries, wages and other benefits	48,170	64,607

22. FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

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

22.2 Fair value estimation

As at June 30, 2023 all the Company's assets and liabilities are carried at cost except for those mentioned below:

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;

The Company's investment property are stated at revalued amounts

The Holding 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.

23. GENERAL

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

24. AUTHORISATION OF FINANCIAL STATEMENTS

These consolidated condensed interim financial statements were authorised for issue by the Board of Directors of the Holding Company in their meeting held on -----



Chief Executive Officer



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer



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