



FIRST QUARTERLY REPORT

2 0 2 0

Explore the scenic beauty of
PAKISTAN
with
Pakistan International Airlines



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

CONTENTS

Corporate Profile	02
Board of Directors' Committees	04
Directors' Report	05
Unconsolidated Financial Statements	07
Consolidated Financial Statements	25

CORPORATE PROFILE

As at August 05, 2020

BOARD OF DIRECTORS

Mr Aslam R Khan
Chairman

Mr Noor Ahmed
Secretary Economic Affairs Division

Mr Atif Aslam Bajwa

Mr Naveed Kamran Baloch
Secretary Finance Division

Mr Hasan Nasir Jamy
Secretary Aviation Division

Mr Farrukh H Khan

Mr Tariq Kirmani

Air Marshal Arshad Malik
Chief Executive Officer

Mr Navaid H Malik

Mr Haque Nawaz

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 Qamer Shamim
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 Choudhry
Chief Corporate Development Officer

Mr Aamer Altaf
Chief Human Resource Officer

Mr Amir Ali
Chief Technical Officer

Mr Amanullah Qureshi
Chief Supply Chain Management

OTHER CORPORATE INFORMATION

EXTERNAL AUDITORS

Messrs Grant Thornton & Co
Chartered Accountants

Messrs BDO Ebrahim & Co
Chartered Accountants

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 N.A
Credit Suisse AG Singapore
Emirates NBD
Faysal Bank Limited
Habib Allied International Bank, London
Habib Bank LIMITED
JS Bank
Mashreq Bank, Dubai
Soneri Bank Limited
National Bank of Pakistan
Standard Chartered Bank Limited
United Bank Limited

REGISTERED OFFICE

PIA Building
Jinnah International Airport
Karachi - 75200 PAKISTAN
Tel:0092-21-9904 00 00
UNI:111-786-786
Web:www.piac.com.pk

BOARD COMMITTEES

As at August 05, 2020

NAME OF COMMITTEE	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Mr Farrukh H Khan Mr Tariq Kirmani Mr Haque Nawaz	Chairman Member Member Member
Board Finance Committee (BFC)	Mr Naveed Kamran Baloch <i>Secretary Finance Division</i> Mr Atif Aslam Bajwa Mr Navaid H Malik Air Marshal Arshad Malik <i>Chief Executive Officer</i> Mr Haque Nawaz	Chairman (ex-officio) Member Member Member Member
Board HR Compensation Committee (BHRCC)	Mr Tariq Kirmani Air Marshal Arshad Malik <i>Chief Executive Officer</i> Mr Farrukh H Khan Mr Navaid H Malik	Chairman Member Member Member
Board Procurement Committee (BPC)	Air Marshal Arshad Malik <i>Chief Executive Officer</i> Mr Aslam R Khan Mr Haque Nawaz	Member Member Member
Board Commercial, Operation & Engineering Committee (BCOEC)	Mr Navaid H Malik Air Marshal Arshad Malik <i>Chief Executive Officer</i> Mr Tariq Kirmani	Chairman Member Member

DIRECTORS' REPORT - FOR THE PERIOD ENDED MARCH 31, 2020

On behalf of the Board of Directors, we are pleased to present the Company's Review Report together with the financial statements for the quarter ended 31st March 2020. The financial results for the period are summarized below:

(Rs. In Million)

	2020	2019
Revenue (net)	36,443	30,759
Aircraft Fuel	(12,307)	(10,284)
Operating Expense	(25,782)	(24,793)
Loss from Operations	(1,646)	(4,318)
Exchange Loss	(6,127)	(628)
Finance Cost	(9,616)	(6,788)
Loss Before Taxation	(17,389)	(11,734)

Industry Review

In 2019, airlines continued to increase the number of city-pair routes globally and more than 22,000 city pairs were serviced in 2019 and accordingly expected Passenger departures in 2020 were 4.5 billion which is 3.7% more than 2019. However, since the start of 2020 situation changed drastically with COVID-19 outbreak, whereby world economy virtually came at a standstill with all the businesses feeling the impact. Airline Industry is one of the worst hit sectors and with global lockdowns and closure of borders resulting in grounding of whole/partial fleet of almost all airlines. IATA has revised estimated airline revenue losses to be USD 419 billion during 2020 amidst travel restrictions and confidence effects, compounded by a global recession.

Business Review

Revenue for First Quarter ended March 2020 witnessed a significant growth of 18.5% as compared to 2019 and accordingly 'Loss from Operations' reduced by 61.9% as compared to corresponding period of 2019. This is a significant achievement and result of extensive hard work & new initiatives by Management. While the Operating Loss improved, the Company got severe hit on the bottom line due to currency devaluation and rising interest rates.

The operating environment in the region remains very challenging due to COVID-19, coupled with the tragic incident of Aircraft crash in the month of May 2020; however, with the current revitalization plan being implemented across the organization, we are hopeful that with support of our customers, dedication of our employees and continued support of Government of Pakistan, we will emerge stronger for the better times ahead.

For and on behalf of the Board


Chief Executive Officer


Director

August: 5, 2020

UNCONSOLIDATED
FINANCIAL
STATEMENTS



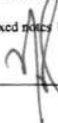
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)	
Note ----- Rupees in '000----- ----- US\$ in '000-----					
ASSETS					
NON CURRENT ASSETS					
- Property, plant and equipment	4	87,630,620	92,179,799	525,667	594,958
- Intangibles		363,269	390,359	2,179	2,520
Long-term investments		87,993,889	92,570,158	527,846	597,478
Long-term deposits and prepayments		4,587,317	4,589,394	27,518	29,621
Total non current assets		6,418,654	4,632,644	38,503	29,901
		98,999,860	101,792,196	593,867	657,000
CURRENT ASSETS					
Stores and spares		3,672,844	3,530,263	22,032	22,785
Trade debts	5	12,799,589	18,607,089	76,780	120,096
Advances		4,523,072	3,796,197	27,132	24,502
Trade deposits and short term prepayments		5,930,964	5,286,408	35,578	34,120
Other receivables	6	10,818,619	8,623,137	64,897	55,656
Short-term investments		1,222,449	6,216,620	7,333	40,124
Cash and bank balances	7	10,438,431	6,857,322	62,618	44,259
Total current assets		49,405,968	52,917,036	296,370	341,542
TOTAL ASSETS		148,405,828	154,709,232	890,237	998,542
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	314,001	337,852
Reserves		4,450,355	4,452,432	26,696	28,737
Surplus on revaluation of property, plant and equipment- net		18,865,623	20,009,516	113,169	129,148
Accumulated losses		(516,310,006)	(500,065,115)	(3,097,172)	(3,227,579)
Total Shareholders' Equity		(440,648,918)	(423,258,057)	(2,643,306)	(2,731,842)
NON CURRENT LIABILITIES					
Long-term financing	8	193,304,563	191,517,237	1,159,570	1,236,113
Lease liabilities	9	12,862,036	15,533,339	77,155	100,257
Advance from a subsidiary		6,865,688	6,393,348	41,185	41,265
Deferred liabilities		40,361,688	39,233,166	242,114	253,223
Total non-current liabilities		253,393,975	252,677,090	1,520,024	1,630,858
CURRENT LIABILITIES					
Trade and other payables	10	194,777,141	189,855,794	1,168,403	1,225,390
Unclaimed dividend - Preference shares		3,297	3,297	20	21
Accrued interest	11	23,978,477	22,255,402	143,839	143,643
Taxation - net		696,906	717,719	4,182	4,632
Short-term borrowings	12	29,971,352	31,580,219	179,788	203,829
Current maturity of non-current liabilities	13	86,233,598	80,877,768	517,287	522,011
Total current liabilities		335,660,771	325,290,199	2,013,519	2,099,526
		589,054,746	577,967,289	3,533,543	3,730,384
TOTAL EQUITY AND LIABILITIES		148,405,828	154,709,232	890,237	998,542


CONTINGENCIES AND COMMITMENTS

18

The annexed notes 1 to 23 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 PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

		Three months period ended		Three months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Note -----		(Rupees in '000) -----		(USD in '000) -----	
REVENUE - NET	14	36,442,959	30,759,084	226,608	220,323
COST OF SERVICES					
Aircraft fuel		(12,306,564)	(10,284,336)	(76,524)	(73,665)
Others	15	(22,991,606)	(21,455,365)	(142,965)	(153,682)
		(35,298,170)	(31,739,701)	(219,489)	(227,346)
GROSS PROFIT/(LOSS)		1,144,789	(980,615)	7,119	(7,023)
Distribution costs		(1,445,832)	(1,245,342)	(8,990)	(8,920)
Administrative expenses		(1,548,527)	(1,644,548)	(9,629)	(11,780)
Other provisions and adjustments		(245,987)	(447,391)	(1,530)	(3,205)
Other income		449,151	-	2,793	-
		(2,791,195)	(3,337,279)	(17,356)	(23,903)
LOSS FROM OPERATIONS		(1,646,406)	(4,317,895)	(10,237)	(30,926)
Exchange loss		(6,126,837)	(628,287)	(38,098)	(4,500)
LOSS BEFORE INTEREST AND TAXATION		(7,773,244)	(4,946,182)	(48,335)	(35,427)
Finance costs	16	(9,615,541)	(6,788,080)	(59,791)	(48,622)
LOSS BEFORE TAXATION		(17,388,784)	(11,734,261)	(108,126)	(84,049)
Taxation	17	-	(153,795)	-	(1,102)
LOSS FOR THE PERIOD		(17,388,784)	(11,888,058)	(108,126)	(85,151)
LOSS PER SHARE - BASIC AND DILUTED					
		Rupees-----		US\$-----	
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each		(3.32)	(2.27)	(0.02)	(0.02)
'B' class ordinary shares of Rs. 5 each		(1.66)	(1.14)	(0.01)	(0.01)

The annexed notes 1 to 23 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 CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Three months period ended		Three months period ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	----- Rupees in '000 -----		----- US\$ in '000 -----	
Loss for the period	(17,388,784)	(11,888,058)	(108,126)	(85,151)
Other comprehensive income				
Items that will not be reclassified subsequently to unconsolidated condensed interim statement of profit or loss				
Unrealised gain on re-measurement at FVOCI	(2,077)	(27,234)	(13)	(195)
Total comprehensive loss for the period	(17,390,861)	(11,915,292)	(108,139)	(85,346)

The annexed notes 1 to 23 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 CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Three months period ended		Three months period ended		
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
Note ----- Rupees in '000----- USS in '000-----					
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	19	11,847,117	4,660,895	73,667	33,385
Profit on bank deposits received		26,887	4,110	167	29
Finance costs paid		(7,892,458)	(7,974,870)	(49,077)	(57,123)
Taxes paid		(20,813)	(107,854)	(129)	(773)
Staff retirement benefits paid		(140,134)	(233,919)	(871)	(1,676)
Long-term deposits and prepayments - net		(1,786,010)	1,438,838	(11,106)	10,306
Net cash generated from / (used in) operating activities		2,034,589	(2,212,800)	12,651	(15,852)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(269,571)	(1,957,178)	(1,676)	(14,019)
Purchase of Intangibles		(6,739)	(957)	(42)	(7)
Proceeds from sale of property, plant and equipment		-	35	-	-
Net cash used in investing activities		(276,310)	(1,958,100)	(1,718)	(14,026)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(9,889,253)	(652,700)	(61,493)	(4,675)
Proceeds from long-term financing		10,489,299	9,366,483	65,224	67,091
Repayment of term finance certificates		(9,070)	(2,888,344)	(56)	(20,689)
Repayment of obligations under finance lease		(2,153,448)	(329)	(13,390)	(2)
Net cash generated from financing activities		(1,562,472)	5,825,110	(9,715)	41,725
Increase in cash and cash equivalents		195,808	1,654,210	1,218	11,847
Cash and cash equivalents at the beginning of the period		11,334,503	(1,185,821)	70,480	(8,494)
Cash and cash equivalents at the end of the period		11,530,311	468,390	71,698	3,353
Cash and Cash Equivalents					
Short-term investments		1,203,229	-	7,482	
Cash and bank balances	7	10,438,431	3,726,297	64,908	26,691
Running finance under mark-up arrangements	12	(111,352)	(3,257,907)	(692)	(23,338)
		11,530,311	468,390	71,698	3,353

The annexed notes 1 to 28 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 CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Issued, subscribed, and paid-up share capital	Capital reserves	Unrealized gain on remeasurement of investments	Surplus on Revaluation	Sub Total	Revenue reserves	Accumulated losses	Total Reserves
Balance as at December 31, 2019	52,345,110	2,501,038	182,095	24,134,932	26,818,066	1,779,674	(437,696,479)	(356,753,630)
Effect of change in accounting policy due to adoption of IFRS-9	-	-	-	-	-	-	(1,143,691)	(1,143,691)
Effect of change in accounting policy due to adoption of IFRS-16	-	-	-	-	-	-	(11,594,542)	(11,594,542)
Balance as at December 31, 2019 as restated	52,345,110	2,501,038	182,095	24,134,932	26,818,066	1,779,674	(450,434,712)	(369,491,863)
Total comprehensive loss for the three months period ended March 31, 2020:								
Loss for the period	-	-	-	-	-	-	(11,888,058)	(11,888,058)
Other comprehensive loss for the period	-	-	(27,234)	-	(27,234)	-	(27,234)	(27,234)
Total comprehensive loss for the period	-	-	(27,234)	-	(27,234)	-	(11,888,058)	(11,915,292)
Surplus on revaluation of property, plant and equipment realized during the quarter ended March 31, 2020 on account of incremental depreciation charged shown below of T&A	-	-	-	(368,562)	(368,562)	-	368,562	-
Balance as at March 31, 2020	52,345,110	2,501,038	154,861	22,766,370	26,422,270	1,779,674	(461,954,208)	(381,407,156)
Balance as at January 01, 2020	52,345,110	2,501,038	171,720	20,009,516	22,682,225	1,779,674	(500,065,115)	(433,258,057)
Total comprehensive loss for the three months period ended March 31, 2020:								
Loss for the period	-	-	-	-	-	-	(17,388,784)	(17,388,784)
Other comprehensive loss for the period	-	-	(2,077)	-	(2,077)	-	-	(2,077)
Total comprehensive loss for the period	-	-	(2,077)	-	(2,077)	-	(17,388,784)	(17,390,861)
Surplus on revaluation of property, plant and equipment realized during the quarter ended March 31, 2020 on account of incremental depreciation charged shown below of T&A	-	-	-	(649,199)	(649,199)	-	649,199	-
Surplus on revaluation of property, plant and equipment realized during the year on account of surplus retained / reserve off / disposed off - net of tax	-	-	-	(494,694)	(494,694)	-	494,694	-
Balance as at March 31, 2020	52,345,110	2,501,038	169,643	18,665,623	21,536,305	1,779,674	(516,310,005)	(440,648,013)

The enclosed notes 1 to 22 form an integral part of this unaudited condensed interim financial information.


 Chief Executive Officer


 Chief Financial Officer


 Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

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 and counters are located across the country and overseas the details of which is impracticable to disclose

- 1.3 The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. PIACL has also been impacted by the evolving situation surrounding COVID-19 and the unprecedented travel bans imposed by various governments. Though the financial results of the Company are encouraging in the first quarter of the year 2020, the resultant suspension of operations due to COVID-19 from March 2020 has slowed down Company's progress. However the Company is closely monitoring the situation and to counter the above adverse impact has taken several cost cutting measures including voluntary reduction in employees' salaries, rationalization of capacity and greater focus on cargo operations during COVID-19. Furthermore, as an initiative to support local industries, SBP has announced relaxation in the payment of mark-up with reduction in KIBOR rate which are expected to off-set adverse impacts of COVID-19.

Despite facing challenges as explained above, due to the management's commitment to optimize its operational footprints and implementation of various cost cutting measures, the Company posted a gross profit of Rs.1,145 million as compared to a gross loss of Rs.(981) million in same period in 2019 which is an increase of 217%. However, during the period, the Company incurred a net loss of Rs. 17,389 million (2019 : Rs. 11,888 million) resulting in accumulated loss of Rs. 516,310 million (December 31, 2019: Rs 500,065 million). Further, as of March 31, 2020, current liabilities of the Company exceeded its current assets by Rs.286,255 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 mitigating factors as disclosed in note 1.3 to the Audited Financial Statements of December 31, 2019, 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, the unconsolidated financial statements are prepared on a going concern basis.

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

The US \$ amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of 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. 166.7037 = US \$ 1 (December 31, 2019: Rs. 154.9350 = 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. 160.8194 = US \$ 1 (March 31, 2019: Rs. 139.6092 = US \$ 1).

3. SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

3.1 The accounting policies, estimates, judgements and method of computation adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual unconsolidated financial statements of the Company for the year ended December 31, 2019 except as mentioned in note 3.2 below.

3.2 As a result of the global emergence of the Coronavirus disease (COVID-19) and the current economic environment, the Company has analyzed the impact of COVID-19 as at March 31, 2020. It has determined that the changes to its significant judgements and estimates did not have a material impact with respect to its intangible and long-lived assets. Additionally, the Company believes that the modification of certain customer payment terms has not materially changed its assessment of collectability. Furthermore there has been no impact on the Revenue Recognition.

3.3 The Company's financial risk management and objectives and policies are consistent with those disclosed in the annual unconsolidated financial statements for the year ended December 31, 2019.

- 3.4 New standards, amendments and an interpretation to accounting and reporting standards which became effective during the period:

The following amendments and an interpretation to accounting and reporting standards became effective during the current period:

IAS 1 – Presentation of Financial Statements - (Amendments)

IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)

However, these do not have any significant impact on the Company's financial reporting.

- 3.5 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2019 has been extracted from the audited financial statements of the Company for the year then ended (December 2019 financial statements). The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months period ended March 31, 2019 have been extracted from the condensed interim financial statements of the Company for the three months period then ended, which were not audited.
- 3.6 These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2019 as they provide an update of previously reported information.

4 PROPERTY, PLANT AND EQUIPMENT	Note	March 31,	December 31,
		2020 (Un-Audited)	2019 (Audited)
		-----Rupees in '000-----	
Operating fixed assets			
- Owned		67,757,103	70,520,169
- Right of use asset		14,766,267	16,780,074
		82,523,370	87,300,243
Capital work-in-progress		5,107,250	4,879,556
		87,630,620	92,179,799

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

	Three months period ended	
	March 31, 2020 (Un-Audited)	March 31, 2019 (Un-Audited)
		-----Rupees in '000-----
Additions / Transfers		
<i>Owned</i>		
Building Owned	-	32,210
Aircraft fleet	-	386,519
Engineering equipment and tools	-	113,090
Furniture, fixtures and fittings	787	10,566
Vehicle Owned	-	3,825
Office equipment	-	4,990
Computer and office automation	1,222	219,048
Intangible	6,740	-
Other equipment	6,847	-
Capital Spares	33,018	142,445
	48,614	912,693
<i>Leased</i>	-	258,444
<i>CWIP</i>	227,693	(856,808)
	276,307	314,329
Deletions / Write offs net book value / Adjustments		
AP-BHP Aircraft fleet	859,699	87,577
Capital Spares	-	14,709
	859,699	102,286

Three months period ended
March 31, December 31, 2019
2020 (Audited)
(Un-Audited)

-----Rupees in '000-----

5 TRADE DEBTS

Considered good		
Due from GoP	2,220,978	5,823,711
Due from other customers	10,578,611	12,783,378
	<u>12,799,589</u>	<u>18,607,089</u>
Considered doubtful		
Government related	337,109	337,109
Other customers	3,698,337	3,698,337
Less: Allowance for expected credit loss	(4,035,446)	(4,035,446)
	<u>-</u>	<u>-</u>
	<u>12,799,589</u>	<u>18,607,089</u>

6 OTHER RECEIVABLES

Considered good		
- Related party		
Claims receivable	1,245,552	52,871
Excise duty	100,000	100,000
Sales tax receivable	5,079,127	5,033,760
- other than related party		
Lessor	1,807,735	2,440,782
Others	2,586,205	995,724
	<u>10,818,619</u>	<u>8,623,137</u>
Considered doubtful	272,913	337,431
Less: provision for doubtful other receivables	(272,913)	(337,431)
	<u>-</u>	<u>-</u>
	<u>10,818,619</u>	<u>8,623,137</u>

- 6.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2019: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

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

7 CASH AND BANK BALANCES	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
In hand	11,566	9,823
With banks		
- in current accounts	7,831,543	4,868,725
- in deposit accounts	2,595,322	1,978,774
	10,426,865	6,847,499
	10,438,431	6,857,322

8 LONG -TERM FINANCING	Note	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
Opening		253,950,790	199,173,285
Financing obtained during the period	8.1	10,489,299	110,847,997
Repayment during the period		(9,865,476)	(63,037,547)
Exchange loss		6,010,549	6,967,055
		260,585,162	253,950,790
Less: Current maturity		(67,280,599)	(62,433,553)
		193,304,563	191,517,237

8.1 This represents loan from GoP against markup.

9 LEASE LIABILITIES

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
Note	-----Rupees in '000-----	
Present value of minimum lease payments:		
- Aircraft fleet including engines	23,177,743	25,184,821
- Buildings	1,299,176	1,420,690
	24,476,919	26,605,511
Technical ground equipments	147,914	172,771
	24,624,833	26,778,282
Less: Current maturity of lease liabilities	(11,762,797)	(11,244,943)
	<u>12,862,036</u>	<u>15,533,339</u>

10 TRADE AND OTHER PAYABLES

Trade creditors

Goods	19,673,973	20,658,096
Services	12,738,780	14,557,797
Airport related charges	40,014,131	38,830,340
	72,426,884	74,046,233

Others

Accrued liabilities	15,997,286	9,682,730
Advance against transportation (uncarned revenue)	13,861,400	16,442,380
Obligation for compensated absences	7,718,013	7,657,683
Unredeemed frequent flyer liabilities	648,127	648,127
Advances from customers	2,321,279	2,203,678
Payable to employees' provident fund	9,271,092	9,549,097
Collection on behalf of others	56,685,506	54,604,465
Customs, Federal excise duty and Sales tax	2,091,224	2,052,986
Federal excise duty - International travel	11,158,867	10,571,782
Income tax deducted at source	1,531,964	1,213,676
Short-term deposits	695,036	812,494
Others	370,463	370,463
	<u>194,777,141</u>	<u>189,855,794</u>

10.1 These include management fee amounting to Rs. 162.419 million (December 31, 2019: Rs. 147.308 million) payable to PIA Investments Limited, a subsidiary company.

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 218 of Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR.

11 ACCRUED INTEREST

Mark-up / profit payable on:

- Long-term financing	10,655,339	10,021,345
- Mark-up reimbursement loan from GoP	3,113,400	2,096,641
- Term finance certificates	244,861	390,194
- Sukuk certificates	199,778	330,457
- Liabilities against assets subject to finance lease	853	1,423
- Short-term borrowings	1,142,993	1,254,381
- Provident fund	7,373,763	7,055,819
- Advance from a subsidiary	1,247,490	1,105,142
	<u>23,978,477</u>	<u>22,255,402</u>

12 SHORT-TERM BORROWINGS

Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	111,352	1,720,219
	<u>29,971,352</u>	<u>31,580,219</u>

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
	-----Rupees in '000-----	
13 CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long-term financing	67,280,599	62,433,553
Term finance and sukuk certificates	7,190,202	7,199,272
Liabilities against assets subject to finance lease	11,762,797	11,244,943
	<u>86,233,598</u>	<u>80,877,768</u>
	March 31, 2020 (Un-Audited)	March 31, 2019 (Un-Audited)
	----- Rupees in '000 -----	
14 REVENUE - NET		
Passenger	32,362,655	28,396,375
Cargo	1,050,111	1,138,511
Excess baggage	180,053	92,135
Charter services	805,362	26,433
Engineering services	281,872	176,680
Handling and related services	72,458	70,767
Mail	37,982	33,989
Others	1,652,466	824,195
	<u>36,442,959</u>	<u>30,759,084</u>
15 COST OF SERVICES - OTHERS		
Salaries, wages and allowances	3,575,513	3,526,211
Welfare and social security costs	426,943	421,266
Retirement benefits	735,521	863,836
Compensated absences	50,311	250,367
Legal and professional charges	6,058	11,196
Stores and spares consumed	519,905	134,541
Maintenance and overhaul	4,070,143	4,331,443
Flight equipment rental	428,899	637,299
Landing and handling	5,783,676	4,705,390
Passenger services	995,651	864,581
Crew layover	580,654	919,625
Staff training	3,093	5,404
Utilities	7,550	7,744
Communication	651,138	650,315
Insurance	776,568	484,445
Rent, rates and taxes	185,148	119,251
Printing and stationery	46,767	52,300
Depreciation	3,951,055	3,321,085
Amortisation of intangibles	2,706	1,780
Others	194,307	147,284
	<u>22,991,606</u>	<u>21,455,365</u>

	March 31, 2020 (Un-Audited)	March 31, 2019 (Un-Audited)
16 FINANCE COSTS	----- Rupees in '000 -----	
Mark-up on:		
- long-term financing	6,267,717	4,604,095
- Markup on Loan from GOP	1,016,758	184,615
- term finance certificates	175,077	340,443
- short-term borrowings	1,147,054	946,167
- advance from a subsidiary	54,178	59,268
	<u>8,660,784</u>	<u>6,134,588</u>
Profit on sukuk certificates	73,561	192,486
Lease Liabilities	396,999	17,087
Interest on provident fund	317,944	302,354
Arrangement, agency and commitment fee	121,193	83,734
Amortisation of prepaid exposure fee	5,658	16,407
Bank charges, guarantee commission and other related charges	39,401	41,424
	<u>9,615,541</u>	<u>6,788,080</u>
17 TAXATION		
Current	-	153,795

18 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies as disclosed in notes 30 to the unconsolidated financial statements for the year ended December 31, 2019.

	Three months period ended	
	March 31, 2020 (Un-Audited)	March 31, 2019 (Un-Audited)
19 CASH GENERATED FROM OPERATIONS	----- Rupees in '000 -----	
Loss before tax	(17,388,784)	(11,734,261)
Adjustments for:		
Depreciation	3,959,048	3,329,078
Gain on writeoff of property, plant and equipment	(332,233)	(35)
Amortization of intangibles	33,829	22,248
Provision for slow moving stores and spares	41,000	79,337
Deficit released on aircraft disposed off		(3,985)
Provision for employees' benefits	1,328,985	1,821,823
Provision for doubtful debts	-	38,006
Finance costs	9,615,541	6,788,080
Unrealised exchange loss	6,506,667	724,130
Profit on bank deposits	(26,887)	(4,110)
	<u>3,737,167</u>	<u>1,060,311</u>
Working capital changes :		
(Increase) in stores and spares	(184,516)	432,148
Decrease in trade debts	5,807,510	194,968
(Increase) / Decrease in advances	(726,876)	(3,473,755)
Decrease / (Increase) in trade deposits and prepayments	(644,555)	11,247
Increase in other receivables	(1,003,552)	(579,368)
Increase in trade and other payables	4,861,939	7,015,344
	<u>8,109,950</u>	<u>3,600,584</u>
Cash generated from operations	<u>11,847,117</u>	<u>4,660,895</u>

20 TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited PIAIL	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
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
AMIR ALI	-	Key management personnel
YOUNUS M KHAN	-	Key management personnel
AMANULLAH QURESHI	-	Key management personnel
MAJ KHURAM MUSHTAQ	-	Key management personnel
NAYYAR HAYAT	-	Key management personnel
OMER RAZZAQ	-	Key management personnel
AJAZ MAZHAR	-	Key management personnel
AVM SOBAN NAZIR SYED	-	Key management personnel
AVM NOOR ABBAS	-	Key management personnel
MUHAMMAD SHUAIB	-	Key management personnel
Air Marshal ARSHAD MALIK	-	Key management personnel
Air Cdre KHALID UR REHMAN	-	Key management personnel
Air Cdre JIBRAN SALEEM BUTT	-	Key management personnel
Air Cdre JAWAD ZAFAR CHAUDHRY	-	Key management personnel
Air Cdre SHAHID QADIR	-	Key management personnel
KHALILULLAH SHAIKH	-	Key management personnel
Air Cdre AAMER ALTAF	-	Key management personnel
ARSHAD AKRAM KHAN	-	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:

Name of Related Parties and relationship with the Company		March 31,	March 31,
		2020	2019
		(Un-Audited)	(Un-Audited)
-----Rupees in '000-----			
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	74,086	79,975
	Services hired	121,044	132,777
PIA Investments Limited - Subsidiary	Management Fee expense	162,419	83,966
	Finance cost on advance	54,178	59,285
Minhal France S.A -Subsidiary	Management Fee income	170,819	86,655
Retirement funds	Contribution to provident Fund and others	594,359	587,150
	Interest on Loan from pension / provident fund	317,944	302,354
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	7,265,784	6,041,228
	Insurance premium	780,351	500,162
	Late payment interest	305,000	398,000
	Airport Related charges	1,506,622	1,308,265
GoP - Major shareholder National Bank of Pakistan (NBP)	Finance cost	1,215,665	381,875
	Finance cost	1,507,028	1,412,250
Key management personnel	Salaries, wages and other benefits	45,590	25,100

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

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

21.1 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's annual financial statements as at December 31, 2019. There have been no changes in any risk management policies since the year end.

21.2 Fair value estimation

As at March 31, 2020, all the Company's assets and liabilities are carried at cost except for those mentioned below:

- a) The 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 Company classifies long-term investments in listed companies measured in the unconsolidated condensed interim statement of financial position at fair values; and
- c) The carrying value of all financial and non-financial assets and liabilities measured at other than cost in these unconsolidated condensed interim financial information approximate their fair values.

22 EVENT AFTER THE REPORTING PERIOD

On May 22, 2020, an unfortunate event took place where the Company's Airbus A320 operating flight PK8303 crashed near Jinnah International Airport, Karachi. This accident resulted in loss of 97 precious lives including 89 passengers and 8 crew members. We express our sorrow and grief over this tragic incident and stand firmly with the families of deceased passengers and crew members. Subsequent to the incident an independent Aircraft Accident Investigation Board was formed by The Government of Pakistan which has shared its preliminary findings. Immediately after the incident, the Company's Emergency Response Center became operational and the Company has been in touch with the bereaved families.

An interim amount of Rs. 1 million each was paid to provide immediate relief to the families of deceased passengers, payment of remaining amount as compensation in accordance with the relevant provisions of applicable laws is under process. Payments will also be made to those whose properties were damaged on-ground after assessing the exact amounts, as an immediate relief. 6 months rental payments were made to all those people whose properties were damaged in this accident.

23 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 August: 5, 2020



Chief Executive Officer



Chief Financial Officer



Director



Chief Financial Officer



Chief Financial Officer

CONSOLIDATED
FINANCIAL
STATEMENTS



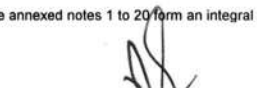
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT MARCH 31, 2020

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)	
Note	Rupees in '000		US\$ in '000		
ASSETS					
NON CURRENT ASSETS					
Fixed assets					
- Property, plant and equipment	4	230,307,751	225,732,742	1,381,540	1,456,951
- Intangibles		5,991,180	5,439,399	35,939	35,108
		236,298,931	231,172,141	1,417,479	1,492,059
Long-term investments		269,830	271,905	1,619	1,755
Receivable from Centre Hotel		1,259,315	1,170,412	7,554	7,554
Long-term deposits and prepayments		6,739,383	4,934,521	40,427	31,849
Total non-current assets		244,567,459	237,548,979	1,467,079	1,533,217
CURRENT ASSETS					
Stores and spares		3,732,273	3,583,834	22,389	23,131
Trade debts		14,973,287	19,370,185	89,820	125,021
Short-term loans and advances		4,348,680	3,800,793	26,086	24,532
Trade deposits and prepayments		6,352,825	7,475,680	38,108	48,250
Other receivables	5	11,702,874	9,238,398	70,202	59,628
Short-term investments		1,322,449	6,316,620	7,933	40,769
Cash and bank balances	6	14,152,729	11,464,808	84,898	73,998
Total Current assets		56,585,117	61,250,318	339,436	395,329
TOTAL ASSETS		301,152,576	298,799,297	1,806,515	1,928,546
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	314,001	337,852
Reserves		12,388,367	11,542,616	74,314	74,500
Surplus on revaluation of property, plant and equipment - net		96,225,335	91,907,902	577,224	593,203
Accumulated losses		(506,779,415)	(488,695,707)	(3,040,001)	(3,154,198)
Attributable to the Holding Holding Company's shareholders		(345,820,603)	(332,900,078)	(2,074,462)	(2,148,643)
Non-controlling interest		3,535,190	3,327,482	21,206	21,477
TOTAL EQUITY		(342,285,413)	(329,572,596)	(2,053,256)	(2,127,166)
NON-CURRENT LIABILITIES					
Long-term financing	7	214,650,522	211,433,288	1,287,617	1,364,658
Lease Liabilities	8	12,862,036	15,539,905	77,155	100,300
Long-term advances and deposits		165,847	155,223	995	1,002
Derivative		169,923	161,934	1,019	1,045
Deferred taxation		35,815,814	33,549,370	214,847	216,538
Deferred liabilities		40,599,904	39,465,802	243,545	254,725
Total Non current liabilities		304,264,046	300,305,522	1,825,178	1,938,268
CURRENT LIABILITIES					
Trade and other payables	9	198,581,761	193,867,031	1,191,226	1,251,280
Unclaimed dividend - Preference shares		3,297	3,297	26	21
Accrued interest		22,786,117	21,208,200	136,686	136,884
Provision for taxation		488,153	516,325	2,923	3,332
Short-term borrowings		29,971,352	31,580,219	179,789	203,829
Current maturities of non - current liabilities	10	87,343,263	80,891,299	523,943	522,098
Total current liabilities		339,173,943	328,066,371	2,034,593	2,117,444
TOTAL LIABILITIES		643,437,989	628,371,893	3,859,771	4,055,712
TOTAL EQUITY AND LIABILITIES		301,152,576	298,799,297	1,806,515	1,928,546

CONTINGENCIES AND COMMITMENTS


11

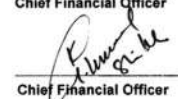
The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Executive Officer


 Director


 Chief Financial Officer


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	Note	Three months period ended		Three months period ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		-----Rupees in '000 -----		----- US\$ in '000 -----	
REVENUE - NET	12	38,976,758	33,428,477	242,364	239,443
COST OF SERVICES					
Aircraft fuel		(12,306,564)	(10,284,336)	(76,524)	(73,665)
Others	13	(25,194,985)	(23,395,232)	(156,666)	(167,577)
		(37,501,550)	(33,679,568)	(233,190)	(241,242)
GROSS PROFIT		1,475,208	(251,091)	9,174	(1,799)
Distribution costs		(1,689,081)	(1,522,728)	(10,503)	(10,907)
Administrative expenses		(3,313,019)	(2,570,577)	(20,601)	(18,413)
Other provisions and adjustments		(245,572)	(628,073)	(1,527)	(4,499)
Other income		527,529	86,205	3,280	617
		(4,720,143)	(4,635,173)	(29,351)	(33,201)
LOSS FROM OPERATIONS		(3,244,935)	(4,886,264)	(20,177)	(35,000)
Exchange Loss - net		(6,126,837)	(244,172)	(38,098)	(1,749)
LOSS BEFORE INTEREST AND TAXATION		(9,371,772)	(5,130,436)	(58,275)	(36,749)
Finance costs	14	(9,887,328)	(7,219,567)	(61,481)	(51,713)
Share of profit/(loss) in an associate		-	(417)	-	(3)
LOSS BEFORE TAXATION		(19,259,100)	(12,350,420)	(119,756)	(88,462)
Taxation	15	(4,021)	(154,236)	(25)	(1,105)
LOSS FOR THE PERIOD		(19,263,121)	(12,504,656)	(119,781)	(89,567)
Attributable to:					
Equity holders of the Holding Company		(19,227,601)	(12,505,545)	(119,560)	(89,573)
Non-controlling interest		(35,520)	889	(221)	6
		(19,263,121)	(12,504,656)	(119,781)	(89,567)
LOSS PER SHARE - BASIC AND DILUTED					
		-----Rupees -----		----- US\$ -----	
Loss attributable to:					
- "A" class Ordinary shares of Rs 10 each		(3.68)	(2.39)	(0.02)	(0.02)
- "B" class Ordinary shares of Rs 5 each		(1.84)	(1.20)	(0.01)	(0.01)

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

Chief Executive Officer

Chief Executive Officer

Chief Financial Officer




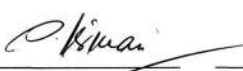

Director

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

	<u>Three months period ended</u>	
	<u>March 31,</u> <u>2020</u>	<u>March 31,</u> <u>2019</u>
	-----Rupees in '000-----	
Loss for the period	(19,263,121)	(12,504,656)
Other comprehensive income		
Unrealised gain on re-measurement of available for sale investments	(2,077)	(27,234)
Loss on re-measurement of derivative - net of tax		
Exchange differences on translation of foreign operations	1,093,650	2,929,940
Total comprehensive income	<u>(18,171,548)</u>	<u>(9,601,950)</u>
Attributable to:		
Equity holders of the Holding Company	(18,379,256)	(10,020,611)
Non-controlling interest	207,708	418,661
	<u>(18,171,548)</u>	<u>(9,601,950)</u>

The annexed notes 1 to 20 form an integral part of these consolidated condensed interim financial statements.

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

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
 FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

Note	Three months period ended		Three months period ended		
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	
		----- Rupees in '000 -----		----- US\$ in '000 -----	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	16	10,166,743	19,472,036	63,218	139,474
Profit on bank deposits received		26,887	36,976	167	266
Finance costs paid		(8,309,412)	(5,942,358)	(51,669)	(42,564)
Taxes paid		(32,193)	(111,755)	(200)	(800)
Staff retirement benefits paid		(194,883)	(346,714)	(1,212)	(2,483)
Long-term deposits and prepayments - net		(1,804,862)	1,513,022	(11,223)	10,838
Net cash (used in) / generated from operating activities		(147,720)	14,621,208	(919)	104,729
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(891,912)	(11,630,816)	(5,547)	(83,311)
Purchase of Intangibles		(585,610)	(54,666)	(3,641)	(392)
Proceeds from sale of operating fixed assets		-	36	-	0
Net cash used in investing activities		(1,477,522)	(11,685,446)	(9,188)	(83,702)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(9,865,476)	(34,446,280)	(61,345)	(246,734)
Proceeds from long-term financing		12,625,740	36,635,696	78,509	262,416
Repayment of term finance certificates		(9,070)	(4,883,096)	(56)	(34,977)
Short term borrowing - net		-	274,940	-	1,969
Repayment of obligations under finance lease - net		(2,173,546)	(320,937)	(13,515)	(2,299)
Net cash generated from financing activities		577,648	(2,739,677)	3,593	(19,623)
Increase in cash and cash equivalents		(1,047,594)	196,084	(6,514)	1,404
Cash and cash equivalents at the beginning of the period		16,041,989	3,644,704	99,754	26,106
Currency translation		350,208	76,902	2,180	551
Cash and cash equivalents at the end of the period		15,344,604	3,917,691	95,420	28,062
Cash and Cash equivalents					
Short-term investments		1,303,227	-	8,104	
Cash and bank balances	6	14,152,729	7,396,924	88,008	52,983
Short-term borrowings		(111,352)	(3,479,233)	(692)	(24,921)
		15,344,604	3,917,691	95,420	28,062

The annexed notes 1 to 20 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 CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

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

Pakistan International Airlines (the 'Holding Company')

Pakistan International Airlines Corporation Limited ("the Holding Company") was incorporated on January 10, 1955 under the Pakistan International Airlines Company Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Company Act, 1956 (the Act). With effect from April 19, 2016, the Holding Company has been converted from a statutory Holding 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 Holding Company include the following:**

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

Regional sales offices are located across the country and overseas the details of which is impracticable to disclose in this Consolidated condensed interim financial information as required under Fourth Schedule to the Companies Act, 2017.

Subsidiaries

PIA Investments Limited (PIAIL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates, as a limited liability Holding Company under a decree issued by H.H. The Ruler of Sharjah and is currently registered in British Virgin Islands. During 1986 PIAIL was registered under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act, (2012) as a Holding Company limited by shares. The principal activities are to carry on business as promoters of and investors in projects related to construction, development and operation of hotels, motels and restaurants throughout the world. The Holding Company's controlling interest in PIAIL is 100% (December 2019: 100%). The registered office of PIAIL is situated at Citco Building, Wickham Cay, Road Town, Tortola, British Virgin Islands.

Following are the details of PIAIL's subsidiaries:

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

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

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

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

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

PIAL has been Consolidated in these Consolidated condensed financial information on the basis of its Consolidated financial statements for the period ended June 30, 2019.

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited Company under the Companies Act, 1913 (now Companies Act, 2017). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been Consolidated on the basis of its management accounts for the six months period ended June 30, 2020 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 (now Companies Act, 2017). Sabre markets and distributes a computer reservation system to subscribers in Pakistan, under a sub-distribution agreement with Sabre Asia Pacific (Pte) Limited (Sabre TN APAC) (an associated Holding Company and joint venture partner), that incorporates a software package which performs various functions including real-time airlines seat reservations, schedules, bookings for a variety of air, car and hotel services, automated ticketing and fare displays. The Holding Company's controlling interest in Sabre is 70%. Sabre has been Consolidated on the basis of its un-reviewed financial statements for the half year ended June 30, 2020 as the same is not considered material to these Consolidated condensed interim financial information.

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

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

Associate

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

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Holding Company has also been impacted by the evolving situation surrounding COVID-19 and the unprecedented travel bans imposed by various governments. Though the financial results of the Holding Company are encouraging in the first quarter of the year 2020, the resultant suspension of operations due to COVID-19 from March 2020 has slowed down Company's progress. However the Holding Company is closely monitoring the situation and to counter the above adverse impact has taken several cost cutting measures including voluntary reduction in employees' salaries, rationalization of capacity and greater focus on cargo operations during COVID-19. Furthermore, as an initiative to support local industries, SBP has announced relaxation in the payment of mark-up with reduction in KIBOR rate which are expected to off-set adverse impacts of COVID-19.

During the current period, the Group incurred a net loss of Rs. 19,263.121 million (March 30, 2019: Rs. 12,504.656 million) resulting in accumulated losses of Rs. 506,779.415 million as of March 31, 2020 (December 31, 2019: Rs. 488,695.707 million). Further, as of March 31, 2020, current liabilities of the Company exceeded its current assets by Rs. 282,588.825 million (December 31, 2019: Rs. 266,816.053 million).

In view of the situation described above, the management has made an assessment of the Holding Company's ability to continue as a going concern and based on the mitigating factors as disclosed in note 1.3 to the Consolidated Financial Statements of December 31, 2019, the management believes that, though, the sustainability of the future operations of the Holding Company is materially dependent on the support of the Government of Pakistan, no material uncertainty exists and going concern assumption is appropriate. Accordingly, the consolidated financial statements are prepared on a going concern basis.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Basis of measurement

These consolidated financial statements have been prepared under the historical cost convention except that:

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

2.3 Functional and presentation currency

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

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 statement of cash flows are stated as additional information, solely for the convenience of the users of this 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. 166.7037 = US \$ 1 (December 31, 2019: Rs. 154.9350 = US \$ 1). The US \$ amounts in consolidated condensed interim statement of profit or loss, consolidated condensed interim statement of comprehensive income and consolidated condensed interim statement of cash flows have been translated into US \$ at the rate of Rs. 160.8194 = US \$ 1 (March 31, 2019: Rs. 139.6092 = US \$ 1).

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 3.1 The accounting policies, estimates, judgements and method of computation adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual consolidated financial statements of the Group for the year ended December 31, 2019 except as mentioned in note 3.2 below.
- 3.2 As a result of the global emergence of the Coronavirus disease (COVID-19) and the current economic environment, the Holding Company has analyzed the impact of COVID-19 as at March 31, 2020. It has determined that the changes to its significant judgements and estimates did not have a material impact with respect to its intangible and long-lived assets. Additionally, the Holding Company believes that the modification of certain customer payment terms has not materially changed its assessment of collectability. Furthermore there has been no impact on the Revenue Recognition.
- 3.3 The Holding Company's financial risk management and objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended December 31, 2019.
- 3.4 New standards, amendments and an interpretation to accounting and reporting standards which became effective during the period:

The following amendments and an interpretation to accounting and reporting standards became effective during the current period:

IAS 1 – Presentation of Financial Statements - (Amendments) First Time Adoption of International Financial Reporting Standards
IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (Amendments)

However, these do not have any significant impact on the Holding Company's financial reporting.

- 3.5 The comparative statement of financial position presented in these condensed interim financial statements as at December 31, 2019 has been extracted from the consolidated audited financial statements of the Group for the year then ended (December 2019 financial statements). The comparative statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the three months period ended March 31, 2019 have been extracted from the condensed interim financial statements of the Group for the three months period then ended, which were not audited.
- 3.6 These interim financial statements should be read in conjunction with the consolidated financial statements for the year ended December 31, 2019 as they provide an update of previously reported information.

		March 31, 2020	December 31, 2019
	Note	(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	223,217,470	219,581,561
Capital work-in-progress		7,090,281	6,151,181
		<u>230,307,751</u>	<u>225,732,742</u>

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

		Three months period ended	
		March 31, 2020	March 31, 2019
		(Un-Audited)	(Un-Audited)
		----- Rupees in '000 -----	
Additions / Transfers			
Owned			
Building Owned		-	32,210
Aircraft fleet		-	386,519
Engineering equipment and tools		-	113,090
Furniture, fixtures and fittings		787	10,566
Vehicle Owned		-	3,825
Office equipment		-	4,990
Computer and office automation		1,222	219,048
Precision engineering equipment		-	-
Intangible		6,740	-
Other equipment		6,847	-
Capital Spares		<u>33,018</u>	<u>142,445</u>
		48,614	912,693
Leased			
CWIP		-	258,444
		<u>227,693</u>	<u>(856,808)</u>
		276,307	314,329
Deletions / Write offs net book value / Adjustments			
Owned			
Aircraft fleet		859,699	87,577
Capital Spares		-	14,709
		<u>859,699</u>	<u>102,286</u>

		March 31, 2020	December 31, 2019
	Note	(Un-Audited)	(Audited)
		----- Rupees in '000 -----	
5 OTHER RECEIVABLES			
Considered good			
Claims receivable		1,245,552	52,871
Excise duty		100,000	100,000
Sales tax receivable	5.1	5,079,127	5,033,780
Rental income		68,363	254,147
		<u>6,493,042</u>	<u>5,440,778</u>
- other than related parties			
Lessor	5.2	2,259,153	2,440,782
Others		2,950,679	1,356,838
		<u>11,702,874</u>	<u>9,238,398</u>
Considered doubtful		272,913	337,431
Less: provision for doubtful other receivables		<u>(272,913)</u>	<u>(337,431)</u>
		<u>11,702,874</u>	<u>9,238,398</u>

5.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2019: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Holding Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Holding Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

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

5.2 This represents receivable from lessor in respect of overhauling incurred by the Holding Company on leased aircrafts.

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
	----- Rupees in '000 -----	
6 CASH AND BANK BALANCES		
In hand	17,660	28,444
In transit	3,451	15,210
	<u>21,111</u>	<u>43,654</u>
With banks:		
- in current accounts	9,150,736	8,285,459
- in savings accounts	4,980,882	5,155,695
	<u>14,131,618</u>	<u>11,421,154</u>
	<u>14,152,729</u>	<u>11,464,808</u>
7 LONG-TERM FINANCING	Note	
Opening		214,992,167
Financing obtained during the period	7.1	120,089,761
Repayment during the period		(63,036,662)
Exchange loss		1,821,576
		<u>273,866,841</u>
Current maturity		(62,433,553)
		<u>214,650,522</u>

7.1 This includes loan from GoP against markup amounting to Rs.10,489.299 million.

8 LEASE LIABILITIES

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
	----- (Rupees in '000) -----	
Present value of minimum lease payments		
- Aircraft fleet	23,177,743	25,184,821
- Engines	1,299,176	1,420,691
	24,476,919	26,605,512
Technical ground equipments	147,914	192,867
	24,624,833	26,798,379
Less: Current maturity of lease liabilities	(11,762,797)	(11,258,474)
	<u>12,862,036</u>	<u>15,539,905</u>

9 TRADE AND OTHER PAYABLES

	March 31, 2020 (Un-Audited)	December 31, 2019 (Audited)
	----- Rupees in '000 -----	
Trade creditors		
Goods	20,669,775	20,658,093
Services	12,738,780	14,564,518
Airport related charges	40,014,131	38,830,340
	73,422,686	74,052,951
Other Liabilities		
Accrued liabilities	17,494,867	11,003,793
Advance against transportation (unearned revenue)	13,861,400	16,442,379
Obligation for compensated absences- Holding Company	7,718,013	7,657,683
Unredeemed frequent flyer liabilities	648,127	648,127
Advance from customers	2,321,279	2,203,678
Amount due to Associate undertaking	571,195	458,099
Advances and deposits	232,621	742,777
Earnest money	1,238	1,238
Payable to employees' provident funds	9,582,476	9,860,481
Federal excise duty - International travel	11,158,867	10,571,782
Collection on behalf of others	56,685,506	54,604,465
Customs and federal excise duty	2,091,224	2,052,986
Income tax deducted at source	1,532,449	1,214,161
Sales tax payable	9,056	9,069
Bed tax	1,181	1,181
Payable to EOBI/SESSI	3,925	3,925
Short-term deposits	695,036	812,494
Others	550,815	1,525,762
	<u>198,581,761</u>	<u>193,867,031</u>

10 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	March 31 2020 (Un-Audited)	December 31 2019 (Audited)
	----- Rupees in '000 -----	
Long-term financing	68,390,264	62,433,553
Term finance and sukuk certificates	7,190,202	7,199,272
Liabilities against assets subject to finance lease	11,762,797	11,258,474
	<u>87,343,263</u>	<u>80,891,299</u>

11 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies and commitments as disclosed in note 31 to the consolidated financial statements for the year ended December 31, 2019.

<u>Three months period ended</u>	
March 31, 2020	March 31, 2019
.....(Un-Audited).....	
Note-----Rupees'000-----	

12 REVENUE - Net

Passenger	32,362,655	28,372,620
Cargo	1,050,111	1,138,511
Excess baggage	180,053	92,135
Charter	805,362	26,433
Engineering services	281,872	176,680
Handling and related services	72,458	70,767
Mail	37,982	33,989
Room, food and beverages sales	1,881,706	2,072,209
Others	2,304,559	1,445,134
	<u>38,976,758</u>	<u>33,428,477</u>

13 COST OF SERVICES - Others

Salaries, wages and allowances	5,312,778	5,064,212
Welfare and social security costs	446,919	421,265
Retirement benefits	735,521	863,836
Compensated Absences	50,311	250,368
Legal and professional charges	6,058	11,196
Stores and spares consumed	521,826	134,541
Repair, Maintenance and overhaul	4,084,291	4,244,894
Flight equipment rental	428,899	637,300
Landing and handling	5,783,676	4,685,508
Passenger services	995,651	926,425
Crew layover	580,654	919,625
Staff training	3,093	5,404
Food cost	120,109	122,161
Utilities	41,582	7,744
Communication	655,635	654,486
Insurance	776,660	484,446
Rent, rates and taxes	195,871	119,251
Printing and stationery	47,672	52,541
Depreciation	3,958,038	3,421,770
Amortization	2,706	1,779
Others	447,036	366,480
	<u>25,194,985</u>	<u>23,395,232</u>

14 FINANCE COSTS

Mark-up on:		
- long-term financing	6,539,459	5,054,588
- Markup on Loan from GOP	1,016,758	184,615
- term finance certificates	175,077	321,438
- short-term borrowings	1,147,054	946,167
- advance from a subsidiary	54,178	59,268
	<u>8,932,526</u>	<u>6,566,076</u>
Profit on sukuk certificates	73,561	192,486
Lease Liabilities	396,999	17,087
Interest on pension / provident fund	317,944	302,354
Arrangement, agency and commitment fee	121,193	83,734
Amortisation of prepaid exposure fee	5,658	16,407
Bank charges, guarantee commission and other related charges	39,448	41,424
	<u>9,887,328</u>	<u>7,219,567</u>

15 TAXATION

Current - for the period	<u>4,021</u>	<u>154,236</u>
--------------------------	--------------	----------------

15.1 There has been no material change in the status of contingencies as disclosed in notes 39.1 to the consolidated financial statements for the year ended December 31, 2019.

16 CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Loss before taxation

Adjustments for non cash items:

Depreciation

Gain on disposal of property, plant and equipment

Amortization

Provision for slow moving stores and spares

Provision for employees' benefits

Finance costs

Unrealised Exchange Loss

Profit on bank deposits

Cash generated from operations before working capital changes

Working capital changes:

(Increase) in stores and spare parts

Decrease / (Increase) in trade debts

(Increase) in advances

Decrease in trade deposits and prepayments

(Increase) in other receivables

Increase in trade and other payables

Cash generated from operations after working capital changes

Three months period ended	
March 31, 2020 (Un-Audited)	March 31, 2019 (Un-Audited)
-----Rupees in '000 -----	
(19,259,100)	(12,350,420)
4,351,727	7,729,895
(332,233)	(36)
33,829	46,568
41,922	69,303
1,328,986	3,643,646
9,887,328	7,219,567
6,896,146	10,326,956
(26,887)	(36,976)
2,920,713	16,648,503
(148,439)	(69,652)
4,396,898	(2,320,670)
(547,887)	(3,481,417)
1,122,855	1,032,441
(2,464,476)	(286,712)
4,887,080	7,949,542
7,246,030	2,823,533
10,166,743	19,472,036

17 TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAIL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited (Private) Limited	70%	Subsidiary
Post Retirement Benefits	-	Post Retirement Benefits
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Profit oriented state-controlled entities
Profit oriented state controlled entities	-	Profit oriented state-controlled entities
Pakistan State Oil Holding Company Limited	-	Profit oriented state-controlled entities
Pakistan Civil Aviation Authority	-	Profit oriented state-controlled entities
National Bank of Pakistan	-	Profit oriented state-controlled entities
National Insurance Corporation Limited	-	Key management personnel
Federal Board of Revenue	-	Key management personnel
AMIR ALI	-	Key management personnel
YOUNUS M KHAN	-	Key management personnel
AMANULLAH QURESHI	-	Key management personnel
MAJ KHURAM MUSHTAQ	-	Key management personnel
NAYYAR HAYAT	-	Key management personnel
OMER RAZZAQ	-	Key management personnel
AJAZ MAZHAR	-	Key management personnel
AVM SOBAN NAZIR SYED	-	Key management personnel
AVM NOOR ABBAS	-	Key management personnel
MUHAMMAD SHUAIB	-	Key management personnel
Air Marshal ARSHAD MALIK	-	Key management personnel
Air Cdre KHALID UR REHMAN	-	Key management personnel
Air Cdre JIBRAN SALEEM BUTT	-	Key management personnel
Air Cdre JAWAD ZAFAR CHAUDHRY	-	Key management personnel
Air Cdre SHAHID QADIR	-	Key management personnel
KHALILULLAH SHAIKH	-	Key management personnel
Air Cdre AAMER ALTAF	-	Key management personnel
ARSHAD AKRAM KHAN	-	Key management personnel

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

Name of Related Parties and relationship with the Holding	Nature of transactions	March 31,	March 31,
		2020 (Un-Audited)	2019 (Un-Audited)
		-----Rupees in '000 -----	
Retirement funds	Contribution to provident Fund and others	594,369	587,150
	Interest on Loan from pension / provident fund	317,944	302,354
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	7,265,784	6,041,228
	Insurance premium	780,361	500,162
	Late payment interest	305,000	398,000
	Airport Related charges	1,506,622	1,308,285
GoP - Major shareholder National Bank of Pakistan (NBP)	Finance cost	1,215,665	381,875
	Finance cost	1,507,028	1,412,250
Key management personnel	Salaries, wages and other benefits	45,690	25,100

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

18 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

18.1 Financial risk factors

The Group's 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 consolidated 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 consolidated annual financial statements for the year ended December 31, 2019. There have been no changes in any risk management policies since the year end.

18.2 Fair value estimation

As at March 31, 2020, the Holding Company's all assets and liabilities are carried at cost except for those mentioned below:

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


19 EVENT AFTER THE REPORTING PERIOD

On May 22, 2020, an unfortunate event took place where the Holding Company's Airbus A320 operating flight PK8303 crashed near Jinnah International Airport, Karachi. The crash resulted in loss of 97 precious lives including 89 passengers and 8 crew members. We express our sorrow and grief over this tragic incident and stand firmly with the families of deceased passengers and crew members. Subsequent to the incident an independent Aircraft Accident Investigation Board was formed by GoP which has shared its preliminary findings. The Holding Company has also taken several additional safety measures to ensure safety of passengers and crew members in future.


Immediately after the incident, the Holding Company's Emergency Response Center became operational and the Holding Company has been in touch with the bereaved families. an amount of Rs. 1 million has been paid as ex gratia against each deceased and the process for remaining insurance payment has been initiated. Compensation, through insurance, will also be paid to those whose properties were damaged on-ground. An exercise to assess the damage has been started by the insurance company.

20 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 August: 5, 2020



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer



PAKISTAN
International Airlines
Great People to Fly With

Company Secretary

PIA Headquarters,
Jinnah International Airport,
Karachi - 75200, Pakistan.
UAN: 111-786-786 / 111-FLY-PIA

www.piac.aero