PAKISTAN
International Airlines
Great People to Fly With

Leading the Skies!

HALF YEARLY REPORT 2018


DISCOVER
THE HIGH SKIES WITH
PIA

CORPORATE PROFILE
As at November 21, 2019

BOARD OF DIRECTORS

Mr Shahrukh Nusrat
Secretary Aviation Division

Mr Noor Ahmed
Secretary Economic Affairs Division

Mr Atif Aslam Bajwa

Mr Naveed Kamran Baloch
Secretary Finance Division

Mr Farrukh H Khan

Mr Tariq Kirmani

Air Marshal Arshad Malik
Chief Executive Officer

Mr Navaid H Malik

Mr Haque Nawaz

Mr Muhammad Ali Tabba

Mr Muhammad Shuaib
Company Secretary

Mr Muhammad Javed Jameel
Acting Chief Internal Auditor

EXECUTIVE MANGEMENT

Air Marshal Arshad Malik
Chief Executive Officer

Mr Aijaz Mazhar
Chief Operating Officer

AVM Noor Abbas
Advisor to CEO

AVM Soban Nazir Syed
Director- Precision Engineering Complex

Mr Nausherwan Adil
Officiating Chief Commercial Officer

Mr Khalilullah Shaikh
Chief Financial Officer

Capt Arshad Khan
Chief Flight Operations

Mr Khalid-ul-Rehman Barlas
Chief Information Officer

Mr Jawad Zafar Chaudhry
Chief Corporate Development Officer

Mr Amer Altaf
Chief Human Resource Officer

Mr Amir Ali
Chief Technical Officer

Mr Amanullah Qureshi
Chief Supply Chain Management Officer

Mr Younus M Khan
Chief Projects Officer

CONTENTS

OTHER CORPORATE INFORMATION

EXTERNAL AUDITORS

Messrs Grant Thornton Anjum Rahman
Chartered Accountants

Messrs BDO Ebrahim & Co
Chartered Accountants

Legal Advisor
Mr Asim Rauf

SHARE REGISTRAR

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

BANKERS

Al Baraka Bank
Askari Bank Limited
Bank Islami
Bank of Punjab
Citi Bank NA
Credit Suisse AG Singapore
Emirates NBD
Faysal Bank Limited
Habib Allied International Bank, London
Habib Bank Limited
JS Bank
Mashreq Bank, Dubai
National Bank of Pakistan
Standard Chartered Bank Limited.
United Bank Limited

REGISTERED OFFICE

PIA Building
Jinnah International Airport Karachi- 75200
Pakistan
Tel: 0092-21-9904 0000
UNI: 111-786-786
Website: www.piac.com.pk

BOARD **COMMITTEES**
As at November 21, 2019

NAME OF COMMITTEE	MEMBER NAME	DESIGNATION
BOARD AUDIT COMMITTEE (BAC)	Mr Atif Aslam Bajwa	**Chairman**
	Mr Farrukh H Khan	Member
	Mr Tariq Kirmani	Member
	Mr Haque Nawaz	Member
BOARD FINANCE COMMITTEE (BFC)	Mr Naveed Kamran Baloch *Secretary Finance Division*	**Chairman (ex-officio)**
	Mr Atif Aslam Bajwa	Member
	Mr Navaid H Malik	Member
	Air Marshal Arshad Malik *Chief Executive Officer*	Member
	Mr Haque Nawaz	Member
BOARD HR & COMPENSATION COMMITTEE (BHRCC)	Mr Tariq Kirmani	**Chairman**
	Air Marshal Arshad Malik *Chief Executive Officer*	Member
	Mr Farrukh H Khan	Member
	Mr Navaid H Malik	Member
BOARD PROCUREMENT COMMITTEE (BPC)	Air Marshal Arshad Malik *Chief Executive Officer*	Member
	Mr Haque Nawaz	Member
	Mr Muhammad Ali Tabba	Member
BOARD COMMERCIAL, OPERATIONS & ENGINEERING COMMITTEE (BCOEC)	Mr Navaid H Malik	**Chairman**
	Air Marshal Arshad Malik *Chief Executive Officer*	Member
	Mr Tariq Kirmani	Member

DIRECTORS' REPORT - FOR THE PERIOD ENDED JUNE 30, 2018

On behalf of the Board of Directors, we are pleased to present the Company's Review Report together with the financial statements for the period of six months ended June 30, 2018. The financial results for the period are summarized below:

(Rs. In Million)

	2018	2017
Revenue (net)	45,590	43,075
Operating Expenses & Cost	(62,683)	(57,796)
Operating Loss	**(17,093)**	**(14,720)**
Exchange Loss	(5,839)	(15)
Other Expenses (net)	(443)	(951)
Finance Cost	(8,808)	(7,169)
Loss Before Taxation	**(32,183)**	**(22,855)**

Industry Review

In 2018, airlines continued to increase the number of city-pair routes globally. Almost 22,000 city pairs are now regularly serviced by airlines. This is an increase of 1,300 over the number of connections in 2017. Strong improvements in connectivity and inflation adjusted costs over the last few years helped to ensure that aviation, the "business of freedom", continues to distribute its array of benefits to consumers, suppliers and economies globally.

Business Review

Negative Trend in revenues was reversed in the period under review as PIACL witnessed a growth of 6% in net revenue as compared to 2017. Revenue Passenger Kilometers (RPKs) were up by 2.14%.Major reasons for increase in loss were significant exchange loss due to rupee depreciation, increase in fuel prices resulting in 27% increase in fuel cost and increase in financial charges by 23% as compared to 2017.

Management is focusing on increasing the customer base of the Airline by enhancing the on-board passenger comfort on our flights.A number of new initiatives have been taken in this regard. Cabin refurbishment of entire fleet andimproved in-flight meals are just to name few. Moreover, extensive special trainings are being imparted to our cabin crew to augment their capacity to serve our valued customers even better. In addition to the above initiatives, Management is also focusing on route rationalization, with an aim to increasing the frequencies on route giving better yields, while curtailing not so profitable sectors.

The operating environment in the region remains very challenging as we face excess capacity and falling yields. However, with the current revitalization plan being implemented across the organization, we are hopeful that despite the downturn, with support of our customers, dedication of our employees and continued support of Government of Pakistan, we will emerge stronger for the better times ahead.

For and on behalf of the Board

Air Marshal Arshad Malik
Chief Executive Officer

Tariq Kirmani
Director

November 21, 2019

UNCONSOLIDATED FINANCIAL STATEMENTS

BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C,
Lakson Square Building No. 1
Sarwar Shaheed Road, Karachi – 74200

Grant Thornton Anjum Rahman
Chartered Accountants
First and Third Floor, Modern
Motors, Beaumont Road,
Karachi - 74200

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS OF PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED

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, 2018 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 information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information 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 information 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 information as at and for the six-month period ended June 30, 2018 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 1.3 to the unconsolidated condensed interim financial information 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 materially dependent on the said support.

ii. Notes 13 and 14 to the unconsolidated condensed interim financial information which state that an aggregate amount of Rs. 16,944.576 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 11,716.519 million on account of the Company and employees' contributions and Rs. 5,228.057 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 (the Act).

iii. Notes 17.1 and 21.1 to the unconsolidated condensed interim financial information which state that the Company is exposed to various tax and other contingencies aggregating to Rs. Rs. 41,587.692 million, 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 information.

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

bdo

Other matters

1) The unconsolidated financial statements of the Company for the half year ended June 30, 2017 and for the year ended December 31, 2017 were reviewed and audited, respectively, by EY Ford Rhodes and KPMG Taseer Hadi & Co., who:

- In their review report dated July 5, 2018, did not express a conclusion on unconsolidated condensed interim financial information for the half year ended June 30, 2017; and
- In their audit report dated August 10, 2019, expressed a qualified opinion on the unconsolidated financial statements for the year ended December 31, 2017 in respect of non-observance of physical stores and spares and capital spares and determination of the prior year adjustments to the satisfaction of the auditors.

2) The figures for the quarters ended June 30, 2018 and June 30, 2017 in the unconsolidated condensed interim statement of profit or loss and unconsolidated condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

BDO Ebrahim & Co.
bdo Chartered Accountants

Engagement Partner: Raheel Shahnawaz

Grant Thornton Anjum Rahman
Chartered Accountants

Engagement Partner: Khurram Jameel

Place: Karachi
Date:

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	June 30 2018 (Un-Audited)	December 31 2017 (Audited) *(Restated)*	January 01, 2017 (Audited) *(Restated)*	June 30 2018 (Un-Audited)	December 31 2017 (Audited) *(Restated)*	January 01, 2017 (Audited) *(Restated)*
		Rupees in '000			US$ in '000		
ASSETS							
NON CURRENT ASSETS							
Fixed assets							
- Property, plant and equipment	5	67,493,042	66,828,518	68,828,761	555,304	604,633	656,420
- Intangibles	6	303,474	328,669	7,884	2,497	2,974	75
		67,796,516	67,157,187	68,836,645	557,801	607,607	656,495
Long-term investments		4,586,798	4,587,663	4,569,247	37,738	41,507	43,577
Long-term deposits and prepayments	[illegible]	8,068,136	8,011,052	7,020,724	66,381	72,480	66,957
Total non current assets		80,451,450	79,755,902	80,426,616	661,920	721,594	767,029
CURRENT ASSETS							
Stores and spares	7	3,850,868	3,092,587	2,554,584	31,683	27,980	24,363
Trade debts		9,987,296	11,147,710	9,294,099	82,171	100,859	88,638
Advances		3,139,069	2,640,948	2,154,411	25,827	23,894	20,547
Trade deposits and short term prepayments		3,095,846	4,109,283	3,891,662	25,471	37,179	37,115
Other receivables	8	6,735,055	6,873,787	8,083,390	55,413	62,191	77,091
Short-term investments		19,220	19,220	19,220	158	174	183
Cash and bank balances	9	2,453,557	4,262,457	3,449,152	20,187	38,565	32,895
Total current assets		29,280,871	32,145,992	29,446,540	240,910	290,842	280,832
TOTAL ASSETS		109,732,321	111,901,894	109,873,156	902,830	1,012,436	1,047,861
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Issued, subscribed and paid-up share capital	10	52,345,110	52,345,110	52,345,110	430,673	473,594	499,215
Reserves		4,449,838	4,450,703	4,432,287	36,611	40,268	42,271
Surplus on revaluation of property, plant and equipment - net		21,766,190	22,008,745	18,529,680	179,083	199,125	176,718
Accumulated losses		(402,444,859)	(370,276,199)	(319,234,231)	(3,311,145)	(3,350,085)	(3,044,536)
Total Shareholders' Equity		(323,883,721)	(291,471,641)	(243,927,154)	(2,664,778)	(2,637,099)	(2,326,332)
NON CURRENT LIABILITIES							
Long-term financing	11	115,791,664	102,242,919	74,829,943	952,685	925,046	713,653
Term finance and sukuk certificates	12	12,919,773	17,072,007	25,289,606	106,298	154,460	241,187
Liabilities against assets subject to finance lease		1,467,157	1,781,163	5,811,849	12,071	16,115	55,428
Advance from a subsidiary		4,878,134	4,436,041	4,208,290	40,135	40,135	40,135
Deferred liabilities		33,952,727	33,531,987	29,960,940	279,349	303,382	285,737
Total non-current liabilities		169,009,455	159,064,117	140,100,728	1,390,538	1,439,138	1,336,140
CURRENT LIABILITIES							
Trade and other payables	13	157,307,992	138,668,164	119,226,291	1,294,266	1,254,606	1,137,062
Unclaimed dividend - Preference shares		3,297	3,297	3,297	27	30	32
Accrued interest	14	15,853,247	14,586,792	13,320,144	130,434	131,974	127,034
Provision for taxation - net		771,032	760,458	961,255	6,341	6,878	9,353
Short-term borrowings	15	34,818,448	34,358,474	34,351,311	286,471	310,839	327,608
Current maturity of non-current liabilities	16	55,852,571	55,932,237	46,237,184	459,531	506,049	440,964
Total current liabilities		264,606,587	244,309,418	213,699,582	2,177,070	2,210,396	2,038,053
TOTAL LIABILITIES		433,616,042	403,373,535	353,800,310	3,567,608	3,649,534	3,374,193
TOTAL EQUITY AND LIABILITIES		109,732,321	111,901,894	109,873,156	902,830	1,012,436	1,047,861
CONTINGENCIES AND COMMITMENTS	23						

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

Chief Executive Officer | **Chief Financial Officer**

Chief Executive Officer | **Director** | **Chief Financial Officer**

Bdo

97

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited) (Restated)	Quarter ended June 30, 2018 (Un-Audited)	Quarter ended June 30, 2017 (Un-Audited) (Restated)	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited) (Restated)
		(Rupees in '000)				(USD in '000)	
REVENUE - NET	17	45,590,115	43,075,483	20,231,436	21,121,351	375,096	410,712
COST OF SERVICES							
Aircraft fuel		(19,489,666)	(15,374,880)	(9,976,469)	(7,241,642)	(160,353)	(146,595)
Others	18	(37,338,497)	(36,722,354)	(17,641,968)	(18,609,516)	(307,205)	(350,137)
		(56,828,163)	(52,097,234)	(27,618,437)	(25,851,158)	(467,558)	(496,732)
GROSS (LOSS)		(11,238,048)	(9,021,751)	(7,387,001)	(4,729,807)	(92,462)	(86,020)
Distribution costs		(2,604,690)	(2,644,711)	(1,270,558)	(1,361,702)	(21,430)	(25,188)
Administrative expenses		(3,250,224)	(3,056,616)	(1,487,567)	(1,552,134)	(26,741)	(29,144)
Other provisions and adjustments	19	(710,110)	(1,039,256)	(561,065)	(642,422)	(5,842)	(10,100)
Exchange (loss) / gain - net		(5,839,395)	(14,585)	(3,535,398)	90,596	(48,044)	(139)
Other income		266,779	108,201	249,043	73,096	2,195	1,032
		(12,137,640)	(6,663,967)	(6,605,545)	(3,392,566)	(99,862)	(63,539)
LOSS FROM OPERATIONS		(23,375,688)	(15,685,718)	(13,992,546)	(8,122,373)	(192,324)	(149,559)
Finance costs	20	(8,807,576)	(7,169,223)	(4,626,417)	(3,667,972)	(72,465)	(68,356)
LOSS BEFORE TAXATION		(32,183,264)	(22,854,941)	(18,618,963)	(11,790,345)	(264,789)	(217,915)
Taxation	21	(227,951)	(215,377)	(101,172)	(105,606)	(1,875)	(2,054)
LOSS FOR THE PERIOD		(32,411,215)	(23,070,318)	(18,720,135)	(11,895,951)	(266,664)	(219,969)
LOSS PER SHARE - BASIC AND DILUTED		Rupees				US$	
Loss attributable to: 'A' class ordinary shares of Rs. 10 each	22	(6.39)	(4.41)	(3.58)	(2.27)	(0.05)	(0.04)
'B' class ordinary shares of Rs. 5 each		(3.10)	(2.20)	(1.79)	(1.14)	(0.03)	(0.02)

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

Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Six months period ended		Quarter ended		Six months period ended	
	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited) (Restated)	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited) (Restated)	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited) (Restated)
	Rupees in '000				US$ in '000	
Loss for the period	(32,411,215)	(23,070,318)	(18,720,135)	(11,895,951)	(266,664)	(219,969)
Other comprehensive income						
Items that will be reclassified subsequently to unconsolidated condensed interim statement of profit or loss						
Unrealised gain on re-measurement of available for sale investments	(865)	3,286	-	(4,495)	(7)	31
Total comprehensive loss for the period	(32,412,080)	(23,067,032)	(18,720,135)	(11,900,446)	(266,671)	(219,938)

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

Chief Executive Officer

Chief Executive Officer

Director

Chief Financial Officer

Chief Financial Officer

bdo

97

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Six months period ended June 30 2018 (Un-Audited)	Six months period ended June 30 2017 (Un-Audited) (Restated)	Six months period ended June 30 2018 (Un-Audited)	Six months period ended June 30 2017 (Un-Audited) (Restated)
		Rupees in '000		US$ in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	23	6,063,052	2,821,458	49,884	26,902
Profit on bank deposits received		(9,246)	5,341	(76)	51
Finance costs paid		(7,541,121)	(7,497,395)	(62,045)	(71,485)
Taxes paid		(217,373)	(84,986)	(1,788)	(810)
Staff retirement benefits paid		(1,671,563)	(730,163)	(13,753)	(6,962)
Long-term deposits and prepayments - net		(57,083)	(365,940)	(470)	(3,489)
Net cash used in operating activities		(3,433,334)	(5,851,685)	(28,248)	(55,793)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,150,631)	(667,110)	(25,922)	(6,361)
Purchase of Intangibles		(16,858)	(434,629)	(139)	(4,145)
Proceeds from sale of property, plant and equipment		-	14,710	-	140
Net cash used in investing activities		(3,167,489)	(1,087,029)	(26,061)	(10,366)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance from a subsidiary - net		884,186	-	7,275	-
Repayment of long-term financing		(7,494,005)	(12,320,561)	(61,658)	(117,473)
Proceeds from long-term financing		14,682,938	26,083,333	120,805	248,697
Repayment of term finance certificates		(2,923,174)	(4,106,589)	(24,051)	(39,155)
Proceeds from short term borrowings		153,586	1,888,011	1,264	18,002
Repayment of obligations under finance lease		(839,424)	(3,868,735)	(6,906)	(36,887)
Net cash generated from financing activities		4,464,107	7,675,459	36,729	73,184
(Decrease) / increase in cash and cash equivalents		(2,136,716)	736,745	(17,580)	7,025
Cash and cash equivalents at the beginning of the period		1,090,312	(51,125)	8,971	(487)
Effects of exchange rate changes on cash and cash equivalents		-	(414)	-	(4)
Cash and cash equivalents at the end of the period		(1,046,404)	685,206	(8,609)	6,534
Cash and Cash Equivalents					
Cash and bank balances	9	2,453,534	4,211,418	20,187	40,155
Running finance under mark-up arrangements	15	(3,499,938)	(3,526,212)	(28,796)	(33,621)
		(1,046,404)	685,206	(8,609)	6,534

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

Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

bdo

97

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Issued, subscribed, and paid-up share capital	Capital Reserves: Capital reserves	Capital Reserves: Unrealised gain on remeasurement of investments	Capital Reserves: Surplus on Revaluation	Capital Reserves: Sub Total	Revenue reserves	Accumulated losses	Total Reserves
	----------	----------	----------	(Rupees in '000)	----------	----------	----------	----------
Balance as at December 31, 2016 as previously reported	52,241,310	[illegible]	111,773	4,732,633	7,645,232	1,775,674	[illegible]	[illegible]
Effect of change in accounting policy (note 4.1)	–	–	–	[illegible]	15,777,041	–	(15,777,041)	–
Balance as at December 31, 2016 as restated	52,241,310	[illegible]	111,773	[illegible]	[illegible]	1,775,674	[illegible]	[illegible]
Total comprehensive loss for the six months period ended June 30, 2017								
Loss for the period	-	-	-	-	-	-	(21,070,316)	(21,070,316)
Other comprehensive income for the period	-	-	5,280	-	5,280	-	-	5,280
Total comprehensive loss for the period	-	-	5,280	-	5,280	-	(21,070,316)	[illegible]
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	[illegible]	[illegible]	-	[illegible]	-
Balance as at June 30, 2017	52,241,310	[illegible]	[illegible]	[illegible]	[illegible]	1,775,674	[illegible]	[illegible]
Balance as at December 31, 2017 as previously reported	52,241,310	[illegible]	[illegible]	[illegible]	8,231,746	1,775,674	[illegible]	[illegible]
Effect of change in accounting policy (note 4.1)	-	-	-	[illegible]	[illegible]	-	[illegible]	-
Balance as at December 31, 2017 as restated	52,241,310	[illegible]	[illegible]	[illegible]	[illegible]	1,775,674	[illegible]	[illegible]
Total comprehensive loss for the six months period ended June 30, 2018								
Loss for the period	-	-	-	-	-	-	(12,411,215)	(12,411,215)
Other comprehensive loss for the period	-	-	(865)	-	(865)	-	-	(865)
Total comprehensive loss for the period	-	-	(865)	-	(865)	-	(12,411,215)	[illegible]
Surplus on revaluation of property, plant and equipment realised during the six months ended June 30, 2018 on account of incremental depreciation charged thereon-Net of Tax	-	-	-	[illegible]	[illegible]	-	[illegible]	-
Balance as at June 30, 2018	52,241,310	2,301,038	[illegible]	[illegible]	[illegible]	1,775,674	[illegible]	[illegible]

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

Chief Executive Officer

Chief Executive Officer

Director

Chief Financial Officer

Chief Financial Officer

PAKISTAN International Airlines

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

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

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

1.2 The Business Units of the 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 unconsolidated condensed interim financial information as required under Fourth Schedule to the Companies Act, 2017.

1.3 During the current period, the Company incurred a net loss of Rs. 32,411.215 million (June 30, 2017: Rs. 23,070.318 million) resulting in accumulated losses of Rs. 402,444.859 million as of June 30, 2018 (December 31, 2017: Rs. 370,276.199 million). Further, as of June 30, 2018, current liabilities of the Company exceeded its current assets by Rs. 235,325.715 million (December 31, 2017: Rs. 212,163.426 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, the management believes that though the sustainability of the future operations of the Company is materially dependent on the support of the Government of Pakistan, no material uncertainty exists and going concern assumption is appropriate. Accordingly, this unconsolidated condensed interim financial information is prepared on a going concern basis.

a) Government of Pakistan (GoP), being the major shareholder of the Company, through its finance division's letter dated September 02, 2008 communicated that it would extent 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:

- long-term financing to meet working capital requirements of the Company.
- issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the
- approval for extending repayment period of the term finance certificates.
- provided funds for acquisition of narrow body aircraft on dry lease.
- reimbursement of financial charges on term finance and sukuk certificates.

b) In a meeting with the Honorable Prime Minister of Pakistan on December 30, 2017, 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. Therefore, subsequent to December 31, 2017 following decisions / steps have been taken by the GoP to support the Company:

- approval for reimbursement of markup for five years, accordingly an amount of Rs. 16,019 million has been provided by GoP during the fiscal year 2018-19 in respect of markup
- through a letter dated February 19, 2018, GoP has reiterated its maximum support to maintain the Company's going concern;
- GoP guarantee limit enhanced from Rs.178,085 million to Rs 222,107 million to meet the cash deficit;

(c) Further, in a meeting with the Honorable Prime Minister of Pakistan (PM) on April 4, 2019, the Company presented its strategic business plan 2019-23 which was approved and during that meeting PM assured GoP's full support to the Company in terms of provision of funds /equity in order to increase its potential to compete in the Aviation market. Thereafter, in Finance Act 2019, GoP has allocated Rs. 24,500 million in respect of mark-up support to the Company.

bdo

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The third and fourth schedules to the Companies Act, 2017 became applicable to Company for the first time for the preparation of this unconsolidated condensed interim financial information. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Company. Specific additional disclosures and changes to the existing disclosures have been included in this unconsolidated condensed interim financial information.

2.2 This unconsolidated 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 Company's annual unconsolidated financial statements for the year ended December 31, 2017.

2.3 The US $ amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of this unconsolidated condensed interim financial information. The US $ amounts in the unconsolidated condensed interim statement of financial position, have been translated into US $ at the rate of Rs. 121.5425 = US $ 1 (December 31,2017: Rs. 110.5274 = US $ 1). The US $ amounts in unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows have been translated into US $ at the rate of Rs. 121.5425 = US $ 1 (June 30, 2017: Rs. 104.7480 = US $ 1).

hdo

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting estimates, judgements, assumptions and financial risk management:

The preparation of unconsolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognised prospectively commencing from the period of revision.

Judgements and estimates made by the management in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended December 31, 2017, except for the changes in accounting estimates as noted in note 5.2.

3.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements of the Company for the year ended December 31, 2017.

3.3 New / revised standards, amendments to approved accounting standards

There are new and amended standards and interpretations that are mandatory for accounting periods beginning January 01, 2018 but are considered not to be relevant or do not have any significant effect on the Company's financial position and are therefore not stated in this unconsolidated condensed interim financial information.

3.4 New standards, amendments to approved accounting standards and new interpretations to existing standard that are not yet effective and have not been early adopted by the Company.

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2018.

3.4.1 Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment.

hdo

Further, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture's interests in subsidiaries. The amendments are not likely to have an impact on the Company's financial position.

3.4.2 IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI and not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Company is currently evaluating its impact on its financial reporting.

3.4.3 IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments are not likely to have any material impact on the Company's financial position.

3.4.4 These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments currently does not have any significant impact on the Company's financial statements. In addition to the foregoing, the Companies Act, 2017 which is effective on these financial statements has added certain disclosures which have been included. The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.4.5 IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is currently evaluating its impact on the Company's financial reporting.

3.4.6 IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analysing the potential impact of its lease arrangements that will result in recognition of its right to use assets and liabilities on adoption of the standard.

3.4.7 IFRIC 22 'Foreign currency transactions and advance consideration' (effective from accounting period beginning on or after January 1, 2018) clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

3.4.8 IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Company's financial reporting.

3.4.9 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

bdo

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

4 CHANGE IN ACCOUNTING POLICY

4.1 The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Therefore, in accordance with the requirements of IAS 16, "Property, Plant and Equipment" surplus on revaluation of fixed assets would now be presented under shareholders' equity.

Following the application of IAS 16, the Company policy for surplus on revaluation of property, plant and equipment stands amended as follows:

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the profit or loss.

If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

(a) Effect on unconsolidated statement of financial position of December 31, 2017 and earliest period presented i.e. January 01, 2017.

bdo

	December 31, 2017			January 1, 2017		
	Balance as previously reported	Effect of restatement	Balance after restatement	Balance as previously reported	Effect of restatement	Balance after restatement
	(Rupees in '000)					
Surplus on revaluation of property, plant and equipment-net	5,620,720	16,388,026	22,008,745	4,752,639	13,777,041	18,529,680
Accumulated losses	(353,888,173)	(16,388,026)	(370,276,199)	(305,457,190)	(13,777,041)	(319,234,231)
Equity	(348,267,453)	-	(348,267,453)	(300,704,551)	-	(300,704,551)

(b) Effect on unconsolidated condensed interim statement of profit or loss for the six months period ended June 30, 2018.

	Balance as previously reported	Effect of restatement	Balance after restatement
	Rupees in '000		
Other Provisions and adjustments - net	(1,122,265)	63,009	(1,059,256)
Taxation	(196,474)	(18,903)	(215,377)

5 PROPERTY, PLANT AND EQUIPMENT	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		Rupees in '000	
Operating fixed assets			
- owned		41,823,497	41,068,930
- leased		23,749,307	24,510,897
		65,572,805	65,579,827
Capital work-in-progress		1,920,237	1,248,691
		67,493,042	66,828,518

5.1 Included herein are the following additions / transfers / adjustments and deletions during the current period:

bdo

	Note	Six months period ended June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)
		----------Rupees in '000----------	
Additions / Transfers			
Owned			
Building Owned		498	32,210
Aircraft fleet		2,172,393	386,519
Engineering equipment and tools		43,236	113,090
Furniture, fixtures and fittings		7,353	10,566
Vehicle Owned		11,311	3,825
Office equipment		-	4,990
Computer and office automation		37,980	219,048
Other equipment		26,949	-
Capital Spares		122,144	142,445
		2,421,864	912,693
Leased		-	258,444
		2,421,864	1,171,137
Deletions / Write offs net book value / Adjustments			
Owned			
Aircraft fleet		-	87,577
Capital Spares		-	14,709
		-	102,286

	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		----------Rupees in '000----------	
6 INTANGIBLES			
Computer Software			
Cost	6.1	793,332	776,474
Accumulated amortisation	6.2	(489,858)	(447,805)
		303,474	328,669
6.1 Cost			
Opening balance		776,474	366,967
Additions during the year		16,858	409,507
Closing balance		793,332	776,474

bdo

	Note	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
		----------Rupees in '000----------	
6.2 Accumulated amortisation			
Opening balance		447,805	359,083
Amortisation for the year		42,053	88,722
Closing balance		489,858	447,805
Useful life		5 years	5 years

7 STORES AND SPARES

	Note	June 30 2018	December 31 2017
Stores		1,215,965	829,811
Spare parts		7,768,041	7,341,712
Inventory held for disposal - adjusted to net realisable value		252,859	252,859
	11.1	9,236,865	8,424,382
Provision for slow moving and obsolete spares		(5,385,997)	(5,331,795)
		3,850,868	3,092,587

7.1 Movement in provision is as follows:

	Note	June 30 2018	December 31 2017
Balance at the beginning of the year		5,331,795	5,135,789
Provision for the year	16	54,202	196,006
Balance at the end of the year		5,385,997	5,331,795

8 OTHER RECEIVABLES

	Note	June 30 2018	December 31 2017
Considered good			
- Related party			
Claims receivable		96,259	9,084
Excise duty		100,000	100,000
Sales tax receivable	8.1	4,920,718	4,954,893
- other than related party			
Lessor	8.2	626,087	1,082,017
Others		991,972	727,793
		6,735,035	6,873,787
Considered doubtful		272,913	272,909
Less: Provision for doubtful other receivables		(272,913)	(272,909)
		-	-
		6,735,035	6,873,787

ldo

8.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2017: Rs. 4,745.637 million) representing 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 [see note 17.1 (a)].

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

8.2 This represents receivable from lessor in respect of overhauling incurred by the Company on aircrafts under operating lease as per lease agreement.

		June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
9 CASH AND BANK BALANCES	**Note**	**------------Rupees in '000-------**	
Cash in hand		11,435	16,334
Balance with banks			
- in current accounts	9.1, 9.4 & 9.6	1,300,843	3,361,763
- in deposit accounts	9.2, 9.3 & 9.5	1,141,260	884,360
		2,442,102	4,246,123
		2,453,537	4,262,457

9.1 This has been adjusted by an aggregate amount of Rs. 2,068.417 million (2017: Rs. 1,359.668 million), representing book overdrafts.

9.2 These carry interest ranging from 0.1% to 7.5% (2017: 0.1% to 7.5%) per annum.

9.3 This has been adjusted by an aggregate amount of Rs. Nil (2017: Rs. 38.738 million), representing book overdrafts.

hdo

9.4 This includes restricted balances amounting to Rs. Nil (2017: Rs. 432.414 million).

9.5 This includes a bank balance of BDT 757.541 million (Rs. 1,069.652 million) held at National Bank of Pakistan, Dhaka and Habib Bank Limited, Dhaka. The management of the Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.

9.6 This includes book overdraft balance of Rs. 185.308 million reflecting the balances held in banks at Gawadar, Panjgur and Turbat. Bank reconciliation statements of balances held at banks on these stations have not been prepared due to inability to retrieve records because of political reasons or other inherent limitations. However, the net exposure (i.e the difference between the bank balance & ledger balance) of balances held with these banks is not material in the overall context of these unconsolidated financial statements.

10 ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)		June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
------- (No. of shares) -------			------------Rupees in '000-------	
Authorised capital				
		Ordinary share capital		
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10 each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5 each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
		Preference share capital		
50,000,000	50,000,000	Preference shares of Rs. 10 each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
Issued, subscribed and paid up share capital				
		Ordinary share capital		
		'A' class shares of Rs. 10 each		
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
931,028	931,028	Issued for consideration other than cash for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610

ldo

June 30, 2018 (Un-Audited)	December 31, 2,017 (Audited)		June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
------- (No. of shares) -------			------------Rupees in '000-------	
		'B' class shares of Rs. 5 each		
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
		Issued for consideration other than		
2,625	2,625	cash for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
5,235,261,117	5,235,261,117		52,345,110	52,345,110

10.1 At June 30, 2018 the GoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares, respectively, (2017: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

11 LONG-TERM FINANCING

Financier	Note	Type of facility	Facility amount (million)	Repayment period	Number of instalments/ Mode	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
						------------Rupees in '000------------	
From Banking Companies - secured							
- Related party							
National Bank of Pakistan	11.2	Term finance	3,000 PKR	2016 - 2019	36 monthly	1,666,667	2,083,333
National Bank of Pakistan	11.2	Term finance	2,175 PKR	2018 - 2020	12 quarterly	1,993,750	2,175,000
National Bank of Pakistan	11.2	Term finance	2,825 PKR	2018 - 2021	12 quarterly	2,825,000	2,825,000
National Bank of Pakistan - Bahrain	11.2 & 11.5	Syndicate finance	US$ 120	2013 - 2023	40 quarterly	12,859,196	11,822,747
- Other than related party							
Askari Bank Limited	11.2	Term finance	3,000 PKR	2017 - 2019	36 monthly	1,500,000	2,000,000
Al Baraka Bank	11.2 & 11.12	Islamic Term finance	4,500 PKR	2018-2021	36 monthly	4,500,000	4,500,000
BankIslami Pakistan Limited	11.3	Islamic Term finance	1,500 PKR	2019 - 2021	8 quarterly	1,500,000	1,500,000
Faysal Bank Limited	8.2	Term finance	2,000 PKR	2013 - 2016	36 monthly	-	-
Faysal Bank Limited	11.9	Term finance	2,000 PKR	2015 - 2018	12 quarterly	-	333,333
Faysal Bank Limited	11.2	Term finance	2,000 PKR	2016 - 2019	12 quarterly	500,000	833,333
Faysal Bank Limited	11.2	Islamic Term finance	1,000 PKR	2017 - 2019	12 quarterly	500,000	666,667
Faysal Bank Limited	11.2	Term finance	4,000 PKR	2017 - 2020	14 quarterly	2,857,143	3,428,571
The Bank of Punjab	11.2	Term finance	5,000 PKR	2016 - 2021	60 monthly	2,750,000	3,250,000
The Bank of Punjab	11.2	Term finance	PKR 2500	2017-2022	60 Monthly	2,250,000	2,500,000
The Bank of Punjab	11.2	Term finance	5,000 PKR	2016 - 2021	60 monthly	3,083,333	3,583,333
The Bank of Punjab	11.2 & 11.13	Demand finance	30,000 PKR	2016-2023	84 Monthly	23,490,508	25,658,848
NIB Bank Limited	8.2 & 8.16	Term finance	10,000 PKR	2015- 2020	60 monthly	-	-
United Bank Limited	11.2	Term finance	5,000 PKR	2015- 2020	54 monthly	2,037,037	2,592,592
United Bank Limited	11.2	Term finance	1,500 PKR	2016- 2021	54 monthly	805,556	972,222
Abu Dhabi Islamic Bank	11.6	Islamic Term finance	US$ 70.7	2016 - 2019	4 half yearly	1,501,702	2,309,824
Citibank, N.A.	11.9	Term finance	US$ 54.2	2015 - 2018	8 quarterly	127,738	390,243
Citibank, Mashreq	11.10	Term finance	US$ 120	2016 - 2018	32 monthly	-	4,144,778
Standard Chartered Bank (Pakistan) Limited	11.11	Syndicate finance	US$ 150	2017-2012	39 monthly	14,959,077	16,154,021
United Bank Limited	11.14	Syndicate finance	US$ 130	2017-2019	33 monthly	8,139,664	10,014,452
JS Bank Limited	11.2 & 11.3	Term finance	PKR 15000	2017-2023	66 Monthly	12,954,545	14,318,181
Faysal Bank Limited	11.2	Term finance	PKR 4000	2019-2022	36 Monthly	4,000,000	4,000,000
Soneri Bank Limited	11.2 & 11.13	Term finance	PKR 5000	2019-2022	36 Monthly	5,000,000	5,000,000
Al Baraka Bank (Pakistan) Limited	11.2 & 11.15	Term finance	PKR 2500	2020-2022	36 Monthly	2,500,000	2,500,000
Askari Bank Limited	11.2	Term finance	PKR 6000	2020-2023	48 Monthly	6,000,000	6,000,000
JS Bank	11.2 & 11.13	Term finance	PKR 20000	2020-2024	48 Monthly	20,000,000	-
Faysal Bank Limited	11.2	Term finance	PKR 5000	2020-2023	36 Monthly	5,000,000	-
Faysal Bank Limited	11.2	Term finance	PKR 5000	2020-2023	36 Monthly	3,021,000	-
Others - unsecured							
Long-term loan - GoP	11.16	Term finance	8,000 PKR	2011 - 2020	16 half-yearly	8,000,000	8,000,000
						156,321,916	143,556,478
Less : Current maturity shown under current liabilities						(40,530,252)	(41,313,560)
						115,791,664	102,242,918

ldo

11.1 Borrowings in PKR comprise of fixed and variable rate borrowings. Fixed rate borrowings carry markup at the rate of 10% (2017: 10%), whereas variable rate borrowings in PKR carry markup ranging from spread of 1.45% over 1 month KIBOR to 1.65% over 1 month KIBOR (2017: spread of 1.5% over 1 month KIBOR to 2% over 1 month KIBOR). Borrowings in US$ comprise of variable rate borrowings carry markup ranging from spread of 0.70% over 3 month LIBOR to 4.00% over 1 month LIBOR (2017: 0.7% over 3 month LIBOR to 4.00% over 1 month LIBOR).

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

11.3 The finance is secured by way of lien over Musharka Assets amounting to RS. 1,500 million and unconditional and irrevocable GoP guarantee for the facility amount.

11.4 The finance was secured by Letter of Comfort from GoP, ranking charge over current and fixed asset of Company amounting to Rs. 4,000 million inclusive of 25% margin; and lien and specific right to set off over all receivables in connection with the Company's sales routed through collection account NBPAirport Branch, Karachi. However, as the Letter of Comfort has been replaced by GoP guarantee, the aforesaid ranking charge has been released by NBP. Furthermore, principal amounting to Rs. 249.99 million due as at June 30, 2018 has been paid by the Company during the extended period on July 06, 2018.

11.5 The following are the participating banks in this syndicated finance facility:

- National Bank of Pakistan (NBP) - Bahrain; and
- Habib Bank Limited (HBL)

Furthermore, principal amounting to USD 1 million due as at April 21, 2018 has been paid by the Company during the extended period July 19, 2018.

11.6 The finance is secured against ICIEC / GoP guarantee for loans outstanding at any given point of time.

11.7 The facility is obtained from consortium of financial institutions in which Citibank N.A. is the investment agent. The finance is secured by way of collection routed through the offshore account maintained with Citibank N.A. London Branch.

11.8 The finance is secured by way of:

- Mortgage over each of the Six ATR aircraft and two spares engines purchased, and
- European Credit Agencies / GoP Guarantee.

11.9 The finance is secured against EXIM / GoP guarantee for loan outstanding at any given point of time.

11.10 The Company has prepaid the facility without incurring a penalty. The finance is secured by way of collection routed through the offshore bank account maintained with Citi Mashreq.

11.11 The Syndicate finance has been obtained from a syndicate of international banks and the lead arrangers are:

- Standard Chartered Bank - United Kingdom
- Mashreqbank psc - United Arab Emirates

The finaace is secured by first priority security over the collection account and facility service account; and legally enforceable assignments of tickets sales collection for the UK sector through IATA with appropriate acknowledgments.

11.12 The finance is secured by way of:

- 1st exclusive hypothecation charge over five engines with 10% margin ;
- Irrevocable assignment instruction from the Company to Bank of Punjab for transfer of funds to ABPL at every fortnight, to ensure timely payment of principal and profit.

11.13 The finance is secured by way of Lien over IATA routed PIACL sales, receivable or assignment.

11.14 The Syndicate finance has been obtained from a syndicate of international banks and the lead arrangers are:

- United Bank Limited (UBL) and
- Credit Suisse AG, Singapore Branch

The finance is secured by way of:

- 1st priority security over the master collection account, facility service account.
- Legally enforceable assignment of the ticket sales collection for the select BSP agreement sector through IATA with appropriate acknowledgment, and
- irrevocable and uncondional instruction to IATA and GSA in the Kingdom of Sauida Arabia to pay all proceeds from the sales abroad PIA fights into master collection account. The account bank shall transfer funds received to the master into the facility service account also maintained with the account bank.

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

hdo

11.16 The Company has not paid any installment since due date of installment, i.e. October 23, 2011. The over due principal and markup due as at June 30, 2018 is Rs 6,562.50 million (December 31, 2017: Rs.6,062.50 million) and Rs. 6,700 million (December 31, 2017: Rs. 6,700 million), respectively. The over due principal amount is included in current maturity.

12 TERM FINANCE AND SUKUK CERTIFICATES

Secured	Note	Security	Repayment period	Number of installments	Mark-up	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
- other than related party						Rupees in '000	
Term finance certificates	12.1	GoP Guarantee	2016-2020	16 Quarterly	6 month KIBOR +1.25%	(17,620,833)	(20,544,007)
Sukuk certificates	12.2	GoP Guarantee	October 20, 2019	Bullet	6 month KIBOR +1.75%	(6,800,000)	(6,800,000)
						(24,420,833)	(27,344,007)
Less: current maturity						(11,501,060)	(10,272,000)
						12,919,773	17,072,007

12.1 The ECC on July 03, 2012 decided / approved the restructuring of these TFCs from various banks along with the restructuring of certain short term borrowings of Rs. 20,700 million into new TFCs for a period of 6 years, with 2 years grace period on the terms and conditions to be approved by Ministry of Finance (the Ministry). On December 01, 2014, the Ministry approved the terms and conditions of new TFCs, amounting to Rs. 32,870 million, including the conversion of short term loan of Rs. 20,080 million on the terms, applicable from February 20, 2014. Principal amounting to Rs. 4,347 Million due on August 2018 and November 20, 2018 and interest amounting to Rs. 366.415 million due on Nov 20, 2018 have been paid by the Company in subsequent period.

12.2 The Company had issued GoP guaranteed privately placed Sukuk Certificates in financial year ended December 31, 2009. The principal amount was payable after grace period of two years in six equal half yearly instalments, however, the Company had not made any principal payments that were due until December 30, 2013. The Sukuk investors were requested to re-profile the principal repayment schedule alongwith other terms of Sukuk Certificates, with the assistance of Ministry of Finance. On December 30, 2013, the Sukuk agreement with Sukuk investors was rescheduled by virtue of which the Company was required to pay the entire principal on October 20, 2014. However, on December 24, 2014, the Sukuk investors agreed to further extend the term of Sukuk Certificates for a period of further five years starting from October 20, 2014 and the Company will be required to pay the entire principal on October 20, 2019. The markup rate and security will remain unchanged. The Ministry of Finance has approved the restructuring and new agreement was signed on June 30, 2016. Accordingly the same has been classified as non-current liability.

	Note	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
		----------Rupees in '000----------	
13 TRADE AND OTHER PAYABLES			
Trade creditors			
Goods	13.1	20,383,205	19,653,399
Services		11,896,990	9,125,879
Airport related charges		28,662,484	26,755,233
		60,942,679	55,534,511
Others			
Accrued liabilities	13.2	7,919,890	4,087,936
Advance against transportation (unearned revenue)		11,249,328	9,319,224
Obligation for compensated absences		6,748,305	6,146,468
Unredeemed frequent flyer liabilities		623,527	623,527
Advances from customers		2,931,368	933,663
Payable to employees' provident fund	13.3	11,716,519	10,997,823
Collection on behalf of others		39,383,617	36,586,869
Customs, Federal excise duty and Sales tax		3,168,869	2,608,207
Federal excise duty - International travel		10,599,710	9,612,369
Income tax deducted at source		1,419,347	1,276,319
Short-term deposits		604,833	570,781
Others		-	370,463
		157,307,992	138,668,164

13.1 This includes an amount of Rs.14,898.381 million payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is of the view that it is making all payments against the fuel invoices, Late Payment Surcharge (LPS), though accrued as per agreement, would be paid at a later stage. On the contrary, PSO applies a portion of payments against Late Payment Surcharge (LPS).

13.2 This includes total management fee upto June 30, 2018 amounting to Rs. 34.275 million (December 31, 2017: Rs. 225 million) payable to PIA Investments Limited, a subsidiary company.

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

		June 30 2018 (Un-Audited)	December 31 2017 (Audited)
		------------Rupees in '000-------	
14 ACCRUED INTEREST			
Mark-up / profit payable on:			
- Long-term financing		8,134,379	7,449,568
- Term finance certificates		975,924	1,087,768
- Sukuk certificates		344,192	107,712
- Liabilities against assets subject to finance lease		5,539	36
- Short-term borrowings		595,437	647,096
- Provident fund		5,228,057	4,854,960
- Advance from a subsidiary		569,719	439,652
		15,853,247	14,586,792
15 SHORT-TERM BORROWINGS			
Short-term loans - secured	15.1	31,318,510	31,186,329
Running finance under mark-up arrangements	15.2	3,499,938	3,172,145
		34,818,448	34,358,474

15.1 Short-term loans - secured

Financier	Security	Facility amount (million)	Expiry date	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
				------------Rupees in '000------------	
From Banking Companies					
- Related party					
- Related party					
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	4,360 PKR	30-Sep-18	4,360,000	4,360,000

bdo

Financier	Security	Facility amount (million)	Expiry date	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
				----------Rupees in '000----------	
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	3,500 PKR	30-Sep-18	3,500,000	3,500,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	3,000 PKR	30-Sep-18	3,000,000	3,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	2,000 PKR	30-Sep-18	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	2,000 PKR	30-Sep-18	2,000,000	2,000,000
Habib Bank Limited	First charge by way of hypothecation over all present and future moveables and receivables of the company in favor of the bank	12 USD	30-Sep-18	1,458,510	1,326,329
				31,318,510	31,186,329

15.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 month KIBOR (2017: spread of 1.5% over 3 months KIBOR).The borrowings in foreign currency carry mark-up of 3.5% over 3 month LIBOR (2017: a spread of 3.5% over 3 months LIBOR).

15.2 Running finance under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
					----------Rupees in '000----------	
Secured						
Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the company for Rs. 2,800 million including 25% margin or as per SBP requirement, whichever is higher.	350 PKR	18 PKR	30-Sep-18	329,758	93,706

bdo

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
					Rupees in '000	
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766.667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off over receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 686 million payable on demand.	575 PKR	4 PKR	30-Sep-18	470,873	496,689
United Bank Limited Karachi	Hypothecation charge of Rs. 3,427 million on all present and future stocks and spares and assignment of receivables from Karachi and Lahore	2,570 PKR	8 PKR	31-Jul-18	2,557,610	2,499,015
Un-secured						
Habib American Bank	-	1.5 USD	0.9 USD	On Demand	141,697	82,735
					3,499,938	3,172,145

15.2.1 The borrowings in PKR carry mark-up with a spread of 1.5% to 2.5% over 1 month KIBOR (2017: 1.5% to 2.0% over 3 months KIBOR). Borrowings in USD comprise of fixed and variable rate borrowings. Fixed rate borrowing carries mark-up at the rate of 3.25% (2017: 3.25% per annum) whereas variable rate borrowings carry mark-up with a spread of 3.5% over 3 month LIBOR and 2% over Citi Base Rate (2016: spread of 3.5% over 3 month LIBOR and 2% over Citi base Rate).

15.2.2 Unavailed credit represents the difference between the facility amount and the closing balance as at June 30, 2018.

15.2.3 The agreements of these facilities have expired on their maturity, however, these were renewed on their respective maturity dates.

	Note	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
		Rupees in '000	
16 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term financing		40,530,252	41,313,560
Term finance and sukuk certificates		11,501,060	10,272,000
Liabilities against assets subject to finance lease		3,821,259	4,346,677
		55,852,571	55,932,237

bdo

	Six months period ended		Quarter ended	
	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)
17 REVENUE - NET	Rupees in '000			
Passenger	41,032,826	38,912,346	18,280,992	18,966,180
Cargo	2,010,652	1,784,307	634,982	792,334
Excess baggage	321,809	374,333	185,585	191,381
Charter services	45,196	408,641	27,781	308,109
Engineering services	393,783	182,021	202,691	103,774
Handling and related services	212,101	137,568	81,863	71,094
Mail	87,346	110,609	56,067	67,575
Others	1,486,402	1,165,658	761,475	620,904
	45,590,115	43,075,483	20,231,436	21,121,351
18 COST OF SERVICES - OTHERS				
Salaries, wages and allowances	6,926,111	7,642,931	3,445,868	4,024,002
Welfare and social security costs	1,088,401	1,069,791	459,103	540,174
Retirement benefits	1,103,911	1,042,274	307,034	521,800
Compensated absences	443,180	411,991	251,803	210,468
Legal and professional charges	21,448	14,749	6,549	7,019
Stores and spares consumed	703,856	437,937	297,002	240,506
Maintenance and overhaul	5,066,162	4,299,783	2,327,310	2,150,144
Flight equipment rental	5,159,751	5,413,389	2,282,615	2,392,327
Landing and handling	7,911,284	7,632,719	3,784,263	3,833,992
Passenger services	1,112,925	1,514,000	308,914	834,998
Crew layover	1,663,333	1,489,106	875,171	869,590
Staff training	42,759	33,537	17,866	15,347
Utilities	20,014	18,419	7,265	11,020
Communication	2,073,071	1,778,326	1,042,839	855,702
Insurance	614,218	443,879	331,422	270,277
Rent, rates and taxes	242,624	374,731	118,087	190,846
Printing and stationery	111,400	51,780	65,857	26,420
Depreciation	2,409,806	2,519,675	1,293,829	1,281,319
Amortisation of intangibles	3,364	4,005	1,712	806
Others	620,879	529,332	417,460	332,759
	37,338,497	36,722,354	17,641,968	18,609,516
19 OTHER PROVISIONS AND ADJUSTMENTS - NET				
Provision for slow moving and obsolete spares	98,308	173,146	98,308	172,658
Provision for doubtful debts	150,000	200,000	50,000	22,217
Late payment surcharge on fuel	461,802	686,110	412,757	447,547
	710,110	1,059,256	561,065	642,422

	Six months period ended		Quarter ended	
	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)	June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)
	Rupees in '000			
20 FINANCE COSTS				
Mark-up on:				
- long-term financing	5,594,973	3,984,250	2,910,757	2,167,946
- term finance certificates	677,364	902,737	334,815	436,743
- short-term borrowings	1,311,476	1,250,321	663,682	601,534
- advance from a subsidiary	80,382	55,906	80,382	29,303
	7,664,196	6,193,214	3,989,637	3,235,526
Profit on sukuk certificates	271,627	264,361	138,831	133,578
Interest on liabilities against assets subject to finance lease	82,358	127,132	82,358	58,295
Discounting on deposits	(19,234)	(20,355)	(19,234)	(20,355)
Interest on provident fund	373,097	300,945	159,363	156,560
Arrangement, agency and commitment fee	293,991	134,950	126,790	14,332
Amortisation of prepaid exposure fee	82,358	128,649	45,197	66,458
Bank charges, guarantee commission and other related charges	59,183	40,327	19,427	23,578
	8,807,576	7,169,223	4,542,369	3,667,972
21 TAXATION				
Current	227,951	215,377	(101,172)	(105,606)

There has been no material change in the status of tax contingencies as disclosed in notes 36.1 to the unconsolidated financial statements for the year ended December 31, 2017.

22 LOSS PER SHARE				
- BASIC AND DILUTED				
Loss for the period	(32,411,215)	(23,070,318)	(18,720,135)	(11,895,951)
	No of Ordinary shares			
Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117	5,234,511,117	5,234,511,117
Loss attributable to:				
- 'A' class ordinary shares (Rupees)	(6.19)	(4.41)	(3.58)	(2.27)
- 'B' class ordinary shares (Rupees)	(3.10)	(2.20)	(1.79)	(1.14)

There were no dilutive potential ordinary shares outstanding as at June 30, 2018 and 2017.

bdo

23 CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

a) The tax department had raised demand of Rs. 566.544 million (2017: Rs. 566.544 million) in December 30,1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million (2017: Rs. 1 million) and additional duty of Rs. 2,923.005 million (2017: Rs. 2,923.005 million) on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 8) against the subject demand which is considered fully recoverable from the department. Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in this unconsolidated condensed interim financial information in this regard.

b) The tax department had also raised demands of Rs. 6.804 million (2017: Rs. 6.804 million) and Rs. 277.621 million (2017: Rs. 277.621 million) on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14.416 million (2016: Rs. 14.416 million) and additional duty / default surcharge of Rs. 17.91 million (2017: Rs. 17.91 million) during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million (2017: Rs. 25 million) in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the department both have filed appeals at the ATIR which is remanded back however, remand back proceedings are still pending. 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 this unconsolidated condensed interim financial information in this regard.

c) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2.065 million (2017: Rs. 2.065 million) and Rs. 1,319.101 million (2017: Rs. 1,319.101 million) as FED and sales tax respectively along with penalty of Rs. 66.058 million (2017: Rs. 66.058 million) and additional duty / default surcharge of Rs. 534.412 million (2017: Rs. 534.412 million) during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATIR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated condensed interim financial information in this regard.

d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877.351 million (2017: Rs. 5,877.351 million), Rs. 5,679.110 million (2017: Rs. 5,679.110 million) and Rs. 7,025.270 million (2017: Rs. 7,025.270 million), respectively, on account of delayed payment of sales tax and FED for the month of November – December 2008, January – March 2010 and November 2010 – January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the month of November – December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

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

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs.4,745.852 million (2017: Rs. 4,745.852 million) in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400.446 million (2017: Rs. 400.446million). The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company has filed an appeal against this at ATIR level, Tribunal has deleted the penalty but maintained default surcharge which is challenged by the Company in Sindh High Court, the decision is pending adjudication.

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

e) On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (refer note 8.2) which was contested by the Company before the Honorable High Court Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747.669 million (2017: Rs. 6,747.669 million) under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603.502 million, Rs. 2,629.350 million and Rs. 1,514.818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC.

Later, the department has issued hearing notice in January, 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings .

f) DCIR passed orders dated March 04, 2016 and November 30, 2015 and raised demand of Rs. 24.086 million and Rs. 55.691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in this unconsolidated condensed interim financial information in this respect.

g) During the year DCIR passed order dated September 29, 2017 and raised a demand of Rs. 257.439 million for the short payment of Federal Excise Duty for the month of January 2017 along with penalty of Rs. 1,287.197 million. The Company has filed an appeal with CIR(A) against the order since it did not take into account the payment already made on June 30, 2017 and September 15, 2017 which were before the date of order. Subsequently, CIR(A) vide order dated March 27, 2018 decided the matter in favor of the Company and deleted the penalty.

23.1.1 Other contingencies

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

i) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As at June 30, 2018 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 17,924.368 million (December 31, 2017: Rs. 16,792.894 million) including late payment surcharge and interest thereon amounting to Rs. 12,862.982 million (December 31, 2017: Rs. 11,732.904 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

bdo

During the aforementioned meeting, the matter of chargeability of rates for non-aeronautical services was amicably resolved whereby it was agreed that CAA shall charge rates as were decided in the arbitration award of 1998. The MoU was signed in the form of minutes of the meeting, however, CAA has continued to charge higher rates for non-aeronautical services rather than those agreed by virtue of the said MoU. However, the management maintains its position on the chargeability of rates based on arbitration award of 1998 and the understanding (MoU) reached between the representatives of CAA and the Company during January 2011.

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

h) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatements aggregating to Rs. 2,132.228 million (2017: Rs. 2,235.743 million). The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. The management is of the view that these cases have no sound legal footing and it does not expect these contingencies to materialise. Accordingly, no provision has been made in this unconsolidated condensed interim financial information against these claims amounting to Rs. 629.561 million (2017: Rs. 735.877 million).

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Captain Nadeem Ahmed Chaudhray removed from service on account of misconduct	2016	Nadeem Ahmed Chowdary Vs PIA	Recovery of damages PKR 323.18 Million
Sindh High Court	Shahid Ali Rizvi filed suit for declaration and injuction stating his juniors were promoted but he was not granted promotion	2006	Syed Shahid Ali Rizvi Vs PIA	Recovery of damages PKR 100 Million

ldo

Court	Factual Description	Year of Institution	Party	Relief Sought
Sindh High Court	Captain Amir filed suit for recovery of damages as he was offered job in Qatar Airlines with handsome salary and allowances, he applied for early retirement but was not granted	2008	Capt. Amir A. Hashmi Vs PIA	Recovery of damages PKR 200 Million
Sindh High Court	Saeed Ahmed and three others filed suit for declaration and injuction stating petitioners were promoted on MBA qualification, he suggested promotion should be granted on basis of PIA service	2012	Saeed Ahmed Vs PIA	Recovery of damages PKR 120 Million
Sindh High Court	Mr Zeeshan filed suit as he stated that his return ticket was not utilized as agent informed flight was cancelled, he had to pay heavy charges with another airline	2017	Syed Muhammad Zeeshan ul Haque & others V/s PIA & another	Recovery of damages PKR 100 Million
Sindh High Court	Syed Anwar Hasnain (Ex-General Manager-Financial Planning) filed instant suit for declaration, permanent injunction and damages.	2006	Syed Anwar Hasnain Vs PIA	Recovery of damages PKR 47.5 Million
Sindh High Court	Heinous act on Flight PK370 by Plaintiff with other accomplices threatened the lives and belongings of passengers (200 passengers approximately) on board through their hyper, intimidating, menacing behavior	2016	Syed Arjumand Azhar Hussain Vs PIA & another	Recovery of damages PKR 100 Million
Sindh High Court	Mr. Arshad Mahmood Raja, retired Manager Cargo Sales filed instant Suit for declaration, Injunction and damages. During posting as Manager PIA, New Delhi,	2008	Arshad Mahmood Raja Vs PIA	Recovery of damages PKR 60 Million

bdo

j) Outstanding letters of guarantee amounted to Rs. 222.891 million (2017: Rs. 202.664 million).

k) Contingencies relating to income tax matters are disclosed in note 21 to this unconsolidated condensed interim financial information.

23.2 Commitments

a) Commitments for capital expenditure amounted to Rs. 27.371 million (2017: Rs. 253.777 million).

b) Outstanding letters of credit amounted to Rs. 8.637 million (2017: Rs. 0.449 million).

c) The Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US$ 1,527.904 million (2017: US$ 1,527.904 million) equivalent to Rs. 212,262.721 million (2017: Rs. 168,875.257 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

d) The amount of future payments in operating lease arrangement relating to aircrafts 777-200 ER, 777-240 ER, ATR 72-500, A-320-211, A330-300 and A 320-200 and the period in which these payments will become due is as follows:

	June 30 2018 (Un-Audited)	December 31 2017 (Audited)
	------- (Rupees in '000) -------	
Not later than one year	10,335,953	8,223,239
Later than one year but not later than five years	22,206,568	24,750,051
Later than five years	-	1,152,042
	32,542,521	34,125,332

bdo

	Six months period ended	
	June 30, 2018 (Un-Audited)	June 30, 2017 (Un-Audited)
	------------Rupees in '000------------	

24 CASH GENERATED FROM OPERATIONS

	June 30, 2018	June 30, 2017
Loss before tax	(32,183,264)	(22,854,941)
Adjustments for:		
Depreciation	2,428,941	2,557,590
Gain on disposal of property, plant and equipment	(5,032)	(6,883)
Amortization of intangibles	42,053	50,063
Provision for slow moving stores and spares	98,308	173,146
Provision for employees' benefits	2,402,187	2,222,603
Provision for doubtful debts	150,000	200,000
Finance costs	8,807,576	7,169,223
Unrealised exchange loss	5,113,006	14,229
Profit on bank deposits	9,246	(5,341)
	(13,136,978)	(10,480,311)
Working capital changes :		
(Increase) in stores and spares	(794,394)	(261,779)
Decrease in trade debts	1,010,414	1,908,999
(Increase) / Decrease in advances	(498,121)	332,943
Decrease / (Increase) in trade deposits and prepayments	1,013,437	(104,056)
Decrease in other receivables	138,750	888,291
Increase in trade and other payables	18,329,943	10,537,371
	19,200,030	13,301,769
Cash generated from operations	6,063,052	2,821,458

25 TRANSACTIONS WITH RELATED PARTIES

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

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

bdo

Name of Related Parties	**Direct Shareholding**	**Relationship**
Abacus Distribution Systems Pakistan (Private) Limited	70%	Subsidiary
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities		
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
Mr. Maqsood Ahmed	-	Key management personnel
Mr. Amir Ali	-	Key management personnel
Mr. Younus M Khan	-	Key management personnel
Mr. Amanullah Qureshi	-	Key management personnel
Mr. Nayyar Hayat	-	Key management personnel
Mrs. Ghazala Rashid	-	Key management personnel
Mr. Rashid Ahmad	-	Key management personnel
Mr. Omer Razzaq	-	Key management personnel
Mr. Musharraf Rasool Cya	-	Key management personnel
Mr. AVM Rizwan Pasha	-	Key management personnel
Mr. AVM Soban Nazir Syed	-	Key management personnel
Mr. AVM Noor Abbas	-	Key management personnel
Mr. Zia Qadir Qureshi	-	Key management personnel
Mr. Kashif Rehman Rana	-	Key management personnel
Mr. Bilal Munir Sheikh	-	Key management personnel
Mrs. Asma Bajwa	-	Key management personnel
Mr. Aijaz Mazhar	-	Key management personnel
Mr. Maj Khuram Mushtaq	-	Key management personnel

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

hdo

Name of Related Parties and relationship with the Company		June 30 2018 (Un-Audited)	June 30 2017 (Un-Audited)
		----------Rupees in '000----------	
Skyrooms (Private) Limited – Subsidiary			
	Payments made against in-	121,961	127,185
	Services hired	283,517	-
PIA Investments Limited - Subsidiary			
	Management Fee expense	34,261	33,052
	Finance cost on advance	80,382	66,717
Minhal France S.A -Subsidiary			
	Management Fee income	36,006	34,464
Abacus Distribution Systems Pakistan (Private) Limited - Subsidiary			
	Charges in respect of courier	48	54
Retirement funds			
	Contribution to provident Fund an	1,236,181	1,738,334
	Interest on Loan from pension	373,097	300,945
Profit oriented state-controlled entities - common ownership			
	Purchase of Fuel	8,601,515	5,896,777
	Insurance premium	617,046	557,823
	Late payment interest	634,757	686,110
	Finance costs	2,076,342	2,111,978
	Airport Related charges	6,150,000	7,075,963
GoP - Major shareholder			
	Finance cost charged	396,712	396,712
Key management personnel			
	Salaries, wages and other	81,708	82,857

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

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

26.1 Financial risk factors

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

This unconsolidated condensed interim financial information does not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company annual financial statements as at December 31, 2017. There have been no changes in any risk management policies since the year end.

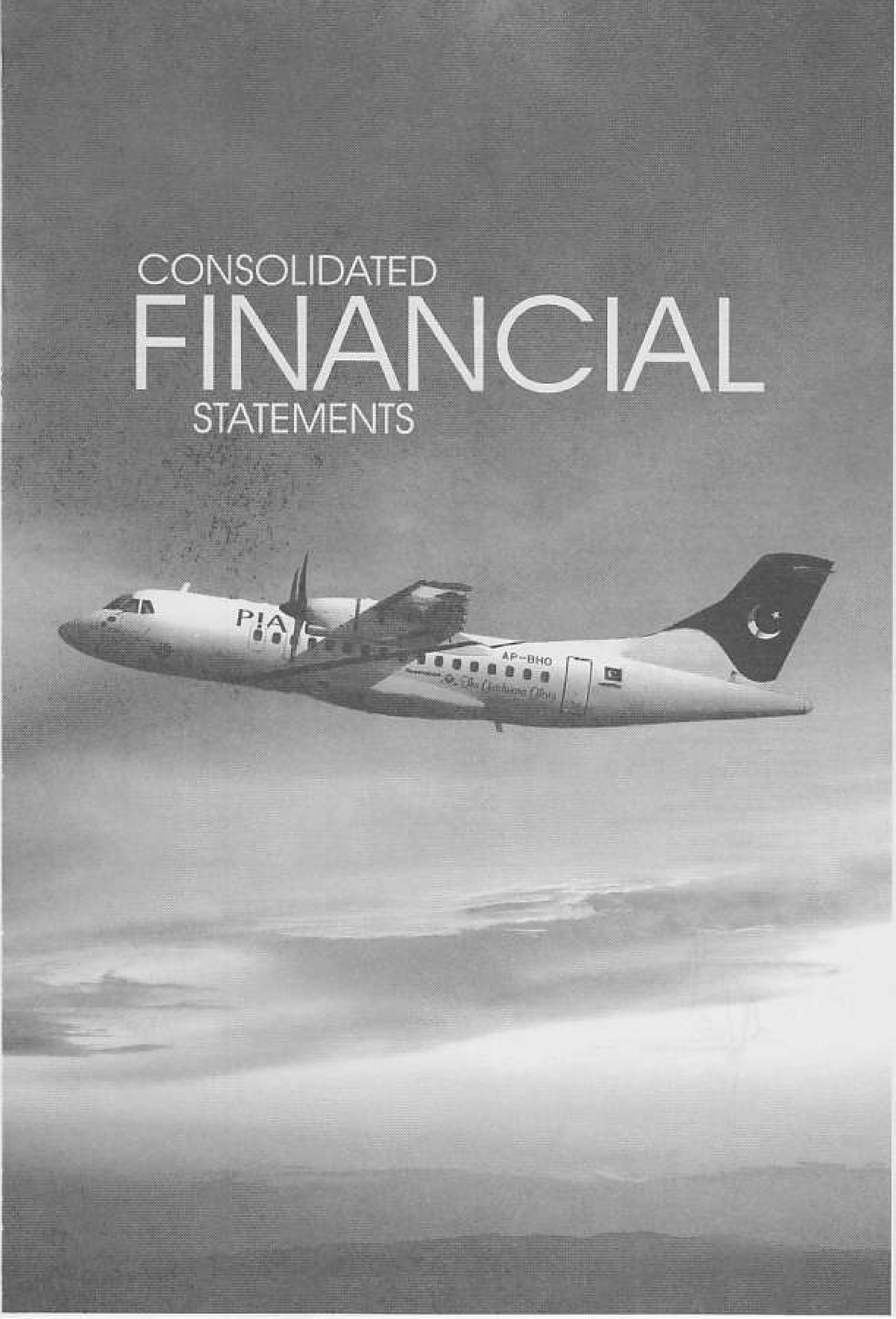
ldo

26.2 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial information were authorised for issue by the Board of Director in their meeting held on Nov 21, 2019.

Chief Executive Officer		Chief Financial Officer
Chief Executive Officer	Director	Chief Financial Officer

CONSOLIDATED FINANCIAL STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	June 30, 2018 (Un-Audited)	December 31 2017 (Audited)	January 1 2017 (Audited)	June 30, 2018 (Un-Audited)	December 31 2017 (Audited)	January 1 2017 (Audited)
			(Restated)			(Restated)	
		Rupees in '000			US$ in '000		
ASSETS							
NON CURRENT ASSETS							
Fixed assets							
- Property, plant and equipment	5	175,747,814	165,978,765	160,597,360	1,445,978	1,501,698	1,453,009
- Intangibles		4,262,034	3,937,693	3,444,521	35,066	35,626	31,164
		180,009,848	169,916,458	164,041,881	1,481,044	1,537,324	1,484,173
Long-term investments		263,020	243,039	221,960	2,164	2,199	2,008
Receivable from Centre Hotel		918,158	834,947	792,096	7,554	7,554	7,167
Long-term loans and advances		-	-	570	-	-	5
Long-term deposits and prepayments		8,354,845	8,212,449	9,318,291	68,740	74,302	84,308
Total non-current assets		189,545,871	179,206,893	174,374,748	1,559,302	1,621,379	1,577,661
CURRENT ASSETS							
Stores and spares		3,899,733	3,138,003	2,556,696	32,085	28,391	23,494
Trade debts		10,702,460	10,989,041	9,403,911	88,055	99,424	85,082
Short-term loans and advances		3,139,791	2,642,118	2,156,722	25,833	23,905	19,513
Trade deposits and prepayments		3,276,778	7,202,642	4,516,584	26,960	65,166	40,864
Other receivables	6	7,233,822	7,704,303	8,882,877	59,517	69,705	80,368
Short-term investments		19,220	19,220	24,981	158	174	226
Cash and bank balances	7	7,204,015	9,716,786	8,175,442	59,272	87,913	73,968
Total Current assets		35,475,819	41,412,113	35,757,213	291,880	374,678	323,515
TOTAL ASSETS		225,021,690	220,619,006	210,131,961	1,851,382	1,996,057	1,901,176
EQUITY AND LIABILITIES							
SHARE CAPITAL AND RESERVES							
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	52,345,110	430,673	473,594	473,594
Reserves		6,596,193	5,703,208	4,325,092	54,271	51,600	39,131
Surplus on revaluation of property, plant and equipment - net		81,009,422	75,882,915	62,037,419	666,511	686,553	561,283
Accumulated losses		(392,667,043)	(360,529,456)	(310,076,631)	(3,230,697)	(3,261,901)	(2,805,428)
Attributable to the Holding company's shareholders		(252,716,318)	(226,598,223)	(191,369,010)	(2,079,242)	(2,050,154)	(1,731,418)
Non-controlling interest		2,225,587	2,084,069	1,774,904	18,311	18,856	16,058
TOTAL EQUITY		(250,490,731)	(224,514,154)	(189,594,106)	(2,060,931)	(2,031,298)	(1,715,360)
NON-CURRENT LIABILITIES							
Long-term financing	8	129,014,522	102,242,910	89,339,696	1,061,477	925,046	808,704
Term finance and sukuk certificates	9	12,919,773	17,072,007	23,289,606	106,296	154,460	228,808
Liabilities against assets subject to finance lease		1,467,157	1,781,163	5,811,849	12,071	16,115	52,583
Long-term advances and deposits		116,556	106,534	84,537	959	964	765
Deferred taxation		31,422,130	28,833,563	15,512,827	258,528	260,873	301,208
Deferred liabilities		34,142,375	33,722,950	30,124,778	280,909	305,109	272,554
Total Non current liabilities		209,082,513	183,759,135	164,163,245	1,720,242	1,662,567	1,666,222
CURRENT LIABILITIES							
Trade and other payables	10	159,836,483	140,916,123	131,450,924	1,315,058	1,274,943	1,094,871
Unclaimed dividend - Preference shares		3,297	3,297	-	28	30	-
Accrued interest		15,353,729	14,185,034	13,052,047	126,324	128,340	118,089
Provision for taxation		568,380	550,062	321,581	4,680	4,975	2,912
Short-term borrowings	11	34,818,448	34,358,474	34,351,111	286,471	310,859	310,795
Current maturities of						-	-
- Long-term financing	8	40,530,252	56,742,358	30,562,588	333,466	513,378	276,516
- Term finance and sukuk certificates		11,501,060	10,272,000	8,217,613	94,626	92,936	74,349
- Liabilities against assets subject to finance lease		3,821,259	4,346,677	7,096,705	31,440	39,327	68,922
Total current liabilities		266,429,908	261,374,025	235,562,822	2,192,071	2,364,788	1,950,314
TOTAL LIABILITIES		475,512,421	445,133,160	399,726,067	3,912,313	4,027,355	3,616,536
TOTAL EQUITY AND LIABILITIES		225,021,690	220,619,006	210,131,961	1,851,382	1,996,057	1,901,176

CONTINGENCIES AND COMMITMENTS 12

The annexed notes 1 to 22 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
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)	Quarter Ended June 30, 2018 (Un-Audited)	Quarter Ended June 30, 2017 (Un-Audited)	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)
		Rupees in '000				US$ in '000	
REVENUE - NET	13	52,278,885	49,092,742	24,356,490	27,138,579	450,544	434,197
COST OF SERVICES							
Aircraft fuel		(19,489,666)	(15,374,880)	(11,356,428)	(6,967,398)	(167,964)	(135,982)
Others	14	(40,811,735)	(39,912,370)	(21,597,976)	(22,689,707)	(351,719)	(353,002)
		(60,301,401)	(55,287,250)	(32,954,404)	(29,657,105)	(519,683)	(488,984)
GROSS PROFIT		(8,022,516)	(6,194,508)	(8,597,914)	(2,518,526)	(69,139)	(54,787)
Distribution costs		(2,961,456)	(2,908,460)	(1,438,728)	(1,504,902)	(25,522)	(25,724)
Administrative expenses		(5,637,083)	(5,265,633)	(3,066,506)	(2,777,999)	(48,581)	(46,571)
Other provisions and adjustments	15	(710,110)	(1,059,256)	(166,963)	(516,109)	(6,120)	(9,368)
Exchange loss - net		(5,837,599)	(16,831)	(5,730,024)	(108,221)	(50,309)	(167)
Other operating income		386,982	196,977	309,703	116,479	3,335	1,760
		(14,759,266)	(9,053,203)	(10,092,519)	(4,790,752)	(127,197)	(80,070)
LOSS FROM OPERATIONS		(22,781,782)	(15,247,711)	(18,690,432)	(7,309,278)	(196,336)	(134,857)
Finance costs	16	(9,171,551)	(7,417,092)	(5,162,835)	(2,723,729)	(79,041)	(65,600)
Share of loss from associated company		(432)	(1,248)	(157)	(751)	(4)	(11)
LOSS BEFORE TAXATION		(31,953,765)	(22,666,051)	(23,853,424)	(10,033,758)	(275,381)	(200,468)
Taxation	17	(375,142)	(352,921)	(248,348)	(204,943)	(3,233)	(3,121)
LOSS FOR THE PERIOD		(32,328,907)	(23,018,972)	(24,101,772)	(10,238,701)	(278,614)	(203,589)
Attributable to:							
Equity holders of the Holding company		(32,380,142)	(23,053,507)	(24,152,118)	(10,243,251)	(279,056)	(203,894)
Non-controling interest		51,235	34,535	50,346	4,550	442	305
		(32,328,907)	(23,018,972)	(24,101,772)	(10,238,701)	(278,614)	(203,589)
LOSS PER SHARE - BASIC AND DILUTED		Rupees				US$	
Loss attributable to:							
- 'A' class Ordinary shares of Rs 10 each	18	(6.18)	(4.40)	(4.60)	(1.96)	(0.05)	(0.04)
- 'B' class Ordinary shares of Rs 5 each	18	(3.09)	(2.20)	(2.30)	(0.98)	(0.03)	(0.02)

The annexed notes 1 to 22 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
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Six months period ended		Quarter Ended	
	June 30, 2018 (Un-Audited)	June 30, 2017 (Un-Audited)	**June 30, 2018 (Un-Audited)**	June 30, 2017 (Un-Audited)
	Rupees in '000		**Rupees in '000**	
Loss for the period	**(32,328,907)**	(23,018,972)	**(24,101,772)**	(10,238,701)
Other comprehensive income				
Unrealised gain on re-measurement of available for sale investments	**(865)**	3,286	**6,202**	10,353
Exchange differences on translation of foreign operations	**1,025,306**	667,150	**691,740**	(37,077)
Total comprehensive income	**(31,304,466)**	(22,348,536)	**(23,403,830)**	(10,265,425)
Attributable to:				
Equity holders of the Holding company	**(31,490,910)**	(22,383,071)	**(23,398,472)**	(10,269,975)
Non-controlling interest	**186,444**	34,535	**(5,358)**	4,550
	(31,304,466)	(22,348,536)	**(23,403,830)**	(10,265,425)

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

Chief Executive Officer **Chief Financial Officer**

O-Bimai

Chief Executive Officer **Director** **Chief Financial Officer**

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Note	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)
		Rupees in '000		US$ in '000	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	19	10,079,562	3,717,036	86,866	32,875
Profit on bank deposits received		(9,246)	5,341	(79)	47
Finance costs paid		(8,002,856)	(8,388,614)	(68,969)	(74,192)
Taxes paid		(368,824)	(214,060)	(3,092)	(1,893)
Staff retirement benefits paid		(1,671,563)	(742,014)	(14,406)	(6,563)
Long-term deposits and prepayments - net		(132,374)	1,019,350	(1,141)	9,016
Net cash (used in) / generated from operating activities		(95,300)	(4,602,961)	(821)	(40,710)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(3,966,659)	(805,736)	(34,186)	(7,126)
Purchase of Intangibles		(16,858)	(414,429)	(145)	(3,665)
Proceeds from sale of operating fixed assets		-	14,710	-	129
Net cash used in investing activities		(3,983,517)	(1,205,455)	(34,331)	(10,662)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(9,699,943)	(12,430,375)	(83,596)	(109,939)
Proceeds from long-term financing		14,682,938	26,083,333	126,539	230,692
Repayment of term finance certificates		(2,923,174)	(4,106,590)	(25,192)	(36,320)
Short term borrowing - net		-	1,888,014	-	16,698
Repayment of obligations under finance lease - net		(839,424)	(3,741,602)	(7,234)	(33,092)
Net cash generated from financing activities		1,220,397	7,692,780	10,518	68,039
Increase in cash and cash equivalents		(2,858,420)	1,884,364	(24,634)	16,667
Cash and cash equivalents at the beginning of the period		6,544,641	4,676,204	56,402	41,358
		17,856	-	154	
Cash and cash equivalents at the end of the period		3,704,077	6,560,568	31,922	58,025
Cash and Cash equivalents					
Cash and bank balances	7	7,204,015	10,086,780	62,085	89,212
Short-term borrowings	11	(3,499,938)	(3,526,212)	(30,163)	(31,187)
		3,704,077	6,560,568	31,922	58,025

The annexed notes 1 to 22 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 CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED JUNE 30, 2018

	Attributable to the Holding company's shareholders										
			Reserves								
	Issued, subscribed, and paid-up capital	Surplus on revaluation of property, plant and equipment-net	Capital reserves	Revenue reserves	Unrealised gain on remeasurement of investments	Foreign currency translation reserves	Legal reserve	Sub Total	Accumulated loss	Non-controlling interest	Total
	Rupees in '000										
Balance as at December 31, 2016 as previously reported	52,345,110	48,260,378	2,501,038	1,779,674	151,575	(142,918)	35,723	4,325,092	(296,299,590)	1,774,904	(189,594,106)
Effect of restatement		13,777,041					-	-	(13,777,041)		0
Balance as at December 31, 2016 as restated	52,345,110	62,037,419	2,501,038	1,779,674	151,575	(142,918)	35,723	4,325,092	(310,076,631)	1,774,904	(189,594,106)
Total comprehensive income for the period											
- Loss for the period	-	-	-	-	-	-	-	-	(23,053,507)	34,535	(23,018,972)
- Other comprehensive income for the period											
- Currency translation differences	-	-	-	-	-	449,831	-	449,831	-	217,319	667,150
- Unrealised gain on re-measurement of investments	-	-	-	-	3,286	-	-	3,286	-	-	3,286
Total comprehensive income for the period transferred to equity	-	-	-	-	3,286	449,831	-	453,117	(23,053,507)	251,854	(22,348,535)
Surplus on revaluation of property, plant and equipment realised during the quarter ended June 30, 2017 on account of incremental depreciation charged thereon-net of tax	-	(305,458)	-	-	-	-	-	-	305,458	-	-
Dividend paid to Non - controlling interest	-		-	-	-	-	-	-	-	(37,100)	(37,100)
Balance as at June 30, 2017	52,345,110	61,731,961	2,501,038	1,779,674	154,861	306,913	35,723	4,778,209	(332,824,680)	1,989,658	(211,979,742)
Balance as at December 31, 2017 as previously reported	52,345,110	59,494,889	2,501,038	1,779,674	169,991	1,214,850	37,655	5,703,208	(344,141,430)	2,084,069	(224,514,154)
Effect of restatement	-	16,388,026	-	-	-	-	-	-	(16,388,026)	-	-
Balance as at December 31, 2017 as restated	52,345,110	75,882,915	2,501,038	1,779,674	169,991	1,214,850	37,655	5,703,208	(360,529,456)	2,084,069	(224,514,154)
Total comprehensive income for the period											
- Loss for the period	-	-	-	-	-	-	-	-	(32,380,142)	51,235	(32,328,907)
- Currency translation differences	-	5,369,062	-	-	-	890,097	3,753	893,850	-	135,209	6,398,121
- Unrealised loss on re-measurement of investments	-	-	-	-	(865)	-	-	(865)	-	-	(865)
Total comprehensive income for the period transferred to equity	-	5,369,062	-	-	(865)	890,097	3,753	892,985	(32,380,142)	186,444	(25,931,651)
Surplus on revaluation of property, plant and equipment realised during the quarter ended June 30, 2018 on account of incremental depreciation charged thereon-net of tax	-	(242,555)							242,555		-
Dividend paid to Non - controlling interest	-	-	-	-	-	-	-	-	-	(44,926)	(44,926)
Balance as at June 30, 2018	52,345,110	81,009,422	2,501,038	1,779,674	169,126	2,104,947	41,408	6,596,193	(392,667,043)	2,225,587	(250,490,731)

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

Chief Executive Officer

Chief Executive Officer

Director

Chief Financial Officer

Chief Financial Officer

PAKISTAN International Airlines
Great People to Fly With

1. LEGAL STATUS AND NATURE OF BUSINESS

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

Pakistan International Airlines Holding company

Pakistan International Airlines Corporation Limited ("the Holding Company") was incorporated on January 10, 1955 under the Pakistan International Airlines Company Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Company Act, 1956 (the Act). 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 (previously repealed Companies Ordinance, 1984). According to the Conversion Act, all assets, rights, license, privileges and benefits of which the Holding Company was entitled were transferred to the Holding Company and the Holding Company has assumed all liabilities and obligations of the Holding Company. However, the management believes that in substance there is no change except for the legal status and application of provisions of the Companies Act, 2017 (previously repealed Companies Ordinance, 1984).

The principal activity of the Holding Company is to provide commercial air transportation, which includes passenger, cargo and postal carriage services. Other activities of the Holding Company include provision of engineering and allied services.

1.2 The Business Units of the 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 unconsolidated 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 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 company limited by shares. The principal activities are to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world. The Holding company's controlling interest in PIAIL is 100% (December 2016: 100%). The registered office of PIAIL is situated at Citco Building, Wickham Cay, Road Town, Tortola, British Virgin Islands.

Following are the details of PIAIL's subsidiaries:

	Place of incorporation	Nature of business	Effective ownership and voting power of PIAIL (%)	Effective ownership and voting power of the Holding company (%)
• Roosevelt Hotel Holding company, N.V. (RHC)	Netherlands - Antilles	See note (A) below	100	100
• RHC Operating LLC	State of Delaware, USA	Owner of Roosevelt Hotel, New York	100	100

•	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 Company N.V. (RHC) is the intermediary Holding Company and a sole member of RHC Operating LLC, a 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 PIAIL and Pakistan Cricket Board (PCB).being subscribers to 62.5% and 37.5% respectively of Avant's shares. However, Avant is at its planning phase and.has not started its commercial activities.

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

PIAIL has been consolidated in these consolidated condensed financial information on the basis of its consolidated financial statements for the period ended June 30, 2018.

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited hodling 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, 2018 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 company limited by shares, under the repealed Companies Ordinance, 1984.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 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 period ended June 30, 2018 as the same is not considered material to the consolidated financial statements.

The other subsidiaries of the Holding Company, PIA Holding (Private) Limited, Midway House (Private) Limited, PIA Shaver Poultry Breeding Farms (Private) Limited and PIA Hotels Limited, had applied under the 'Easy Exit Scheme'.announced by the Securities and Exchange Commission of Pakistan (the SECP) for voluntary winding up. Assets and liabilities of these subsidiaries were taken over by the Holding Company, and, accordingly, have not been consolidated in these consolidated 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 year, the Group incurred a net loss of Rs. 32,328.907 million (2017: Rs. 23,018.972 million) resulting in accumulated losses of Rs. 392,667.043 million as of December 31, 2017 (2017: Rs. 360,529.456 million). Further, as of December 31, 2017, current liabilities of the Group exceeded its current assets by Rs. 230,954.089 million (2016: Rs. 219,961.914 million).

1.2 In view of the situation described above, the management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, the management believes that though the sustainability of the future operations of the Company is materially dependent on the support of the Government of Pakistan, no material uncertainity exist and going concern assumption is appropriate. Accordingly, this consolidated condensed interim financial information are prepared on a going concern basis.

a) Government of Pakistan (GoP), being the major shareholder of the Company, through its finance division's letter dated September 02, 2008 communicated that it would extent 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:

- 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.
- reimbursement of financial charges on term finance and sukuk certificates.

b) In a meeting with the Honorable Prime Minister of Pakistan on December 30, 2017, 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. Further, subsequent to December 31, 2017 following decisions / steps have been taken by the GoP to support the Holding Company:

- approval for reimbursement of markup for five years, accordingly an amount of Rs. 16,019 million has been provided by GoP during the fiscal year 2018-19 in respect of markup support.
- through a letter dated February 19, 2018, GoP has reiterated its maximum support to maintain the Company's going concern.
- GoP guarantee limit enhanced from Rs.178,085 million (December 31, 2017) to Rs 222,107 million (May 31, 2019) to meet the cash deficit.

c) Further, in a meeting with the Honorable Prime Minister of Pakistan (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. Thereafter, in Finance Act 2019, GoP has allocated Rs. 24,500 million in respect of mark-up support to the Holding Company.

In view of the above mitigating factors, the management believes that the going concern assumption is appropriate.and accordingly, has prepared these consolidated condensed interim financial information on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

The third and fourth schedules to the Companies Act, 2017 became applicable to the Group for the first time for the preparation of these consolidated financial statements. The Companies Act, 2017 (including its third and fourth schedules) forms an integral part of the statutory financial reporting framework applicable to the Group. Specific additional disclosures and changes to the existing disclosures have been included in these consolidated financial statements.

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 Company's annual consolidated financial statements for the year ended December 31, 2017.

2.2 This consolidated condensed interim financial information of the Company for the six months period ended June 30, 2018 has been prepared in accordance with the requirements of the International Accounting Standards 34 "Interim Financial Reporting" and provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions of and directives of the repealed Companies Ordinance, 1984 have been followed (refer note 3.4.10).

2.3 This consolidated condensed interim financial information of the Holding Company does not include all of the information required for annual financial statements and therefore, should be read in conjunction with the consolidated financial statements of the Company as at and for the year ended December 31, 2017.

2.4 The US $ 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 cash flow statement are stated as additional information, solely for the convenience of the users of these consolidated condensed interim financial information. The US $ amounts in the consolidated condensed interim statement of financial position have been translated into US $ at the rate of Rs. 121.5425 = US $ 1 (December 31, 2017: Rs. 110.5274 = US $ 1). The US $ amounts in consolidated condensed interim profit and loss account, consolidated statement of comprehensive income and consolidated condensed interim cash flow statement have been translated into US $ at the rate of Rs. 116.03495 = US $ 1 (June 30, 2017: Rs. 113.0657 = US $ 1).

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 The preparation of consolidated condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses, however, actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. Revision to accounting estimates are recognized prospectively commencing from the period of revision.

Judgments and estimates made by the management in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual consolidated financial statements of the Company for the year ended December 31, 2017, except for the changes in accounting estimates as noted in note 4.2.

3.2 The Holding Company's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements of the Holding Company for the year ended December 31, 2017.

3.3 New / revised standards, ammendments to approved accounting standards

There are new and amended standards and interpretations that are mandatory for accounting periods beginning January 01, 2018 but are considered not to be relevant or do not have any significant effect on the Holding Company's financial position and are therefore not stated in this consolidated condensed interim financial information.

3.4 New standards, amendments to approved accounting standards and new interpretations to existing standard that are not yet effective and have not been early adopted by the Holding Company:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after July 01, 2018:

3.4.1 Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after January 01, 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Further, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture's interests in subsidiaries. The amendments are not likely to have an impact on the Company's financial position.

3.4.2 IFRS 9 'Financial instruments' (effective for annual periods beginning on or after July 1, 2018). IFRS 9 addresses the classification, measurement and recognition of financial assets and financial liabilities and replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI and not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there are no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. The Company is currently evaluating its impact on its financial reporting.

3.4.3 IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28. The amendments address the conflict between IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in IFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments are not likely to have any material impact on the Company's financial postition.

3.4.4 These amendments on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value. The amendments currently does not have any significant impact on the Company's financial statements. In addition to the foregoing, the Companies Act, 2017 which is effective on these financial statements has added certain disclosures which have been included. The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 1, 2017 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

3.4.5 IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is currently evaluating its impact on the Company's financial reporting.

3.4.6 IFRS 16 'Leases' (effective for annual period beginning on or after January 01, 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The Company is currently in the process of analysing the potential impact of its lease arrangements that will result in recognition of its right to use assets and liabilities on adoption of the standard.

3.4.7 IFRIC 22 'Foreign currency transactions and advance consideration' (effective from accounting period beginning on or after January 1, 2018) clarifies the determination of the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts. For a single payment or receipt, the date of the transaction should be the date on which the entity initially recognises the non-monetary asset or liability arising from the advance consideration (the prepayment or deferred income/contract liability). If there are multiple payments or receipts for one item, a date of transaction should be determined as above for each payment or receipt. The interpretation is not expected to have a significant impact on the Company's financial reporting.

3.4.8 IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after January 01, 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The amendments are not likely to have an impact on the Company's financial reporting.

3.4.9 Further, the following new standards have been issued by IASB which are yet to be notified by the SECP for the

Standards	IASB Effective date (annual periods beginning on or after)
IFRS 14 – Regulatory Deferral Accounts	January 01, 2016
IFRS 17 – Insurance Contracts	January 01, 2021

4 CHANGE IN ACCOUNTING POLICY

The specific provision / section in the repealed Companies Ordinance, 1984 relating to the surplus on revaluation of fixed assets has not been carried forward in the Companies Act, 2017. Previously, section 235 of the repealed Companies Ordinance, 1984 specified the accounting treatment and presentation of the surplus on revaluation of fixed assets, which was not in accordance with the IFRS requirements. Therefore, in accordance with the requirements of IAS 16, "Property, Plant and Equipment" surplus on revaluation of fixed assets would now be presented under shareholders' equity.

Following the application of IAS 16, the Company's policy for surplus on revaluation of property, plant and equipment stands amended as follows:

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus,. However, the increase shall be recognised in profit or loss to the extent that it reservesS a revaluation decrease of the same asset previously

If an asset's carrying amount is decrease as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in other comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus.

The change in accounting policy has been accounted for retrospectively in accordance with the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' and comparative figures have been restated.

(a) Effect on unconsolidated balance sheet of December 31, 2017 and earliest period presented i.e. January 01, 2017. Equity

	Balance as previously reported	Effect of restatement	Balance after restatement	Balance as previously reported	Effect of restatement	Balance after restatement
	(Rupees in '000')					
Surplus on Revaluation	59,494,889	16,388,026	75,882,915	48,260,178	13,777,041	62,037,419
Accumulated losses	(344,141,430)	(16,388,026)	(360,529,456)	(296,299,390)	(13,777,041)	(310,076,631)
Equity	(284,646,541)	-	(284,646,541)	(248,039,212)	-	(248,039,212)

(b) Effect on unconsolidated condensed interim statement of profit or loss for the six months period ended June 30, 2018.

	Balance as previously	Effect of restatement	Balance after restatement
Other Provisions and adjustments - net	(1,122,265)	63,009	(1,059,256)
Taxation	(334,017)	(18,903)	(352,921)

	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		---------- Rupees in '000 ---------	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	5.1	173,761,575	165,978,765
Capital work-in-progress		1,986,239	1,440,708
		175,747,814	167,419,473

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

	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)
	---------- Rupees in '000 ---------	
Additions / Transfers / Adjustments		
Owned		
Building owned Renovation and improvements	562,040	32,210
Aircraft fleet	2,172,393	386,519
Engineering equipment and tools	43,236	113,090
Furniture, fixtures and fittings	20,531	10,566
Vehicle owned	11,311	3,825
Office equipment	-	4,990
Computer and office automation	37,980	219,048
Other equipment	26,949	-
Capital spares	122,144	142,445
	2,996,584	912,693
Leased - aircraft fleet / engines overhauling		
Ground Equipment on Lease	-	258,444
	2,996,584	1,171,137
Deletions / write off net book value		
Owned		
Aircraft fleet	87,577	87,577
Capital spares	14,709	14,709
	102,286	102,286

	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		---------- Rupees in '000 ---------	
6 OTHER RECEIVABLES			
Considered good			
Claims receivable		96,259	9,084
Excise duty		100,000	100,000
Sales tax receivable	6.1	4,920,718	4,954,893
Rental income		209,523	190,534
Receivable from GoP		89,083	720,817
Lessor	6.2	626,087	1,082,017
Others		1,192,152	646,958
		7,233,822	7,704,303

	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	---------- Rupees in '000 ----------	
Considered doubtful	272,913	272,909
Less: provision for doubtful other receivables	(272,913)	(272,909)
	-	-
	7,233,822	7,704,303

6.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2017: Rs. 4,745.637 million) representing 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

6.2 This represents receivable from lessor in respect of overhauling incurred by the Company on aircrafts under operating lease as per lease agreement.

	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		---------- Rupees in '000 ----------	
7 CASH AND BANK BALANCES			
In hand		16,141	34,966
In transit		29,797	24,343
		45,938	59,309
With banks:			
Restricted cash		1,295,132	-
- in current accounts	7.1 & 7.3	2,009,371	4,395,574
- in savings accounts	7.2	3,853,573	5,261,903
		7,158,077	9,657,477
		7,204,015	9,716,786

7.1 This has been adjusted by an aggregate amount of Rs. 2,068.417 million (2017: Rs. 1,359.668 million), representing book overdrafts.

7.2 This has been adjusted by an aggregate amount of Rs. Nil (2017: Rs. 38.738 million), representing book overdrafts.

7.3 This includes restricted balances amounting to Rs. Nil (2017: Rs. 432.414 million).

8 LONG-TERM FINANCING

Financier	Type of facility	Facility amount (million)	Repayment period	Number of instalments/ Mode	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
Secured - from Banking Companies						----------- Rupees in '000 -----------	
National Bank of Pakistan	Term finance	3,000 PKR	2016 - 2019	36 monthly	8.2	1,666,667	2,083,333
National Bank of Pakistan	Term finance	2,175 PKR	2018 - 2020	12 quarterly	8.2	1,993,750	2,175,000
National Bank of Pakistan	Term finance	2,825 PKR	2018 - 2021	12 quarterly	8.2	2,825,000	2,825,000
National Bank of Pakistan - Bahrain	Syndicate finance	US $ 120	2013 - 2023	40 quarterly	8.2 & 8.5	12,859,196	11,822,747
- Other than related party							
Askari Bank Limited	Term finance	3,000 PKR	2017 - 2019	36 monthly	8.2	1,500,000	2,000,000
Al Baraka Bank	Islamic Term finance	4,500 PKR	2018-2021	36 monthly	8.2 & 8.12	4,500,000	4,500,000
BankIslami Pakistan Limited	Islamic Term finance	1,500 PKR	2019 - 2021	8 quarterly	8.3	1,500,000	1,500,000
Faysal Bank Limited	Term finance	2,000 PKR	2015 - 2018	12 quarterly	8.9	-	333,333
Faysal Bank Limited	Term finance	2,000 PKR	2016 - 2019	12 quarterly	8.2	500,000	833,333
Faysal Bank Limited	Islamic Term finance	1,000 PKR	2017 - 2019	12 quarterly	8.2	500,000	666,667
Faysal Bank Limited	Term finance	4,000 PKR	2017 - 2020	14 quarterly	8.2	2,857,143	3,428,571
The Bank of Punjab	Term finance	5,000 PKR	2016 - 2021	60 monthly	8.2	2,750,000	3,250,000
The Bank of Punjab	Term finance	PKR 2500	2017-2022	60 Monthly	8.2	2,250,000	2,500,000
The Bank of Punjab	Term finance	5,000 PKR	2016 - 2021	60 monthly	8.2	3,083,333	3,583,333
The Bank of Punjab	Demand finance	30,000 PKR	2016-2023	84 Monthly	8.2 & 8.13	23,490,508	25,658,848
United Bank Limited	Term finance	5,000 PKR	2015- 2020	54 monthly	8.2	2,037,037	2,592,592
United Bank Limited	Term finance	1,500 PKR	2016- 2021	54 monthly	8.2	805,556	972,222
Abu Dhabi Islamic Bank	Islamic Term finance	US $ 70.7	2016 - 2019	4 half yearly	8.6	1,501,702	2,309,824
Citibank, N.A.	Term finance	US $ 54.2	2015 - 2018	8 quarterly	8.9	127,738	390,243
Citibank, Mashreq	Term finance	US $ 120	2016 - 2018	32 monthly	8.10	-	4,144,778
Standard Chartered Bank (Pakistan) Limited	Syndicate finance	US $ 150	2017-2012	39 monthly	8.11	14,959,077	16,154,021
United Bank Limited	Syndicate finance	US $ 130	2017-2019	33 monthly	8.14	8,139,664	10,014,452
JS Bank Limited	Term finance	PKR 15000	2017-2023	66 Monthly	8.2 & 8.3	12,954,545	14,318,181
Faysal Bank Limited	Term finance	PKR 4000	2019-2022	36 Monthly	8.2	4,000,000	4,000,000
Soneri Bank Limited	Term finance	PKR 5000	2019-2022	36 Monthly	8.2 & 8.13	5,000,000	5,000,000
Al Baraka Bank (Pakistan) Limited	Term finance	PKR 2500	2020-2022	36 Monthly	8.2 & 8.15	2,500,000	2,500,000
Askari Bank Limited	Term finance	PKR 6000	2020-2023	48 Monthly	8.2	6,000,000	6,000,000
JS Bank	Term finance	PKR 20000	2020-2024	48 Monthly	8.2 & 8.13	20,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	8.2	5,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	8.2	3,021,000	-
Others - unsecured							
Long-term loan - GoP	Term finance	8,000 PKR	2011 - 2020	16 half-yearly	8.16	8,000,000	8,000,000
						156,321,916	143,556,478
RHC						13,222,858	-
Wells Fargo Banks, N.A	Loan	140 USD	2011 - 2016	Variable			15,428,798
Current maturity shown under current liabilities						(40,530,252)	(56,742,358)
						129,014,522	102,242,918

8.1 Borrowings in PKR comprise of fixed and variable rate borrowings. Fixed rate borrowings carry markup at the rate of 10% (2017: 10%), whereas variable rate borrowings in PKR carry markup ranging from spread of 1.45% over 1 month KIBOR to 1.65% over 1 month KIBOR (2017: spread of 1.5% over 1 month KIBOR to 2% over 1 month KIBOR). Borrowings in US$ comprise of variable rate borrowings carry markup ranging from spread of 0.70% over

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

8.3 The finance is secured by way of lien over Musharka Assests amounting to RS. 1500 million adn unconditional and irrevocable GoP guarantee for the facility amount.

8.4 The finance was secured by Letter of Comfort from GoP, ranking charge over current and fixed asset of Company amounting to Rs. 4,000 million inclusive of 25% margin; and lien and specific right to set off over all receivables in connection with the Company's sales routed through collection account NBPAirport Branch, Karachi. However, as

8.5 The following are the participating banks in this syndicated finance facility:

- National Bank of Pakistan (NBP) - Bahrain; and
- Habib Bank Limited (HBL)

Furthermore, principal amounting to USD 1 million due as at April 21, 2018 has been paid by company during the

8.6 The finance is secured against ICIEC / GoP guarantee for loans outstanding at any given point of time.

8.7 The facility is obtained from consortium of financial institutions in which Citibank N.A. is the investment agent. The finance is secured by way of collection routed through the offshore account maintained with Citibank N.A. London

8.8 The finance is secured by way of:

- Mortgage over each of the five ATR aircraft and two spares engines purchased, and
- European Credit Agencies / GoP Guarantee.

8.9 The finance is secured against EXIM Bank / GoP guarantee for loan outstanding at any given point of time

8.10 The Company has prepaid the facility without incurring a penalty. The finance is secured by way of collection routed through the offshore bank account maintained with Citi Mashreq.

8.11 The Syndicate finance has been obtained from a syndicate of international banks and the lead arrangers are:

- Standard Chartered Bank - United Kingdom
- Mashreqbank psc - United Arab Emirates

The finance is secured by first priority security over the collection account and facility service account; and legally enforceable 'assignments of tickets sales collection for the UK sector through IATA with appropriate

8.12 The finance is secured by way of:

- 1st exclusive hypothecation charge over five engines with 10% margin ;
- Irrevocable assignment instruction from the Company to bank of Punjab for transfer of funds to ABPL at every fortnight, to ensure timely payment of principal and profit.

The finance is secured by way of:

- 1st priority security over the master collection account, facility service account;
- legally enforceable assignment of the ticket sales collection for the select BSP agreement sector through IATA with
- Irrevocable and unconditional instruction to IATA and GSA in the Kingdom of Saudi Arabia to pay all proceeds from the sales abroad the Company flights into master collection account. The account bank shall transfer funds received to the mastercollection account into the facility service account also maintained with the account bank.

8.13 The finance is secured by way of Lien over IATA routed PIACL sales, receivable or assignment.

8.14 The Syndicate finance has been obtained from a syndicate of international banks and the lead arrangers are:

- United Bank Limited (UBL) and
- Credit Suisse AG,Singapore Branch

'The finance is secured by way of:

- 1st priority security over the master collection account, facility service account.
- Legally enforcable assignment of the ticket sales collection for the select BSP agreement sector through IATA with
- Irrevocable and uncondional instruction to IATA and GSA in the Kingdom of Sauida Arabia to pay all proceeds

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

8.16 The Holding Company has not paid any installment since due date of installment, i.e. October 23, 2011. The over due

9 TERM FINANCE AND SUKUK CERTIFICATES

	Note	Security	Repayment period	Number of Installment	Mark-up	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
						Rupees in '000	
Term finance certificates	9.1	GoP Guarantee	2014 - 2020	16 Quarterly	6 month KIBOR + 1.25%	(17,620,833)	(20,544,007)
Sukuk certificates	9.2	GoP Guarantee	October 20, 2019	Bullet	6 month KIBOR + 1.75%	(6,800,000)	(6,800,000)
						24,420,833	27,344,007
Less: Current maturity						(11,501,060)	(10,272,000)
						12,919,773	17,072,007

9.1 The ECC on July 03, 2012 decided / approved the restructuring of these TFCs from various banks along with the restructuring of certain short term borrowings of Rs. 20,700 million into new TFCs for a period of 6 years, with 2 years grace period on the terms and conditions to be approved by Ministry of Finance (the Ministry). On December 01, 2014, the Ministry approved the terms and conditions of new TFCs, amounting to Rs. 32,870 million, including the conversion of short term loan of Rs. 20,080 million on the terms, applicable from February 20, 2014. Principal amounting to Rs. 4,347 Million due on August 2018 and November 20, 2018 and interest amounting to Rs. 366.415

9.2 The Company had issued GoP guaranteed privately placed Sukuk Certificates in financial year ended December 31, 2009. The principal amount was payable after grace period of two years in six equal half yearly instalments, however, the Company had not made any principal payments that were due until December 30, 2013. The Sukuk investors were requested to re-profile the principal repayment schedule alongwith other terms of Sukuk Certificates, with the assistance of Ministry of Finance. On December 30, 2013, the Sukuk agreement with Sukuk investors was rescheduled by virtue of which the Company was required to pay the entire principal on October 20, 2014. However, on December 24, 2014, the Sukuk investors agreed to further extend the term of Sukuk Certificates for a period of further five years starting from October 20, 2014 and the Company will be required to pay the entire principal on October 20, 2019. The markup rate and security will remain unchanged. The Ministry of Finance has approved the restructuring and new agreement was signed on June 30, 2016. Accordingly the same has been classified as non-

10 TRADE AND OTHER PAYABLES

	Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
Trade creditors			
		------------ Rupees in '000 --------	
Goods	10.1	20,962,681	19,653,399
Services		11,896,990	9,140,782
Airport related charges		28,662,484	26,755,234
		61,522,155	55,549,415
Other Liabilities			
Accrued liabilities		9,088,006	5,527,493
Advance against transportation (unearned revenue)		11,249,328	9,319,302
Obligation for compensated absences- Holding Company		6,748,305	6,146,468
Unredeemed frequent flyer liabilities		623,527	623,527
Advance from customers		2,931,368	852,517
Amount due to Associate undertaking		236,971	161,653
Advances and deposits		126,797	164,736
Earnest money		-	3,406
Payable to Holding company employees' provident fund	10.2	11,716,519	10,997,823
Federal excise duty - International travel		10,599,710	9,612,369
Collection on behalf of others	10.3	39,383,617	36,586,870
Customs and federal excise duty		3,168,869	2,608,207
Income tax deducted at source		-	1,282,112
Sales tax payable		1,419,347	4,867
Bed tax		-	1,181
Payable to EOBI/SESSI		-	555
Short-term deposits		604,833	570,781
Fair value of cash flow hedges		323,634	-
Others		92,498	902,841
		159,835,483	140,916,123

10.1 This includes an amount of Rs.14,898.381 million payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Holding Company. The Holding Company is of the view that it is making all payments against the fuel invoices, Late Payment Surcharge (LPS), though accrued as per agreement, would be paid at a later stage. On the contrary, PSO applies a portion of payments against Late Payment Surcharge (LPS).

10.2 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 (PF), which could not be paid to PF within 15 days as required by Section 227 of the repealed Companies Ordinance, 1984 and Section 218 of Companies 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.

10.3 This includes taxes payable at foreign stations and amount payable to CAA relating to embarkation, security and infrastructure charges.

		Note	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
11	SHORT-TERM BORROWINGS - secured			
			---------- Rupees in '000 ----------	
		11.1	31,318,510	31,186,329
		11.2	3,499,938	3,172,145
			34,818,448	34,358,474

11.1

	Security	Facility Amount (Million)	Expiry date	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
Short-term loans - Related Parties				---------- Rupees in '000 ----------	
From Banking Companies					
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	5,000 PKR	30-Sep-18	5,000,000	5,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	4,360 PKR	30-Sep-18	4,360,000	4,360,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	3,500 PKR	30-Sep-18	3,500,000	3,500,000

National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	3,000 PKR	30-Sep-18	**3,000,000**	3,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch,	2,000 PKR	30-Sep-18	**2,000,000**	2,000,000
National Bank Of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	2,000 PKR	30-Sep-18	**2,000,000**	2,000,000
JS BANK LTD	Temporary line / Bridge finance	USD 15 M	30-Sep-17	-	-
Short-term loans - Others					
Habib Allied International	First charge by way of hypothecation over all present and future moveables and receivables of the company in favor of the bank.	12 USD	30-Sep-18	**1,458,510**	1,326,329
				31,318,510	31,186,329

11.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 month KIBOR (2017: spread of 1.5% over 3 months KIBOR).The borrowings in foreign currency carry mark-up of 3.5% over 3 month LIBOR (2017: a spread of 3.5% over 3 months LIBOR).

11.2 Running finance under mark-up arrangements

Banks		**Facility amount (million)**	**Unavailed credit (million)**	**June 30, 2018 (Un-Audited)**	December 31, 2017 (Audited)
				---------- **Rupees in '000** ----------	
Secured					
Running finance - related party					
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766.667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off over receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 686 million payable on demand.	575 PKR	30-Sep-18	**470,873**	496,689

Running finance - others

Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the company for Rs. 2,800 million including 25% margin or as per SBP requirement, whichever is higher.	350 PKR	30-Sep-18	**329,758**	93,706
United Bank Limited - Karachi	Hypothecation charge of Rs. 3,427 million on all present and future stocks and spares and assignment of receivables from Karachi and Lahore.	2,570 PKR	31-Jul-18	**2,557,610**	2,499,015
Un-secured					
Habib American Bank	-	1.5 USD	On Demand	**141,697**	82,735
				3,499,938	3,172,145

11.2.1 The borrowings in PKR carry mark-up with a spread of 1.5% to 2.5% over 1 month KIBOR (2017: 1.5% to 2.0% over 3 months KIBOR). Borrowings in USD comprise of fixed and variable rate borrowings. Fixed rate borrowing carries mark-up at the rate of 3.25% (2017: 3.25% per annum) whereas variable rate borrowings carry mark-up with a spread of 3.5% over 3 month LIBOR and 2% over Citi Base Rate (2017: spread of 3.5% over 3 month LIBOR and 2% over Citi base Rate).

11.2.2 Unavailed credit represents the difference between the facility amount and the closing balance as at June 30, 2018.

11.2.3 The agreements of these facilities have expired on their maturity, however, these were renewed on their respective maturity dates.

12 CONTINGENCIES AND COMMITMENTS

12.1 Contigencies

a) The tax department had raised demand of Rs. 566.544 million (2017: Rs. 566.544 million) in December 1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million (2017: Rs. 1 million) and additional duty of Rs. 2,923.005 million (2017: Rs. 2,923.005 million) on the contention that the Holding Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Holding Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the department. This case is currently under adjudication before Appellate Tribunal Inland Revenue (ATIR). Based on consultation with legal advisor, the management believes that the case will be decided in the favour of the Holding Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

b) The tax department had also raised demands of Rs. 6.804 million (2017: Rs. 6.804 million) and Rs. 277.621 million (2017: Rs. 277.621 million) on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14.416 million (2017: Rs. 14.416 million) and additional duty / default surcharge of Rs. 17.91 million (2017: Rs. 17.91 million) during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million (2017: Rs. 25 million) in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the department both have filed appeals at the ATIR which is remanded back however, remand back proceedings are still pending. 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 this unconsolidated condensed interim financial information in this regard..

c) As per order dated Febuary 25, 2010, the tax department has raised demands of Rs. 2.065 million (2017: Rs. 2.065 million) and Rs. 1,319.101 million (2017: Rs. 1,319.101 million) as FED and sales tax respectively along with penalty of Rs. 66.058 million (2017: Rs. 66.058 million) and additional duty / default surcharge of Rs. 534.412 million (2017: Rs. 534.412 million) during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATIR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. Based on consultation with tax advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877.351 million (2017: Rs. 5,877.351 million), Rs. 5,679.110 million (2017: Rs. 5,679.110 million) and Rs. 7,025.270 million (2017: Rs. 7,025.270 million), respectively, on account of delayed payment of sales tax and FED for the month of November – December 2008, January – March 2010 and November 2010 – January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the month of November – December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

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

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs.4,745.852 million (2017: Rs. 4,745.852 million) in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400.446 million (2017: Rs. 400.446million). The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company has filed an appeal against this at ATIR level, Tribunal has deleted the penalty but maintained default surcharge which is challenged by the Company in Sindh High Court, the decision is pending adjudication.

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

On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (refer not 15.2) which was contested by the Company before the Honorable High Court Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747.669 million (2017: Rs. 6,747.669 million) under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603.502 million, Rs. 2,629.350 million and Rs. 1,514.818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC. Later, the department has issued hearing notice in January 2019 for remand back proceedings.

e) DCIR passed orders dated March 04, 2016 and November 30, 2015 and raised demand of Rs. 24.086 million and Rs. 55.691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in this unconsolidated condensed interim financial information in this respect.

f) During the year DCIR passed order dated September 29, 2017 and raised a demand of Rs. 257.439 million for the short payment of Federal Excise Duty for the month of January 2017 along with penalty of Rs. 1,287.197 million. The Company has filed an appeal with CIR(A) against the order since it did not take into account the payment already made on June 30, 2017 and September 15, 2017 which were before the date of order. Subsequently, CIR(A) vide order dated March 27, 2018 decided the matter in favor of the Company and deleted the penalty.

12.1.1 Other contingencies

g) Competition Commission of Pakistan (CCP) vide its order dated November 20, 2009 has imposed a token penalty of Rs. 10 million on account of unreasonable increase in Hajj fare during the year 2008 as compared to Hajj season 2007. Further, on account of discrimination between Hajj passengers and regular passengers the Company was directed to work out an amount of refund to be paid back to Hajis based on the difference of fare between regular passengers and short duration Hajis who flew during Hajj season 2008. The total amount of refund estimated by the Company is Rs. 417 million. The Company has filed appeals simultaneously in Lahore High Court and the Supreme Court of Pakistan. However, after the order of the Honourable

Supreme Count in July, 2017, the appeal has been transferred to the Competition Apellete Tribunal, Islamabad. Management believes that both appeals will be decided in its favour. Accordingly, no provision has been made in this unconsolidated condensed interim financial information in this regard.

h) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As at December 31, 2018 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 16,792.894 million (2017: Rs. 16,792.894 million) including late payment surcharge and interest thereon amounting to Rs. 11,732.904 million (2017: Rs. 11,732.904 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

i) During the aforementioned meeting, the matter of chargeability of rates for non-aeronautical services was amicably resolved whereby it was agreed that CAA shall charge rates as were decided in the arbitration award of 1998. The MoU was signed in the form of minutes of the meeting, however, CAA has continued to charge higher rates for non-aeronautical services rather than those agreed by virtue of the said MoU. However, the management maintains its position on the chargeability of rates based on arbitration award of 1998 and the understanding (MoU) reached between the representatives of CAA and the Company during January 2011.

During the aforementioned meeting, the matter of chargeability of rates for non-aeronautical services was amicably resolved whereby it was agreed that CAA shall charge rates as were decided in the arbitration award of 1998. The MoU was signed in the form of minutes of the meeting, however, CAA has continued to charge higher rates for non-aeronautical services rather than those agreed by virtue of the said MoU. However, the management maintains its position on the chargeability of rates based on arbitration award of 1998 and the understanding (MoU) reached between the representatives of CAA and the Holding Company during January 2011.

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

Various ex-employees of the Holding Company have lodged claims against the Holding Company for their dues specifically relating to their reinstatements. The management believes the claims to be frivolous, therefore, no provision has been made in this consolidated condensed interim financial information.

j) The Holding Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. The management is of the view that these cases have no sound legal footing and it does not expect these contingencies to materialize. Accordingly, no provision has been made in this consolidated condensed interim financial information against these claims amounting to Rs. 11,445.195 million (December 31, 2017: Rs. 11,390.195 million).

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

l) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatements aggregating to Rs. 2,132.228 million (2017: Rs. 2,235.743 million). The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. The management is of the view that these cases have no sound legal footing and it does not expect these contingencies to materialise. Accordingly, no provision has been made in this unconsolidated condensed interim financial information against these claims amounting to Rs. 629.561 million (2017: Rs. 735.877 million).

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Relief Sought
Sindh High Court	Captain Nadeem Ahmed Chaudhray removed from service on account of misconduct	2016	Recovery of damages PKR 323.18 Million
Sindh High Court	Shahid Ali Rizvi filed suit for declaration and injuction stating his juniors were promoted but he was not granted promotion	2006	Recovery of damages PKR 100 Million
Sindh High Court	Captain Amir filed suit for recovery of damages as he was offered job in Qatar Airlines with handsome salary and allowances, he applied for early retirement but was not granted	2008	Recovery of damages PKR 200 Million
Sindh High Court	Saeed Ahmed and three others filed suit for declaration and injuction stating petitioners were promoted on MBA qualification, he suggested promotion should be granted on basis of PIA service	2012	Recovery of damages PKR 120 Million
Sindh High Court	Mr Zeeshan filed suit as he stated that his return ticket was not utilized as agent informed flight was cancelled, he had to pay heavy charges with another airline	2017	Recovery of damages PKR 100 Million
Sindh High Court	Syed Anwar Hasnain (Ex-General Manager-Financial Planning) filed instant suit for declaration, permanent injunction and damages.	2006	Recovery of damages PKR 47.5 Million
Sindh High Court	Heinous act on Flight PK370 by Plaintiff with other accomplices threatened the lives and belongings of passengers (200 passengers approximately) on board through their hyper, intimidating, menacing behavior	2016	Recovery of damages PKR 100 Million
Sindh High Court	Mr. Arshad Mahmood Raja, retired Manager Cargo Sales filed instant Suit for declaration, Injunction and damages. During posting as Manager PIA, New Delhi,	2008	Recovery of damages PKR 60 Million

m) Outstanding letters of guarantee amounted to Rs. 222.891 million (2017: Rs. 202.664 million).

n) Contingencies relating to income tax matters are disclosed in note 12.1 to these interim condensed consolidated financial statements.

12.2 Commitments

a) Commitments for capital expenditure amounted to Rs. 27.371 million (2017: Rs. 253.777 million).

b) Outstanding letters of credit amounted to Rs. 8.637 million (2017: Rs. 0.449 million).

c) The Company has entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US$ 1,527.904 million (2017: US$ 1,527.904 million) equivalent to Rs. 212,262.721 million (2017: Rs. 168,875.257 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

d) The amount of future payments in operating lease arrangement relating to aircrafts 777-200 ER, 777-240 ER, ATR 72-500, A-320-211, A330-300 and A 320-200 and the period in which these payments will become due is as follows:

	June 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Rupees in '000	
Not later than one year	**10,335,953**	8,223,239
Later than one year but not later than five years	**22,206,568**	24,750,051
Later than five years	**-**	1,152,042
	32,542,521	34,125,332

	Note	Six months period ended June 30, 2018 (Un-Audited)	Six months period ended June 30, 2017 (Un-Audited)	Quarter ended June 30, 2018 (Un-Audited)	Quarter ended June 30, 2017 (Un-Audited)
		Rupees'000			
13 REVENUE - Net					
Passenger		41,032,826	38,912,346	18,280,992	18,966,149
Cargo		2,010,652	1,784,308	634,982	792,335
Excess baggage		321,809	374,333	185,585	191,381
Charter		45,196	408,641	27,781	308,109
Engineering services		393,783	182,021	202,691	103,774
Handling and related services		212,101	137,568	81,863	71,094
Mail		87,346	110,609	56,067	67,575
Room, food and beverages sales		5,628,675	5,146,164	3,432,898	5,146,164
Others		2,546,497	2,036,752	1,453,632	1,491,999
		52,278,885	49,092,742	24,356,490	27,138,579
14 COST OF SERVICES - Others					
Salaries, wages and allowances		9,596,931	10,014,598	6,116,688	6,424,909
Welfare and social security costs		1,101,916	1,087,952	472,618	558,335
Retirement benefits		1,103,911	1,042,275	307,034	521,801
Compensated Absences		443,180	411,992	251,803	181,228
Legal and professional charges		21,448	14,749	6,549	7,019
Stores and spares consumed		703,856	437,937	297,002	240,506
Repair, Maintenance and overhaul		5,083,313	4,305,750	2,344,462	2,156,111
Flight equipment rental		5,159,751	5,413,389	2,282,615	2,392,327
Landing and handling		7,911,284	7,632,720	3,784,263	3,833,993
Passenger services		1,112,925	1,513,999	308,914	834,997
Crew layover		1,663,333	1,489,105	875,171	869,589
Staff training		42,759	33,536	17,866	15,346
Hotel running expense		1,445	-	1,445	-
Food cost		276,484	289,899	164,784	289,899
Utilities		45,083	35,000	32,334	27,601
Communication		2,083,725	1,788,583	1,053,493	865,959
Insurance		614,266	443,927	331,469	270,325
Rent, rates and taxes		252,340	380,237	127,803	196,352
Printing and stationery		111,615	52,002	66,072	26,643
Depreciation		2,412,991	14,851	2,411,339	11,652
Amortization		4,169	2,521,707	4,169	2,521,707
Others		1,065,011	988,161	340,084	443,407
		40,811,735	39,912,370	21,597,976	22,689,707

		Six months period ended		Quarter ended	
		June 30, 2018 (Un-Audited)	June 30, 2017 (Un-Audited)	**June 30, 2018 (Un-Audited)**	June 30, 2017 (Un-Audited)
	Note	----------	---------- Rupees'000	----------	----------
15 OTHER PROVISIONS AND ADJUSTMENTS					
Provision for slow moving and obsolete spares		**98,308**	173,146	**98,308**	173,146
Provision for doubtful debts		**150,000**	200,000	**50,000**	100,000
Late Payment surcharge on fuel		**461,802**	686,110	**239,802**	464,110
Others		**-**	-	**(221,147)**	(221,147)
		710,110	1,059,256	**166,963**	516,109
16 FINANCE COSTS					
Mark-up on:					
- long term financing		**5,958,948**	4,232,114	**3,866,957**	1,547,898
- short term borrowings		**1,311,476**	1,250,321	**845,482**	907,772
- advance from a subsidiary		**80,382**	55,906	**(539,653)**	(501,494)
		7,350,806	5,538,341	**3,552,752**	1,396,777
Return on term finance certificates		**677,364**	902,737	**677,364**	902,737
Profit on sukuk certificates		**271,627**	264,361	**271,627**	131,565
Interest on liabilities against assets subject to finance leases		**84,047**	127,132	**84,047**	127,132
Interest on pension / provident fund		**373,097**	300,945	**373,097**	132,727
Discounting Income on deposits		**(19,234)**	(20,355)	**(19,234)**	(20,355)
Arrangement, agency and commitment fee		**376,349**	263,599	**233,864**	96,398
Bank charges, guarantee commission and other related charges		**57,495**	40,332	**61,063**	(43,253)
Others		**-**	-	**(9,553)**	-
		9,171,551	7,417,092	**5,162,835**	2,723,729
17 TAXATION					
Current - for the period		**375,142**	352,921	**248,348**	204,943
		375,142	352,921	**248,348**	204,943

17.1 There has been no material change in the status of tax contingencies as disclosed in notes 36.1 to the unconsolidated financial statements for the year ended December 31 ,2017.

	Six months period ended		Quarter ended	
	2018	2017	2018	2017
	(Un-Audited)	(Un-Audited)	(Un-Audited)	(Un-Audited)
	Rupees'000			

18 LOSS PER SHARE - BASIC AND DILUTED

Loss for the period	(32,328,907)	(23,018,972)	(24,101,772)	(10,238,701)
	No. Of ordinary shares			
Weighted average number of ordinary shares outstanding	5,234,511,117	5,234,511,117	5,234,511,117	5,234,511,117
	Rupees			
Loss attributable to:				
A' class ordinary shares	(6.18)	(4.40)	(4.60)	(1.96)
B' class ordinary shares	(3.09)	(2.20)	(2.30)	(0.98)

There were no dilutive potential ordinary shares outstanding as at June 30, 2018 and 2017.

19 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Six months period ended	
	June 30, 2018	June 30, 2017
	(Un-Audited)	(Un-Audited)
	Rupees in '000	
Loss before taxation	(31,953,765)	(22,666,051)
Adjustments for non cash items:		
Depreciation	2,743,373	2,584,590
Gain on disposal of property, plant and equipment	(5,032)	(6,883)
Amortization	42,889	50,063
Provision for slow moving stores and spares	98,308	173,146
Provision for employees' benefits	2,402,187	2,222,603
Provision for doubtful debts	150,000	200,000
Finance costs	9,171,551	7,417,092
Unrealised Exchange Gain / Loss	5,113,006	14,229
Share of loss / (profit) from associates	432	1,248
Profit on bank deposits	9,246	(5,341)
Cash generated from operations before working capital changes	(12,227,805)	(10,015,304)
Working capital changes:		
Increase in stores and spare parts	(860,038)	(267,307)
Decrease in trade debts	136,581	1,834,624
Decrease / (Increase) in advances	(497,673)	158,961
Increase in trade deposits and prepayments	3,925,864	(182,339)
Decrease / (Increase) in other receivables	993,157	1,310,743
Increase in trade and other payables	18,609,475	10,877,658
	22,307,367	13,732,340
Cash generated from operations after working capital changes	10,079,562	3,717,036

20 TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Pakistan State Oil	-	Profit oriented state-controlled entity
Civil Aviation Authority	-	Profit oriented state-controlled entity
National Bank of Pakistan	-	Profit oriented state-controlled entity
National Insurance Corporation Limited	-	Profit oriented state-controlled entity
Federal Board of Revenue	-	Profit oriented state-controlled entity
Mr. MAQSOOD AHMED	-	Key management personnel
Mr. AMIR ALI	-	Key management personnel
Mr. YOUNUS M KHAN	-	Key management personnel
Mr. AMANULLAH QURESHI	-	Key management personnel
Mr. NAYYAR HAYAT	-	Key management personnel
Mrs. GHAZALA RASHID	-	Key management personnel
Mr. RASHID AHMAD	-	Key management personnel
Mr. OMER RAZZAQ	-	Key management personnel
Mr. MUSHARRAF RASOOL CYA	-	Key management personnel
Mr. AVM RIZWAN PASHA	-	Key management personnel
Mr. AVM SOBAN NAZIR SYED	-	Key management personnel
Mr. AVM NOOR ABBAS	-	Key management personnel
Mr. ZIA QADIR QURESHI	-	Key management personnel
Mr. KASHIF REHMAN RANA	-	Key management personnel
Mr. BILAL MUNIR SHEIKH	-	Key management personnel
Mrs. ASMA BAJWA	-	Key management personnel
Mr. AIJAZ MAZHAR	-	Key management personnel
Mr. MAJ KHURAM MUSHTAQ	-	Key management personnel

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

Name of Related Parties	Nature of transactions	June 30, 2018 (Un-Audited)	June 30, 2017 (Un-Audited)
		----------Rupees in '000 ----------	
Retirement funds			
	Contribution to provident Fund and other	**1,236,181**	1,738,334
	Interest on Loan from pension / provident fund	**373,097**	300,945
Pakistan State Oil Company Limited	Purchase of Fuel	**8,601,515**	5,896,777
	Late payment interest	**634,757**	686,110
National Insurance Company	Insurance premium	**617,046**	557,823
National Bank of Pakistan	Finance cost charged	**2,076,342**	2,111,978
Pakistan Civil Aviation Authority	Airport Related charges	**6,150,000**	7,075,963
GoP - Major shareholder			
	Finance cost charged	**396,712**	396,712
Key management personnel			
	Salaries, wages and other benefits	**81,708**	82,857

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

21.1 Financial risk factors

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

These consolidated condensed interim financial statements do not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company annual financial statements as at December 31, 2017. There have been no changes in any risk management policies since the year end.

21.2 Fair value estimation

As at June 30, 2018, Holding Company's all assets and liabilities are carried at cost except for those mentioned below:

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

b) The Holding Company classifies long-term investments in listed companies measured in the consolidated condenssed statement of financial position at fair values; and

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

22 DATE OF AUTHORISATION FOR ISSUE

These consolidated condensed interim financial information were authorized for issue by the Board of Directors of the holding company in their meeting held on NOV 21, 2019

Chief Executive Officer

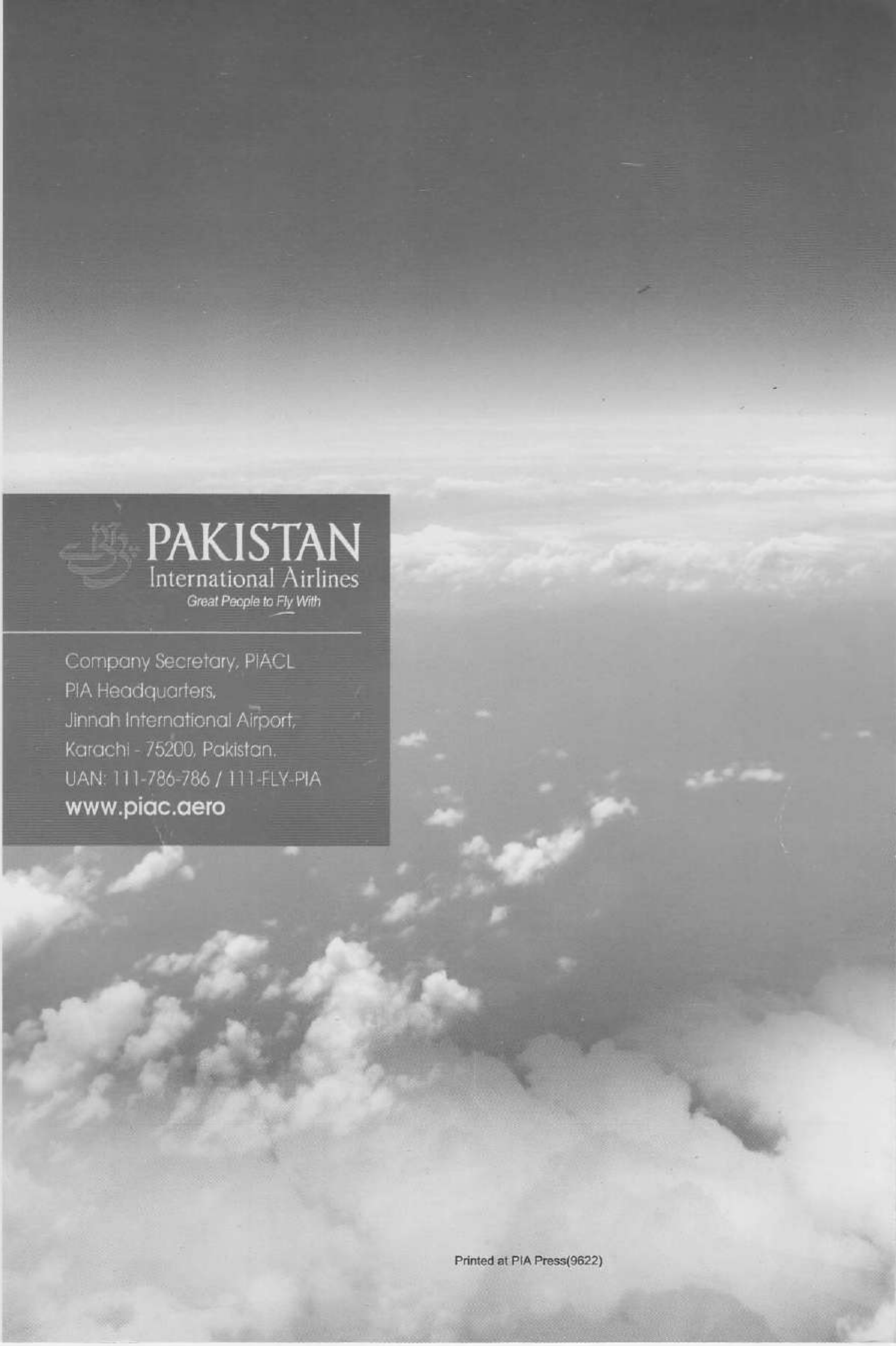
Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer


LONDON
BARCELONA
BANGKOK
TORONTO
UK
PARIS
TOKYO
MILAN
DAMMAM
MANCHESTER
DUBAI
NAJAF
OSLO
ITALY
RIYADH
ABU DHABI
KUALA LUMPUR
DOHA
BIRMINGHAM
JEDDAH
COPENHAGEN
MUSCAT
BEIJING
KABUL
SHARJAH



PAKISTAN
International Airlines
Great People to Fly With

Company Secretary, PIACL
PIA Headquarters,
Jinnah International Airport,
Karachi - 75200, Pakistan.
UAN: 111-786-786 / 111-FLY-PIA
www.piac.aero

Printed at PIA Press(9622)