

FORM – 8

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

CS/S&T/FT/PSX/3QTR-18/21

February 04, 2021

**TRANSMISSION OF QUARTERLY REPORT
FOR THE PERIOD ENDED SEPTEMBER 30, 2018**

Dear Sir,

1. We have to inform you that the Quarterly Report of Pakistan International Airlines Corporation Limited (PIACL) for the period ended September 30, 2018 has been transmitted through PUCARS and is also available on Company's website.

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

Yours truly,



**Muhammad SHUAIB
Company Secretary**

Leading the Skies!



ATR-42



AIRBUS-320



BOEING-777

THIRD
QUARTERLY
REPORT
2018



Serving you the
WORLD!



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WITH EXTRA LEG SPACE

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CORPORATE PROFILE

As at December 30, 2020

BOARD OF DIRECTORS

Mr Kamran Ali Afzal

Secretary Finance Division

Mr Noor Ahmed

Secretary Economic Affairs Division

Mr Shoukat Ali

Secretary Aviation Division

Mr Atif Aslam Bajwa

Mr Zahid F. Ebrahim

Syed Muhammad Ali Gardezi

Dr Jawaid Ghani

Mr Aslam R Khan

Air Marshal Arshad Malik

Chief Executive Officer

Mr Navaid H. Malik

Dr Zeelaf Munir

Mr Muhammad Shuaib

Company Secretary

Mr Muhammad Javed Jameel

Acting Chief Internal Auditor

EXECUTIVE MANGEMENT

Air Marshal Arshad Malik

Chief Executive Officer

AVM Muhammad Amir Hayat

Advisor to CEO

AVM Irfan Zaheer

Directors-Precision Engineering Complex

Mr Jawad Zafar Chaudhary

Chief Operating Officer & CCDO

Mr Ali Tahir Qasim

Chief Commercial Officer

Mr Khalilullah Shaikh

Chief Financial Officer

Capt Arshad Khan

Chief Flight Operations

Mr Khalid-ul-Rehman Barlas

Chief Information Officer

Mr Aamer Altaf

Chief Human Resource Officer

Mr Amir Ali

Chief Technical Officer

Mr Amanullah Qureshi

Chief of Tanning & Development

Mr Jibran Saleem Butt

Chief Supply Chain Management

Mr Shahid Qadir

Head of Security & Vigilance

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

The Bank of Punjab

Citi Bank N.A

Credit Suisse AG Singapore

Emirates NBD

Faysal Bank Limited

Habib Bank ,UK

Habib Bank Limited

JS Bank

Mashreq Bank, Dubai

Soneri Bank Limited

National Bank of Pakistan

Standard Chartered Bank Limited

United Bank Limited

REGISTERED OFFICE

PIA Building

Jinnah International Airport

Karachi - 75200 PAKISTAN

Tel:0092-21-990400

UNI:111-786-786

Web:www.piac.com.pk

BOARD COMMITTEES

As at December 30, 2020

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Dr Zeelaf Munir Dr Jawaid Ghani	Chairman Member Member
Board HR & Nomination Committee (BHRNC)	Mr Zahid F Ebrahim Dr Zeelaf Munir Air Marshal Arshad Malik	Chairman Member Member
Board Procurement Committee (BPC)	Dr Jawaid Ghani Syed Muhammad Ali Gardezi Air Marshal Arshad Malik	Chairman Member Member

DIRECTORS' REPORT - FOR THE PERIOD ENDED SEPTEMBER 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 nine months period ended September 30, 2018. The financial results for the period are summarized below:

(PKR in million)

	Jan- Sep 2018	Jan- Sep 2017
Revenue (net)	75,561	68,888
Aircraft fuel	(30,981)	(22,991)
Operating expenses	(67,338)	(64,921)
Other Income	458	125
Loss from Operations	(22,300)	(18,899)
Exchange Loss	(6,133)	(205)
Finance Cost	(14,434)	(11,322)
Loss Before Taxation	(42,867)	(30,426)

Revenue for nine months period ended September 2018 witnessed a growth of 9.7 % as compared to 2017 whereas the 'Loss from Operations' increased by 18% as compared to 2017. Major reasons for increase in loss were higher exchange loss due to rupee depreciation, rising fuel prices resulting in 34.8% increase in fuel costs and increase in financial charges by 27.5% as compared to 2017.

An overview of the quarter result is summarized below:

(PKR in million)

	Q3-2018 (Jul-Sep)	Q3-2017 (Jul-Sep)
Revenue (net)	29,971	25,812
Fuel & Oil	(11,491)	(7,616)
Others	(20,214)	(18,326)
Gross Loss	(1,734)	(130)
Other Operating Expenses	(3,071)	(3,115)
Other Income	191	17
Loss from Operations	(4,614)	(3,228)
Exchange Loss	(293)	(190)
Loss Before Interest & Taxation	(4,907)	(3,418)
Finance Cost	(5,627)	(4,153)
Loss Before Taxation	(10,534)	(7,571)

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

The operating environment in the region remains very challenging. However, with the current revitalization plan being implemented across the company, we are hopeful that with the 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



Navaid H. Malik
Director

December 30, 2020


UNCONSOLIDATED
FINANCIAL
STATEMENTS

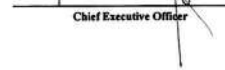


PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2018

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited) (Restated)	January 01, 2017 (Audited) (Restated)	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited) (Restated)	January 01, 2017 (Audited) (Restated)
Note	Rupees in '000			US\$ in '000		
ASSETS						
NON CURRENT ASSETS						
Fixed assets						
- Property, plant and equipment	5	67,772,681	66,828,518	68,828,761	545,467	604,633
- Intangibles		243,290	328,669	7,884	1,958	2,974
		68,015,971	67,157,187	68,836,645	547,425	607,607
Long-term investments		4,591,294	4,587,663	4,569,247	36,953	41,507
Long-term deposits and prepayments		7,256,927	8,011,052	7,020,724	58,407	72,480
Total non current assets		79,864,192	79,755,902	80,426,616	642,785	721,594
CURRENT ASSETS						
Stores and spares		4,112,942	3,092,587	2,554,584	33,103	27,980
Trade debts		12,157,459	11,147,710	9,294,099	97,849	100,859
Advances		2,796,529	2,640,948	2,154,433	22,508	23,894
Trade deposits and short term prepayments		2,553,490	4,109,283	3,891,662	20,552	37,179
Other receivables	6	7,384,409	6,873,787	8,083,390	59,433	62,191
Short-term investments		19,220	19,220	19,220	155	174
Cash and bank balances	7	10,773,838	4,262,457	3,449,152	86,713	38,565
Total current assets		39,797,887	32,145,992	29,446,540	320,313	290,842
TOTAL ASSETS		119,662,079	111,901,894	109,873,156	963,098	1,012,436
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	52,345,110	421,298	473,594
Reserves		4,454,334	4,450,703	4,432,287	35,851	40,268
Surplus on revaluation of property, plant and equipment- net		21,595,695	22,008,745	18,529,680	172,187	199,125
Accumulated losses		(412,906,492)	(370,276,199)	(319,234,231)	(3,323,269)	(3,350,085)
Total Shareholders' Equity		(334,713,353)	(291,471,641)	(243,927,134)	(2,693,933)	(2,637,098)
NON CURRENT LIABILITIES						
Long-term financing	8	134,423,208	102,242,919	74,829,943	1,081,902	925,046
Term finance and sukuk certificates	9	10,778,945	17,072,007	25,289,606	86,754	154,460
Liabilities against assets subject to finance lease		230,684	1,781,163	5,811,849	1,857	16,115
Advance from a subsidiary		4,878,134	4,436,041	4,208,390	39,262	40,135
Deferred liabilities		33,952,732	33,531,987	29,960,940	273,268	303,382
Total non-current liabilities		184,263,703	159,064,117	140,100,728	1,483,043	1,439,138
CURRENT LIABILITIES						
Trade and other payables	10	154,827,120	138,668,164	119,226,391	1,246,124	1,254,606
Unclaimed dividend - Preference shares		3,297	3,297	3,297	27	30
Accrued interest	11	16,423,374	14,586,792	13,320,144	132,183	131,974
Provision for taxation - net		800,824	760,454	561,255	6,443	6,878
Short-term borrowings	12	34,852,629	34,358,474	34,351,311	280,511	310,859
Current maturity of non-current liabilities	13	63,204,485	55,932,237	46,237,184	508,700	506,649
Total current liabilities		270,111,729	244,309,418	213,699,582	2,173,988	2,210,396
TOTAL LIABILITIES		454,375,432	403,373,535	353,800,310	3,657,031	3,649,534
TOTAL EQUITY AND LIABILITIES		119,662,079	111,901,894	109,873,156	963,098	1,012,436
CONTINGENCIES AND COMMITMENTS						
	18					

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


Chief Executive Officer


Chief Executive Officer


Director



Chief Financial Officer


Chief Financial Officer

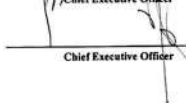
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Note	Nine months period ended		Quarter ended		Nine months period ended	
		September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
		(Un-Audited)	(Restated)	(Un-Audited)	(Restated)	(Un-Audited)	(Restated)
		(Rupees in '000)				(USD in '000)	
REVENUE - NET	14	75,560,910	68,887,747	29,970,795	25,812,264	643,689	653,419
COST OF SERVICES							
Aircraft fuel		(30,981,255)	(22,990,914)	(11,491,589)	(7,616,034)	(263,924)	(218,075)
Others	15	(57,551,768)	(55,048,633)	(20,213,271)	(18,326,279)	(490,273)	(522,151)
		(88,533,023)	(78,039,547)	(31,704,860)	(25,942,313)	(754,197)	(740,226)
GROSS (LOSS)		(12,972,113)	(9,151,800)	(1,734,065)	(130,049)	(110,508)	(86,807)
Distribution costs		(3,647,571)	(3,874,962)	(1,042,881)	(1,233,251)	(31,073)	(36,755)
Administrative expenses		(4,786,209)	(4,455,082)	(1,535,985)	(1,398,466)	(40,773)	(42,258)
Other provisions and adjustments		(1,351,894)	(1,542,484)	(491,784)	(483,228)	(11,517)	(14,631)
Exchange loss - net		(6,133,050)	(204,699)	(293,655)	(190,114)	(52,246)	(1,942)
Other income		457,768	124,800	190,989	16,599	3,900	1,184
		(15,460,956)	(9,952,427)	(3,173,316)	(3,288,460)	(131,709)	(94,402)
LOSS FROM OPERATIONS		(28,433,069)	(19,104,227)	(4,907,381)	(3,418,509)	(242,217)	(181,209)
Finance costs	16	(14,434,469)	(11,322,040)	(5,626,894)	(4,152,817)	(122,965)	(107,393)
LOSS BEFORE TAXATION		(42,867,538)	(30,426,267)	(10,534,275)	(7,571,326)	(365,182)	(288,602)
Taxation	17	(377,805)	(344,439)	(149,854)	(129,062)	(3,218)	(3,267)
LOSS FOR THE PERIOD		(43,245,343)	(30,770,706)	(10,684,129)	(7,700,388)	(368,400)	(291,869)
LOSS PER SHARE - BASIC AND DILUTED		(Rupees in '000)				(USD in '000)	
Loss attributable to:							
'A' class ordinary shares of Rs. 10 each		(8.26)	(5.88)	(2.04)	(1.47)	(0.07)	(0.06)
'B' class ordinary shares of Rs. 5 each		(4.13)	(2.94)	(1.02)	(0.74)	(0.04)	(0.03)

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



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer


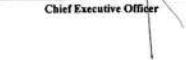


Chief Financial Officer

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

	Nine months period ended		Quarter ended		Nine months period ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	(Un-Audited)	(Restated)	(Un-Audited)	(Restated)	(Un-Audited)	(Restated)
	Rupees in '000				US\$ in '000	
Loss for the period	(43,245,343)	(30,770,706)	(10,684,129)	(7,700,388)	(368,400)	(291,869)
Other comprehensive income						
Unrealised gain on re-measurement of available for sale investments	3,631	7,262	4,496	3,976	31	69
Total comprehensive loss for the period	(43,241,712)	(30,763,444)	(10,679,633)	(7,696,412)	(368,369)	(291,800)

The annexed notes 1 to 22 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
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Nine months period ended		Nine months period ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
Note -----Rupees in '000----- -----US\$ in '000-----				
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash used in operations	19 (3,527,770)	(2,379,381)	(30,052)	(22,569)
Profit on bank deposits received	16,876	9,213	144	87
Finance costs paid	(12,597,887)	(10,763,612)	(107,319)	(102,096)
Taxes paid	(337,434)	(322,690)	(2,875)	(3,061)
Staff retirement benefits paid	(2,424,308)	(1,114,511)	(20,652)	(10,571)
Long-term deposits and prepayments - net	754,125	(556,773)	6,424	(5,281)
Net cash used in operating activities	(18,116,398)	(15,127,754)	(154,330)	(143,491)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(4,760,250)	(2,913,061)	(40,552)	(27,632)
Purchase of Intangibles	-	(455,708)	-	(4,324)
Proceeds from sale of property, plant and equipment	-	14,710	-	140
Net cash used in investing activities	(4,760,250)	(3,354,059)	(40,552)	(31,816)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of long-term financing	(25,146,427)	(18,437,002)	(214,218)	(174,880)
Proceeds from long-term financing	62,541,520	48,929,726	532,779	464,112
Repayment of term finance certificates	(4,347,710)	(5,921,396)	(37,037)	(56,165)
Repayment of short-term borrowings - net	(232,447)	324,721	(1,980)	3,081
Repayment of obligations under finance lease	(4,153,509)	(5,692,498)	(35,383)	(53,995)
Net cash generated from financing activities	28,661,427	19,203,551	244,161	182,153
Increase in cash and cash equivalents	5,784,779	721,738	49,279	6,846
Cash and cash equivalents at the beginning of the period	1,090,312	(51,125)	9,288	(485)
Cash and cash equivalents at the end of the period	6,875,091	670,613	58,567	6,361
Cash and Cash Equivalents				
Cash and bank balances	10,773,838	3,998,840	91,780	37,930
Running finance under mark-up arrangements	(3,898,747)	(3,328,227)	(33,213)	(31,569)
	6,875,091	670,613	58,567	6,361

The annexed notes 1 to 22 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
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018


	Capital Reserves						Total Reserves
	Issued, subscribed, and paid-up share capital	Capital reserves	Unrealised gain on remeasurement of investments	Surplus on Revaluation	Sub Total	Revenue reserves	
	(Rupees in '000)						
Balance as at December 31, 2016 as previously reported	52,345,110	2,501,038	151,575	4,752,639	7,405,252	1,779,674	(343,927,154)
Effect of change in accounting policy (note 4.1)	-	-	-	13,777,041	13,777,041	-	(13,777,041)
Balance as at December 31, 2016 as restated	52,345,110	2,501,038	151,575	18,529,680	21,182,293	1,779,674	(343,927,154)
Total comprehensive loss for the nine months period ended September 30, 2017	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(30,770,700)
Other comprehensive income for the period	-	-	7,262	-	7,262	-	7,262
Total comprehensive loss for the period	-	-	7,262	-	7,262	-	(30,763,438)
Surplus on revaluation of property, plant and equipment realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	(458,187)	(458,187)	-	458,187
Balance as at September 30, 2017	52,345,110	2,501,038	158,837	18,071,493	20,731,368	1,779,674	(274,690,590)
Balance as at December 31, 2017 as previously reported	52,345,110	2,501,038	169,991	5,620,719	8,291,748	1,779,674	(333,888,173)
Effect of change in accounting policy (note 4.1)	-	-	-	16,388,026	16,388,026	-	(16,388,026)
Balance as at December 31, 2017 as restated	52,345,110	2,501,038	169,991	22,008,745	24,679,774	1,779,674	(310,276,199)
Total comprehensive loss for the nine months period ended September 30, 2018:	-	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-	(43,243,343)
Other comprehensive loss for the period	-	-	3,631	-	3,631	-	3,631
Total comprehensive loss for the period	-	-	3,631	-	3,631	-	(43,241,712)
Surplus on revaluation of property, plant and equipment realised during the period ended September 30, 2018 on account of incremental depreciation charged thereon-Net of Tax	-	-	-	(615,000)	(615,000)	-	615,000
Balance as at September 30, 2018	52,345,110	2,501,038	173,622	21,393,695	24,068,345	1,779,674	(334,713,553)

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


 Chief Executive Officer


 Director


 Chief Financial Officer


 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 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. 43,245.343 million (September 30, 2017: Rs. 30,770.706 million) resulting in accumulated losses of Rs. 412,906.492 million as of September 30, 2018 (December 31, 2017: Rs. 370,276.199 million). Further, as of September 30, 2018, current liabilities of the Company exceeded its current assets by Rs. 230,221.755 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 Company to raise / 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 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 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.

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; and
- 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. 124.2471 = 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. 117.38725 = US \$ 1 (September 30, 2017: Rs. 105.4266 = US \$ 1).

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Significant accounting estimates, judgments, 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.

Judgments 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.

- 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.

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) 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.

- 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 do 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.
- 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.

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.

	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	<u>(348,267,453)</u>	<u>-</u>	<u>(348,267,453)</u>	<u>(300,704,551)</u>	<u>-</u>	<u>(300,704,551)</u>

- (b) Effect on unconsolidated condensed interim statement of profit or loss for the nine months period ended September 30, 2017.

	Balance as previously reported	Effect of restatement	Balance after restatement
Other Provisions and adjustments - net	(1,605,493)	63,009	(1,542,484)
Taxation	(325,535)	(18,904)	(344,439)

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	-----Rupees in '000-----	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- owned	39,650,079	41,068,930
- leased	22,786,908	24,510,897
	<u>62,436,987</u>	<u>65,579,827</u>
Capital work-in-progress	5,335,694	1,248,691
	<u>67,772,681</u>	<u>66,828,518</u>

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

	Nine months period ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
	-----Rupees in '000-----	
Additions / Transfers		
<i>Owned</i>		
Building Owned	-	32,210
Aircraft fleet	2,406,634	2,574,847
Engineering equipment and tools	11,469	113,090
Furniture, fixtures and fittings	9,913	10,566
Vehicle Owned	-	3,825
Office equipment	-	4,990
Computer and office automation	41,771	219,048
Other equipment	30,692	-
Capital Spares	97,806	151,749
	<u>2,598,285</u>	<u>3,110,325</u>
<i>Leased</i>		
Aircraft fleet	3,836,611	-
Ground Equipment	-	258,444
	<u>6,434,896</u>	<u>3,368,769</u>

		September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		-----Rupees in '000-----	
6 OTHER RECEIVABLES			
Considered good			
- Related party			
Claims receivable		96,259	9,084
Excise duty		100,000	100,000
Sales tax receivable	6.1	5,015,292	4,954,893
- other than related party			
Lessor	6.2	1,208,255	1,082,017
Others		964,603	727,793
		<u>7,384,409</u>	<u>6,873,787</u>
Considered doubtful		272,913	272,909
Less: provision for doubtful other receivables		(272,913)	(272,909)
		<u>7,384,409</u>	<u>6,873,787</u>

- 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 input tax adjustment is allowed against the international air travel services in terms of Rule 41A(14) of the Federal Excise Rules, 2005.

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.

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

		September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
7 CASH AND BANK BALANCES	Note	-----Rupees in '000-----	
In hand		19,097	16,334
With banks			
- in current accounts	7.1	9,546,413	3,361,763
- in deposit accounts	7.2 & 7.3	1,208,328	884,360
		10,754,741	4,246,123
		10,773,838	4,262,457

- 7.1 This has been adjusted by an aggregate amount of Rs. 4,400.19 million (2017: Rs. 1,359.668 million), representing book overdrafts.
- 7.2 These carry interest ranging from 0.1% to 7.5% (2017: 0.1% to 7.5%) per annum.
- 7.3 This includes a bank balance of BDT 660.846 million (Rs. 969.614 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.

8 LONG-TERM FINANCING

Financier	Type of facility	Facility amount (million)	Repayment period	Number of instalments/ Mode	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
					Rupees in '000	
From Banking Companies - secured						
Askari Bank Limited	Term Finance	PKR 3000	2017-2019	36 Monthly	1,333,333	2,000,000
Al Baraka Bank (Pakistan)	Islamic Term finance	PKR 4500	2018-2021	36 Monthly	4,500,000	4,500,000
BankIslami Pakistan Limited	Islamic Term finance	PKR 1500	2019-2021	8 Quarterly	1,500,000	1,500,000
Bank of Punjab	Term Finance	PKR 5000	2016-2021	60 Monthly	2,500,000	3,250,000
Bank of Punjab	Term Finance	PKR 5000	2016-2021	60 Monthly	2,833,333	3,583,333
Bank of Punjab	Demand Finance	PKR 30000	2016 - 2023	84 Monthly	22,406,330	25,658,861
Faysal Bank Limited	Term Finance	PKR 2000	2015 - 2018	12 Quarterly	-	333,333
Faysal Bank Limited	Term Finance	PKR 2000	2016-2019	12 Quarterly	333,333	833,333
Faysal Bank Limited	Islamic Term finance	PKR 1000	2017-2019	12 Quarterly	416,667	666,667
Faysal Bank Limited	Term Finance	PKR 4000	2017 - 2020	14 Quarterly	2,571,429	3,428,571
National Bank of Pakistan	Term Finance	PKR 3000	2016-2019	36 Monthly	1,416,667	2,083,333
National Bank of Pakistan	Term Finance	PKR 2175	2018-2020	12 Quarterly	1,812,500	2,175,000
National Bank of Pakistan	Term Finance	PKR 2825	2018 - 2021	12 Quarterly	2,589,583	2,825,000
United Bank Limited	Term Finance	PKR 5000	2015-2020	54 monthly	1,851,852	2,592,593
National Bank of Pakistan - Bahrain	Syndicate Finance	US\$ 120	2016 - 2021	54 quarterly	750,000	972,222
Abu Dhabi Islamic Bank	Islamic Term finance	US\$ 70.7	2016 - 2019	4 half yearly	473,696	2,309,824
CitiBank, N.A.	Term Finance	US\$ 54.2	2015-2018	8 Quarterly	4,872	390,243
CitiBank Mashreq	Term Finance	US\$ 120	2016 - 2018	32 monthly	0	4,144,778
United Bank Limited	Syndicate Finance	US\$ 130	2017 - 2019	33 Monthly	6,852,416	10,014,452
JS Bank	Term Finance	PKR 15000	2017-2023	66 Monthly	12,272,727	14,318,182
Faysal Bank Limited	Term finance	PKR 4000	2019 - 2022	36 Monthly	4,000,000	4,000,000
Soneri Bank Limited	Term finance	PKR 5000	2019 - 2022	36 Monthly	5,000,000	5,000,000
Standard Chartered Bank (Pakistan) Limited	Syndicate Finance	US\$ 150	2017-2021	39 Monthly	13,858,330	16,154,005
Bank of Punjab	Term finance	PKR 2500	2017 - 2022	60 Monthly	2,125,000	2,500,000
Al Baraka Bank Pakistan	Term finance	PKR 2500	2020 - 2022	36 Monthly	2,500,000	2,500,000
Askari Bank Limited	Term finance	PKR 6000	2020 - 2022	36 Monthly	6,000,000	6,000,000
JS Bank	Term finance	PKR 20000	2020-2024	48 Monthly	20,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	5,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	5,000,000	-
BankIslami Pakistan Limited	Term finance	PKR 11500	2019-2023	48 Monthly	3,649,000	-
Noor Bank	Consortium	USD 120	2019-2021	33 Monthly	14,909,652	-
Credit Suisse	Term finance	USD 115 M	2019-2021	24 Monthly	14,288,417	-
Others - unsecured						
Long term loan - GoP	Term Finance	PKR 8000	2011 - 2020	16 half yearly	8,000,000	8,000,000
					183,666,694	143,556,479
					(49,243,486)	(41,313,560)
					134,423,208	102,242,919

Less: Current maturity shown under current liabilities

9 TERM FINANCE AND SUKUK CERTIFICATES

Secured	Security	Repayment period	Number of installments	Mark-up	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
					Rupees in '000	
- other than related party						
Term finance certificates	GoP Guarantee	2016-2020	16 Quarterly	6 month KIBOR +1.25%	(16,196,297)	(20,544,007)
Sukuk certificates	GoP Guarantee	October 20, 2019	Bullet	6 month KIBOR +1.75%	(6,800,000)	(6,800,000)
					(22,996,297)	(27,344,007)
Less: current maturity					(12,217,352)	(10,272,000)
					10,778,945	17,072,007

		September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Note	-----Rupees in '000-----	
10 TRADE AND OTHER PAYABLES			
Trade creditors			
Goods		22,295,394	19,653,399
Services		10,775,030	9,125,879
Airport related charges		30,453,231	26,755,233
		<u>63,523,655</u>	<u>55,534,511</u>
Others			
Accrued liabilities	10.1	5,083,872	4,087,936
Advance against transportation (unearned revenue)		9,567,437	9,319,224
Obligation for compensated absences		6,748,305	6,146,468
Unredeemed frequent flyer liabilities		623,527	623,527
Advances from customers		1,053,378	933,663
Payable to employees' provident fund	10.2	10,877,754	10,997,823
Collection on behalf of others		41,754,392	36,586,869
Customs, Federal excise duty and Sales tax		2,311,296	2,608,207
Federal excise duty - International travel		11,099,655	9,612,369
Income tax deducted at source		1,584,214	1,276,319
Short-term deposits		599,635	570,781
Others		-	370,463
		<u>154,827,120</u>	<u>138,668,164</u>
10.1	This includes total management fee upto September 30, 2018 amounting to Rs. 50.240 million (December 31, 2017: Rs. 225 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 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.		
		September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
		-----Rupees in '000-----	
11 ACCRUED INTEREST			
Mark-up / profit payable on:			
- Long-term financing		8,394,914	7,449,568
- Term finance certificates		965,414	1,087,768
- Sukuk certificates		252,371	107,712
- Liabilities against assets subject to finance lease		382	36
- Short-term borrowings		734,837	647,096
- Provident fund		5,456,593	4,854,960
- Advance from a subsidiary		618,863	439,652
		<u>16,423,374</u>	<u>14,586,792</u>
12 SHORT-TERM BORROWINGS			
Short-term loans - secured		30,953,883	31,186,329
Running finance under mark-up arrangements		3,898,746	3,172,145
		<u>34,852,629</u>	<u>34,358,474</u>
13 CURRENT MATURITY OF NON-CURRENT LIABILITIES			
Long-term financing		49,243,486	41,313,560
Term finance and sukuk certificates		12,217,352	10,272,000
Liabilities against assets subject to finance lease		1,743,647	4,346,677
		<u>63,204,485</u>	<u>55,932,237</u>

	Nine months period ended		Quarter ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
14 REVENUE - NET	Rupees in '000			
Passenger	68,085,175	62,615,863	27,052,349	23,703,517
Cargo	3,373,494	2,884,600	1,362,842	1,100,293
Excess baggage	749,064	525,223	427,255	150,890
Charter services	176,881	555,032	131,685	146,391
Engineering services	582,081	407,866	188,298	225,845
Handling and related services	319,371	240,625	107,270	103,057
Mail	192,307	159,541	104,961	48,932
Others	2,082,537	1,498,997	596,135	333,339
	<u>75,560,910</u>	<u>68,887,747</u>	<u>29,970,795</u>	<u>25,812,264</u>
15 COST OF SERVICES - OTHERS				
Salaries, wages and allowances	10,668,823	11,291,813	3,742,712	3,648,882
Welfare and social security costs	1,473,182	1,541,637	384,781	471,846
Retirement benefits	1,579,665	1,555,485	475,754	513,211
Compensated absences	670,704	623,360	227,524	211,369
Legal and professional charges	28,664	24,321	7,216	9,572
Stores and spares consumed	969,739	677,801	265,883	239,864
Maintenance and overhaul	8,618,257	6,683,602	3,552,095	2,383,819
Flight equipment rental	8,219,113	8,251,200	3,059,362	2,837,811
Landing and handling	11,595,511	11,414,901	3,684,227	3,782,182
Passenger services	1,980,766	2,154,079	867,841	640,079
Crew layover	2,226,243	2,220,457	562,910	731,351
Staff training	66,779	73,976	24,020	40,439
Utilities	35,699	28,748	15,685	10,329
Communication	3,364,355	2,566,599	1,291,284	788,273
Insurance	1,114,630	711,730	500,412	267,851
Rent, rates and taxes	346,219	523,270	103,595	148,539
Printing and stationery	140,816	66,041	29,416	14,261
Depreciation	3,801,502	3,860,693	1,391,696	1,341,018
Amortisation of intangibles	5,173	4,279	1,809	274
Others	645,928	774,641	25,049	245,309
	<u>57,551,768</u>	<u>55,048,633</u>	<u>20,213,271</u>	<u>18,326,279</u>
16 FINANCE COSTS				
Mark-up on:				
- long-term financing	9,011,217	6,013,090	3,416,244	2,028,840
- term finance certificates	934,716	1,305,665	257,352	402,928
- short-term borrowings	1,894,662	1,927,232	583,186	676,911
- advance from a subsidiary	130,668	88,034	50,286	32,128
	<u>11,971,263</u>	<u>9,334,021</u>	<u>4,307,068</u>	<u>3,140,807</u>
Profit on sukuk certificates	413,202	399,765	141,575	135,404
Interest on liabilities against assets subject to finance lease	244,604	192,166	162,246	65,034
Discounting on deposits	(22,016)	(30,832)	(2,782)	(10,477)
Interest on provident fund	601,633	455,462	228,536	154,517
Arrangement, agency and commitment fee	842,455	685,224	548,464	550,274
Amortisation of prepaid exposure fee	82,358	189,213	-	60,564
Bank charges, guarantee commission and other related charges	300,969	97,021	241,787	56,694
	<u>14,434,469</u>	<u>11,322,040</u>	<u>5,626,894</u>	<u>4,152,817</u>
17 TAXATION				
Current	377,805	344,439	149,854	129,062

There has been no material change in the status of contingencies as disclosed in notes 38.1 to the unconsolidated financial statements for the year ended December 31, 2017.

18 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies as disclosed in notes 30.1 to the unconsolidated financial statements for the year ended December 31, 2017.

	Nine months period ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
-----Rupees in '000-----		
19 CASH GENERATED FROM OPERATIONS		
Loss before tax	(42,867,538)	(30,426,267)
Adjustments for:		
Depreciation	3,821,121	3,908,956
Gain on disposal of property, plant and equipment	(5,032)	-
Amortization of intangibles	64,658	53,489
Provision for slow moving stores and spares	-	282,670
Provision for employees' benefits	3,467,611	3,390,657
Provision for doubtful debts	225,000	350,000
Finance costs	14,434,469	11,322,040
Unrealised exchange loss	3,157,213	204,699
Profit on bank deposits	(16,876)	(9,213)
	<u>(17,719,374)</u>	<u>(10,922,969)</u>
Working capital changes :		
(Increase) in stores and spares	(1,020,354)	(365,595)
(Increase) in trade debts	(1,234,749)	(683,646)
(Increase) in advances	(155,581)	(641,398)
Decrease / (Increase) in trade deposits and prepayments	1,555,793	(520,203)
(Increase) / Decrease in other receivables	(510,624)	728,045
Increase in trade and other payables	15,557,119	10,026,385
	<u>14,191,604</u>	<u>8,543,588</u>
Cash used in operations	<u>(3,527,770)</u>	<u>(2,379,381)</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 period:

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

Name of Related Parties	Direct Shareholding	Relationship
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
MAQSOOD AHMED	-	Key management personnel
RASHID AHMED	-	Key management personnel
GHAZALA RASHID	-	Key management personnel
AMIR ALI	-	Key management personnel
YOUNUS M KHAN	-	Key management personnel
AMANULLAH QURESHI	-	Key management personnel
OMER RAZZAQ	-	Key management personnel
AJAZ MAZHAR	-	Key management personnel
MAJ KHURAM MUSHTAQ	-	Key management personnel
NAYYAR HAYAT	-	Key management personnel
AVM RIZWAN PASHA	-	Key management personnel
ZIA QADIR QURESHI	-	Key management personnel
BILAL MUNIR SHEIKH	-	Key management personnel
MUSHARRAF RASOOL CYA	-	Key management personnel
KASHIF REHMAN RANA	-	Key management personnel
ASMA BAJAWA	-	Key management personnel
AVM SOBAN NAZIR SYED	-	Key management personnel
AVM NOOR ABBAS	-	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	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)	
	Rupees in '000		
Skyrooms (Private) Limited – Payments made against in-transit passengers Subsidiary	146,758	190,778	
PIA Investments Limited - Subsidiary	Management Fee expense	50,240	49,578
	Finance cost on advance	130,668	100,075
Minhal France S.A - Subsidiary	Management Fee income	53,050	51,696
	Retirement funds	Contribution to provident Fund and others	1,862,803
	Interest on Loan from pension / provident fund	601,633	455,462
Profit oriented state-controlled common ownership	Purchase of Fuel	15,202,890	8,845,166
	Insurance premium	1,229,971	836,735
	Late payment interest	978,487	975,238
	Finance costs	3,215,412	3,167,967
	Airport Related charges	3,219,531	10,613,945
GoP - Major shareholder	Finance cost charged	598,356	595,068
Key management personnel	Salaries, wages and other	95,991	124,286

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

21 FINANCIAL RISK MANAGEMENT


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, 2017. There have been no changes in any risk management policies since the year end.

22 DATE OF AUTHORISATION FOR ISSUE BY THE BOARD OF DIRECTORS.

These unconsolidated condensed interim financial information were authorised for issue by the Board of Directors in their meeting held on 30 December, 2020.



Chief Executive Officer



Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer

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CONSOLIDATED
FINANCIAL
STATEMENTS




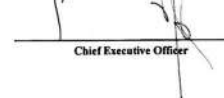
PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
 AS AT SEPTEMBER 30, 2018

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)	January 1, 2017 (Audited)	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)	January 1, 2017 (Audited)
Note	Rupees in '000			US\$ in '000		
	-----Restated-----			-----Restated-----		
ASSETS						
NON CURRENT ASSETS						
Fixed assets						
- Property, plant and equipment	5	178,470,842	165,978,765	160,597,360	1,436,419	1,501,698
- Intangibles		4,297,985	3,937,693	3,444,521	34,592	35,626
		182,768,827	169,916,458	164,041,881	1,471,011	1,537,324
Long-term investments		273,374	243,039	221,960	2,280	2,199
Receivable from Centre Hotel		938,589	834,947	792,096	7,554	7,554
Long-term deposits and prepayments		7,499,845	8,212,449	9,318,811	60,362	74,302
Total non-current assets		191,480,635	179,206,893	174,374,748	1,541,127	1,621,379
CURRENT ASSETS						
Stores and spares		4,311,180	3,138,003	2,596,696	34,698	28,391
Trade debts		12,942,047	10,989,041	9,403,911	104,164	99,424
Short-term loans and advances		2,797,522	2,642,118	2,156,722	22,516	23,905
Trade deposits and prepayments		3,516,133	7,202,642	4,516,584	28,300	65,166
Other receivables	6	7,884,205	7,704,303	8,882,877	63,456	69,705
Short-term investments		19,220	19,220	24,981	156	174
Cash and bank balances	7	15,441,329	9,716,786	8,175,442	134,279	87,913
Total Current assets		46,911,636	41,412,113	35,757,213	377,569	374,678
TOTAL ASSETS		238,392,271	220,619,006	210,131,961	1,918,696	1,996,057
EQUITY AND LIABILITIES						
SHARE CAPITAL AND RESERVES						
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	52,345,110	421,298	473,594
Reserves		6,298,192	5,703,208	4,325,092	50,691	51,600
Surplus on revaluation of property, plant and equipment - net		81,955,233	75,882,915	62,037,419	659,615	686,553
Accumulated losses		(402,599,074)	(360,529,456)	(310,076,631)	(3,240,310)	(3,261,901)
Attributable to the Holding Company's shareholders		(262,800,539)	(226,598,223)	(191,369,010)	(2,108,706)	(2,050,154)
Non-controlling interest		2,258,065	2,084,069	1,774,904	18,174	18,856
TOTAL EQUITY		(259,742,474)	(224,514,154)	(189,594,106)	(2,090,532)	(2,031,298)
NON-CURRENT LIABILITIES						
Long-term financing	8	148,255,828	102,242,918	89,339,698	1,193,234	925,046
Term finance and sukuk certificates		10,778,945	17,072,007	25,289,606	86,754	154,460
Lease Liabilities		-	1,781,163	5,811,849	-	16,115
Long-term advances and deposits		130,718	106,534	84,537	1,052	964
Deferred taxation		32,050,038	28,833,563	33,512,827	257,954	260,873
Deferred liabilities		34,150,300	33,722,950	30,124,728	274,888	305,109
Total Non current liabilities		225,365,829	183,759,135	184,163,245	1,813,852	1,662,567
CURRENT LIABILITIES						
Trade and other payables	9	158,057,059	140,916,123	121,447,627	1,272,126	1,274,943
Unclaimed dividend - Preference shares		3,297	3,297	3,297	26	30
Accrued interest		15,851,258	14,185,034	13,052,047	127,578	128,340
Provision for taxation		569,504	550,062	321,581	4,578	4,975
Short-term borrowings	10	34,852,629	34,358,474	34,351,311	280,511	310,859
Current maturities of non-current liabilities	11	63,435,169	71,361,035	46,388,959	510,557	645,641
Total current liabilities		272,768,916	261,374,025	215,562,822	2,195,376	2,364,788
TOTAL LIABILITIES		498,134,745	445,133,160	399,726,067	4,009,228	4,027,355
TOTAL EQUITY AND LIABILITIES		238,392,271	220,619,006	210,131,961	1,918,696	1,901,176

CONTINGENCIES AND COMMITMENTS

12

The annexed notes 1 to 19 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 NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

Note	Nine months period ended		Quarter Ended		Nine months period ended		
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	
	--- Restated ---		--- Restated ---		--- Restated ---		
	Rupees in '000				US\$ in '000		
REVENUE - NET	13	86,120,586	78,353,725	33,841,701	29,260,982	733,645	743,206
COST OF SERVICES							
Aircraft fuel		(30,981,255)	(22,990,914)	(11,491,589)	(7,616,034)	(263,924)	(218,075)
Others	14	(62,997,812)	(59,956,991)	(22,186,078)	(20,044,621)	(836,667)	(568,708)
		(93,979,067)	(82,947,905)	(33,677,667)	(27,660,655)	(800,591)	(786,783)
GROSS (LOSS) / PROFIT		(7,858,481)	(4,594,180)	164,034	1,600,328	(66,946)	(43,577)
Distribution costs		(4,045,445)	(4,262,805)	(1,083,989)	(1,354,345)	(34,462)	(40,434)
Administrative expenses		(8,549,244)	(7,873,440)	(2,912,161)	(2,607,808)	(72,829)	(74,682)
Other provisions and adjustments		(1,201,894)	(1,542,484)	(491,784)	(483,228)	(10,239)	(14,631)
Other income		647,548	267,470	260,566	68,494	5,516	2,537
		(13,149,035)	(13,411,259)	(4,227,368)	(4,376,887)	(112,014)	(127,210)
LOSS FROM OPERATIONS		(21,007,516)	(18,005,439)	(4,063,334)	(2,776,560)	(178,960)	(170,787)
Exchange gain / (loss) - net		(6,111,743)	(206,763)	(274,144)	(187,932)	(52,065)	(1,961)
LOSS BEFORE INTEREST AND TAXATION		(27,119,259)	(18,212,202)	(4,337,478)	(2,964,492)	(231,025)	(172,748)
Finance costs	15	(14,870,709)	(11,704,910)	(5,699,158)	(4,287,820)	(126,681)	(111,024)
Share of loss from associated company		(432)	-	-	-	(4)	-
LOSS BEFORE TAXATION		(41,990,400)	(29,917,112)	(10,036,636)	(7,252,312)	(357,710)	(283,772)
Taxation	16	(635,814)	(602,733)	(260,672)	(249,812)	(5,416)	(5,717)
LOSS FOR THE PERIOD		(42,626,214)	(30,519,845)	(10,297,308)	(7,502,124)	(363,126)	(289,489)
Attributable to:							
Equity holders of the Holding Company		(42,684,668)	(30,546,291)	(10,304,527)	(7,494,035)	(363,624)	(289,740)
Non-controlling interest		58,454	26,446	7,219	(8,089)	498	251
		(42,626,214)	(30,519,845)	(10,297,308)	(7,502,124)	(363,126)	(289,489)
LOSS PER SHARE - BASIC AND DILUTED							
		Rupees				US\$	
Loss attributable to:							
- 'A' class Ordinary shares of Rs 10 each		(8.14)	(5.83)	(1.97)	(1.43)	(0.07)	(0.06)
- 'B' class Ordinary shares of Rs 5 each		(4.07)	(2.92)	(0.99)	(0.72)	(0.03)	(0.03)

The annexed notes 1 to 19 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 COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Nine months period ended		Quarter Ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	---- Restated ----		---- Restated ----	
	----- Rupees in '000 -----			
Loss for the period	(42,626,214)	(30,519,845)	(10,297,308)	(7,502,124)
Other comprehensive income				
Unrealised gain on re-measurement of available for sale investments	3,631	7,262	4,496	3,976
Exchange differences on translation of foreign operations	702,221	-	(323,085)	(667,150)
Total comprehensive income	<u>(41,920,362)</u>	<u>(30,512,583)</u>	<u>(10,615,897)</u>	<u>(8,165,298)</u>
Attributable to:				
Equity holders of the Holding Company	(42,094,358)	(30,539,029)	(10,603,448)	(8,157,209)
Non-controlling interest	173,996	26,446	(12,449)	(8,089)
	<u>(41,920,362)</u>	<u>(30,512,583)</u>	<u>(10,615,897)</u>	<u>(8,165,298)</u>

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer
 Chief Executive Officer


 Director


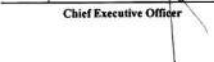

 Chief Financial Officer

 Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
 CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (Un-audited)
 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

Note	Nine months period ended		Nine months period ended		
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017	
	Rupees in '000		US\$ in '000		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	17	1,404,141	(1,475,586)	11,961	(13,996)
Profit on bank deposits received		16,876	9,213	143	87
Finance costs paid		(13,204,485)	(11,236,644)	(112,487)	(106,583)
Taxes paid		(616,373)	(538,519)	(5,251)	(5,108)
Staff retirement benefits paid		(3,040,261)	(1,075,641)	(25,899)	(10,203)
Long-term deposits and prepayments - net		713,036	649,719	6,074	6,163
Net cash used in operating activities		(14,727,066)	(13,667,459)	(125,459)	(129,640)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(12,787,626)	(4,060,947)	(108,936)	(38,519)
Purchase of Intangibles		(424,950)	14,710	(3,620)	139
Net cash used in investing activities		(13,212,576)	(4,046,237)	(112,556)	(38,380)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of long-term financing		(25,427,841)	(18,476,809)	(216,615)	(175,258)
Proceeds from long-term financing		67,099,091	48,929,726	571,606	464,112
Repayment of term finance certificates		(4,347,710)	(5,921,396)	(37,037)	(56,167)
Short term borrowing - net		(232,447)	299,501	(1,980)	2,841
Repayment of obligations under finance lease - net		(4,153,509)	(5,641,725)	(35,383)	(53,513)
Net cash generated from financing activities		32,937,584	19,189,297	280,591	182,015
Increase in cash and cash equivalents		4,997,942	1,475,601	42,576	13,995
Cash and cash equivalents at the beginning of the period		6,544,641	4,676,204	55,753	44,357
Cash and cash equivalents at the end of the period		11,542,583	6,151,805	98,329	58,352
Cash and Cash equivalents					
Cash and bank balances		15,441,329	9,480,032	131,542	89,921
Running finance under mark-up arrangements		(3,898,746)	(3,328,227)	(33,213)	(31,569)
		11,542,583	6,151,805	98,329	58,352

The annexed notes 1 to 19 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 CHANGES IN EQUITY
 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

	Attributable to the Holding Company's shareholders										
	Issued, subscribed, and paid-up capital	Surplus on revaluation of property, plant and equipment - net	Capital reserves	Revenue reserves	Unrealised gain on re-measurement of investments	Foreign currency translation reserves	Legal reserve	Sub Total	Accumulated loss	Non-controlling interest	Total
Balance as at December 31, 2018 as previously reported	52,345,110	48,200,378	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 re-statement	-	13,777,041	-	-	-	-	-	-	(13,777,041)	-	-
Total comprehensive income for the period:											
- Loss for the period											
- Other comprehensive income for the period:											
- Currency translation differences					151,575	(142,918)	35,723	4,325,092	(310,076,631)	1,774,904	(189,594,106)
Total comprehensive income for the period transferred to equity					7,262	-	-	7,262	-	-	(30,512,583)
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax		(458,187)	-	-	-	-	-	-	458,187	-	-
Balance as at September 30, 2017	52,345,110	61,579,232	2,501,038	1,779,674	158,837	(142,918)	35,723	4,332,354	(340,164,735)	1,801,150	(220,106,689)
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	(344,141,439)	2,084,069	(234,514,154)
Effect of restatement		16,388,036							(16,388,036)		
Balance as at December 31, 2017 as re-stated		75,882,915			169,991				(360,529,456)		
Total comprehensive income for the period:											
- Loss for the period											
- Other comprehensive income for the period:											
- Currency translation differences					3,631	-	-	-	(42,684,668)	58,451	(42,526,311)
- Un-realized loss on re-valuation of investments					-	586,679	-	586,679	-	115,942	702,221
Total comprehensive income for the period transferred to equity					3,631	-	-	3,631	-	-	3,631
Currency translation differences											
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax											
Surplus on revaluation of property, plant and equipment realized during the period on account of incremental depreciation charged thereon - net of tax											
Balance as at September 30, 2018	52,345,110	81,953,233	2,501,038	1,779,674	173,622	1,801,519	42,329	6,398,192	(402,599,074)	2,258,065	(259,442,474)

The annexed notes 1 to 19 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Chief Financial Officer


 Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENT
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2018

1. LEGAL STATUS AND NATURE OF BUSINESS

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

Pakistan International Airlines Holding Company

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

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

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

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

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

Subsidiaries

PIA Investments Limited (PIAIL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates, as a limited liability 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 2017: 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 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 PIAIL.

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

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited holding Holding Company under the Companies Act, 1913 (now repealed Companies Ordinance, 1984). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been Consolidated on the basis of its management accounts for the period ended September 30, 2019 as the same is not considered to be material to these Consolidated condensed interim financial information.

Sabre Travel Network Pakistan (Private) Limited (Sabre) was incorporated in Pakistan on October 12, 2004 as a private Holding Company limited by shares, under the repealed Companies Ordinance, 1984 (now Companies Act, 2017). Sabre markets and distributes a computer reservation system to subscribers in Pakistan, under a sub-distribution agreement with Sabre Asia Pacific (Pte) Limited (Sabre TN APAC) (an associated Holding Company and joint venture partner), that incorporates a software package which performs various functions including real-time airlines seat reservations, schedules, bookings for a variety of air, car and hotel services, automated ticketing and fare displays. The Holding Company's controlling interest in Sabre is 70%. Sabre has been Consolidated on the basis of its unaudited financial statements for the year ended December 31, 2019 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, PIA Shaver Poultry, Breeding Farms (Private) Limited, Midway House (Private) Limited, and PIA Hotels Limited, and the other subsidiaries of the Holding Company had applied under the 'Easy Exit Scheme' announced by the Securities and Exchange Commission of Pakistan (the SECPC) for voluntary winding up. Assets and liabilities of these subsidiaries were taken over by the Holding Company, and, accordingly, have not been consolidated in these consolidated financial statements.

The Special Purpose Entities (SPE) formed for acquiring aircrafts have not been Consolidated in these Consolidated 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%.

- 1.3 During the current period, the Group incurred a net loss of Rs. 42,626.214 million (2017: Rs. 30,519.845 million) resulting in accumulated losses of Rs. 402,599.074 million as of September 30, 2018 (2017: Rs. 360,529.456 million). Further, as of September 30, 2018, current liabilities of the Group exceeded its current assets by Rs. 225,857.279 million (2017: Rs. 219,961.912 million).

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

- a) GoP, being the major shareholder of the Holding Company, through its letters dated September 02, 2008 and February 19, 2018 communicated that it would extend maximum support to maintain the Company's going concern status. Since then it has been extending support to the Holding Company through following measures to ensure that the Holding Company continues and sustains in the long term as a viable business entity:
- long-term financing to meet working capital requirements of the Holding Company;
 - issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Holding Company to raise / rollover funds;
 - approval for extending repayment period of the term finance certificates;
 - provided funds for acquisition of narrow body aircraft on dry lease; and
 - reimbursement of financial charges on term finance and sukuk certificates.

- b) In a meeting with the Honourable 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, 2018 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 Holding 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 Honourable 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.

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

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

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

The consolidated condensed interim 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. 124.2471 = US \$ 1 (December 31, 2017: Rs. 110.5274 = 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. 117.3873 = US \$ 1 (September 30, 2017: Rs. 105.4266 = US \$ 1).

3 SIGNIFICANT ACCOUNTING POLICIES

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

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.

Judgements 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 Holding Company for the year ended December 31, 2017.

- 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, 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 Holding Company's financial position and are therefore not stated in this consolidated condensed interim financial information.

3.4 Amendments to approved accounting standards and new interpretations to existing standard that are not yet effective and have not been early adopted by the

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 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.

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 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 consolidated statement of financial position as of December 31, 2017 and earliest period presented i.e. January 01, 2017.

	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	59,494,889	16,388,026	75,882,915	48,260,378	13,777,041	62,037,419
Accumulated losses	(344,141,430)	(16,388,026)	(360,529,456)	(296,299,590)	(13,777,041)	(310,076,631)
Equity	<u>(284,646,541)</u>	<u>-</u>	<u>(284,646,541)</u>	<u>(248,039,212)</u>	<u>-</u>	<u>(248,039,212)</u>

(b) Effect on consolidated condensed interim statement of profit or loss for the nine months period ended September 30, 2017.

	Balance as previously reported	Effect of restatement	Balance after restatement
Other Provisions and adjustments - net	(1,605,493)	63,009	(1,542,484)
Taxation	(583,829)	(18,904)	(602,733)

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Rupees in '000	
5 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	173,093,213	164,538,057
Capital work-in-progress	5,377,629	1,440,708
	<u>178,470,842</u>	<u>165,978,765</u>

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

	Nine months period ended	
	September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
	Rupees in '000	
Additions / Transfers Owned		
Building Owned	-	32,210
Aircraft fleet	2,406,634	2,574,847
Engineering equipment and tools	11,469	113,090
Furniture, fixtures and fittings	9,913	10,566
Vehicle Owned	-	3,825
Office equipment	-	4,990
Computer and office automation	41,771	219,048
Other equipment	30,692	-
Capital Spares	97,806	151,749
	<u>2,598,285</u>	3,110,325
Leased		
Aircraft fleet	3,836,611	-
Ground Equipment on Leased	-	258,444
	<u>6,434,896</u>	<u>3,368,769</u>
	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Rupees in '000	
6 OTHER RECEIVABLES		
Considered good		
Claims receivable	6.1 96,259	9,084
Excise duty	100,000	100,000
Sales tax receivable	6.2 5,015,292	4,954,893
Rental income	214,185	190,534
	<u>5,425,736</u>	<u>5,254,511</u>
- other than related parties		
Lessor	1,241,427	1,802,834
Others	1,217,042	646,958
	<u>7,884,205</u>	<u>7,704,303</u>
Considered doubtful	272,913	272,909
Less: provision for doubtful other receivables	(272,913)	(272,909)
	<u>7,884,205</u>	<u>7,704,303</u>

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 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 in terms of Rule 41A(14) of the Federal Excise Rules, 2005.

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

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

		September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Note	----- Rupees in '000 -----	
7 CASH AND BANK BALANCES			
In hand		25,212	34,966
In transit		<u>32,040</u>	<u>24,343</u>
		57,252	59,309
With banks:			
Restricted cash		1,155,345	-
- in current accounts	7.1	10,514,794	4,395,574
- in savings accounts	7.2 & 7.3	<u>3,713,938</u>	<u>5,261,903</u>
		15,384,077	9,657,477
		<u>15,441,329</u>	<u>9,716,786</u>

8 LONG-TERM FINANCING

Financier	Type of facility	Facility amount (million)	Repayment period	Number of instalments/ Mode	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
					----- Rupees in '000 -----	
From Banking Companies - secured						
Askari Bank Limited	Term finance	PKR 3000	2017-2019	36 Monthly	1,333,333	2,000,000
Al Baraka Bank (Pakistan)	Islamic Term finance	PKR 4500	2018-2021	36 Monthly	4,500,000	4,500,000
BankIslami Pakistan Limited	Islamic Term finance	PKR 1500	2019-2021	8 Quarterly	1,500,000	1,500,000
Bank of Punjab	Term finance	PKR 5000	2016-2021	60 Monthly	2,500,000	3,250,000
Bank of Punjab	Term finance	PKR 5000	2016-2021	60 Monthly	2,833,333	3,383,333
Bank of Punjab	Demand Finance	PKR 30000	2016 - 2023	84 Monthly	22,406,330	25,658,861
Faysal Bank Limited	Term finance	PKR 2000	2015 - 2018	12 Quarterly	-	333,333
Faysal Bank Limited	Term finance	PKR 2000	2016-2019	12 Quarterly	333,333	833,333
Faysal Bank Limited	Islamic Term finance	PKR 1000	2017-2019	12 Quarterly	416,667	666,667
Faysal Bank Limited	Term finance	PKR 4000	2017 - 2020	14 Quarterly	2,571,429	3,428,571
National Bank of Pakistan	Term finance	PKR 3000	2016-2019	36 Monthly	1,416,667	2,083,333
National Bank of Pakistan	Term finance	PKR 2175	2018-2020	12 Quarterly	1,812,500	2,175,000
National Bank of Pakistan	Term finance	PKR 2825	2018 - 2021	12 Quarterly	2,589,583	2,825,000
United Bank Limited	Term finance	PKR 5000	2015-2020	54 monthly	1,851,852	2,592,593
United Bank Limited	Term finance	PKR 1500	2016- 2021	54 monthly	750,000	972,222
National Bank of Pakistan - Bahrain	Syndicate Finance	US \$ 120	2013 - 2023	40 Quarterly	12,917,557	11,822,748
Abu Dhabi Islamic Bank	Islamic Term finance	US\$ 70.7	2016 - 2019	4 half yearly	473,696	2,309,824
Citibank, N.A.	Term finance	US \$ 54.2	2015-2018	8 Quarterly	4,872	390,243
Citibank Manama	Term finance	US \$ 120	2016 - 2018	32 monthly	-	4,144,778
United Bank Limited	Syndicate Finance	US\$ 130	2017 - 2019	33 Monthly	6,852,416	10,014,452
JS Bank	Term finance	PKR 15000	2017-2023	66 Monthly	12,272,727	14,318,182
Faysal Bank Limited	Term finance	PKR 4000	2019 - 2022	36 Monthly	4,000,000	4,000,000
Souari Bank Limited	Term finance	PKR 5000	2019 - 2022	36 Monthly	5,000,000	5,000,000
Standard Chartered Bank (Pakistan) Limited	Syndicate Finance	US \$ 150	2017-2021	39 Monthly	13,858,330	16,154,005
Bank of Punjab	Term finance	PKR 2500	2017 - 2022	60 Monthly	2,125,000	2,500,000
Al Baraka Bank Pakistan	Term finance	PKR 2500	2020 - 2022	36 Monthly	2,500,000	2,500,000
Askari Bank Limited	Term finance	PKR 6000	2020 - 2022	36 Monthly	6,000,000	6,000,000
JS Bank	Term finance	PKR 20000	2020-2024	48 Monthly	20,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	5,000,000	-
Faysal Bank Limited	Term finance	PKR 5000	2020-2023	36 Monthly	5,000,000	-
BankIslami Pakistan Limited	Term finance	PKR 11500	2019-2023	48 Monthly	3,649,000	-
Noce Bank	Consortium	USD 120	2019-2021	33 Monthly	14,909,652	-
Credit Suisse	Term finance	USD 115	2019-2021	24 Monthly	14,288,417	-
Long term loan - GoP	Term finance	PKR 8000	2011 - 2020	16 half yearly	8,000,000	8,000,000
Wells Fargo Bank N.A	Loan	USD 140	2011-2016	Variable	13,832,620	15,428,798
					197,499,314	158,985,276
					(49,243,486)	(56,742,358)
					<u>148,255,828</u>	<u>102,242,918</u>

Less : Current maturity shown under current liabilities

9 TRADE AND OTHER PAYABLES

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	Rupees in '000	
Trade creditors		
Goods	22,959,082	19,653,399
Services	11,095,442	9,140,782
Airport related charges	30,453,231	26,755,234
	64,555,018	55,549,415
Other Liabilities		
Accrued liabilities	10,204,446	5,527,493
Advance against transportation (unearned revenue)	5,920,958	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	1,053,378	852,517
Amount due to related party	254,467	161,653
Advances and deposits	280,543	164,736
Earnest money	3,412	3,406
Payable to Holding Company employees' provident fund	10,877,754	10,997,823
Federal excise duty - International travel	11,699,290	9,612,369
Collection on behalf of others	41,754,392	36,586,870
Customs and federal excise duty	2,311,296	2,608,207
Income tax deducted at source	1,584,214	1,282,112
Sales tax payable	5,051	4,867
Bed tax	4,867	1,181
Payable to EOBI/SESSI	-	555
Short-term deposits	1,181	570,781
Others	174,405	902,841
	158,057,059	140,916,123

9.1 This includes total management fee upto September 30, 2018 amounting to Rs. 50.240 million (December 31, 2017: Rs. 225 million) payable to PIA Investments Limited, a subsidiary company.

9.2 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.

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	-----Rupees in '000-----	
10 SHORT-TERM BORROWINGS		
Short-term loans - secured	30,953,883	31,186,329
Running finance under mark-up arrangements	3,898,746	3,172,145
	<u>34,852,629</u>	<u>34,358,474</u>

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

	September 30, 2018 (Un-Audited)	December 31, 2017 (Audited)
	-----Rupees in '000-----	
11 CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Long-term financing	49,243,486	56,742,358
Term finance and sukuk certificates	12,217,352	10,272,000
Liabilities against assets subject to finance lease	1,974,331	4,346,677
	<u>63,435,169</u>	<u>71,361,035</u>

12 CONTINGENCIES AND COMMITMENTS

There has been no material change in the status of contingencies as disclosed in notes 30.1 to the consolidated financial statements for the year ended December 31, 2017.

	Nine months period ended		Quarter ended	
	September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
	-----Rupees'000-----			
13 REVENUE - Net				
Passenger	68,085,175	62,615,863	27,052,349	23,703,517
Cargo	3,373,494	2,884,600	1,362,842	1,100,292
Excess baggage	749,064	525,223	427,255	150,890
Charter	176,881	555,032	131,685	146,391
Engineering services	582,081	407,866	188,298	225,845
Handling and related services	319,371	240,625	107,270	103,057
Mail	192,307	159,541	104,961	48,932
Room, food and beverages sales	8,853,583	8,150,389	3,224,908	3,004,225
Others	3,788,630	2,814,586	1,242,133	777,834
	<u>86,120,586</u>	<u>78,353,725</u>	<u>33,841,701</u>	<u>29,260,982</u>

14 COST OF SERVICES - Others

Salaries, wages and allowances	14,908,923	14,962,840	5,311,992	4,948,242
Welfare and social security costs	1,515,815	1,570,128	413,899	482,176
Retirement benefits	1,579,665	1,555,485	475,754	513,210
Compensated Absences	670,704	623,360	227,524	211,368
Legal and professional charges	28,664	24,321	7,216	9,572
Stores and spares consumed	975,761	677,801	271,905	239,864
Repair, Maintenance and overhaul	8,631,979	6,692,935	3,548,666	2,387,185
Flight equipment rental	8,219,113	8,251,200	3,059,362	2,837,811
Landing and handling	11,595,511	11,414,901	3,684,227	3,782,181
Passenger services	1,980,766	2,154,079	867,841	640,080
Crew layover	2,226,243	2,220,457	562,910	731,352
Staff training	66,779	73,976	24,020	40,440
Food cost	432,648	427,608	156,164	137,709
Utilities	69,259	54,450	24,176	19,450
Communication	3,470,808	2,582,587	1,387,083	794,004
Insurance	1,114,728	711,804	500,462	267,877
Rent, rates and taxes	356,847	531,590	104,507	151,353
Printing and stationery	141,183	66,308	29,568	14,306
Depreciation	3,817,547	5,485	1,404,556	(9,366)
Amortization	2,422	3,879,666	(1,747)	1,357,959
Others	1,192,447	1,476,011	125,992	487,848
	<u>62,997,812</u>	<u>59,956,991</u>	<u>22,186,078</u>	<u>20,044,621</u>

Nine months period ended		Quarter ended	
September 30, 2018	September 30, 2017	September 30, 2018	September 30, 2017
(Un-Audited)			
----- Rupees '000			

15 FINANCE COSTS

Mark-up on:

- Long term financing	9,578,115	6,395,953	3,619,167	2,163,839
- Short term borrowings	1,894,662	1,927,232	583,186	676,911
- Return on term finance certificates	934,716	1,305,665	257,352	402,928
	12,407,493	9,628,850	4,459,705	3,243,678
Profit on sukuk certificates	413,202	399,765	141,575	135,404
Lease Liabilities	244,604	192,166	160,557	65,034
Interest on pension / provident fund	601,633	543,496	148,154	186,645
Discounting Income on deposits	(22,016)	(30,832)	(2,782)	(10,477)
Arrangement, agency and commitment fee	842,455	685,224	466,106	421,625
Amortisation of prepaid exposure fee	82,358	-	82,358	-
Bank charges, guarantee commission and other related charges	300,980	286,241	243,485	245,909
	14,870,709	11,704,910	5,699,158	4,287,820

16 TAXATION

	--- Restated ---	--- Restated ---
Current - for the period	635,814	602,733
	260,672	249,812

16.1 There has been no material change in the status of tax contingencies as disclosed in notes 38.1 to the unconsolidated financial statements for the year ended December 31, 2017.

		Nine months period ended	
		September 30, 2018 (Un-Audited)	September 30, 2017 (Un-Audited)
		----- Rupees in '000	
17	CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES		
	Loss before taxation	(41,990,400)	(29,917,112)
	Adjustments for non cash items:		
	Depreciation	4,271,832	3,978,428
	Gain on disposal of property, plant and equipment	(5,032)	-
	Amortization	64,658	65,481
	Provision for slow moving stores and spares	-	282,670
	Provision for employees' benefits	3,467,611	3,390,657
	Provision for doubtful debts	225,000	350,000
	Finance costs	14,870,709	11,704,910
	Unrealised Exchange Gain / Loss	3,157,213	206,763
	Profit on bank deposits	(16,876)	(9,213)
	Cash generated from operations before working capital changes	(15,955,285)	(9,947,416)
	Working capital changes:		
	Decrease in stores and spare parts	(1,173,177)	(370,449)
	Decrease in trade debts	(1,953,006)	(629,273)
	Decrease / (Increase) in advances	(155,404)	(641,103)
	Increase in trade deposits and prepayments	3,686,509	(752,396)
	Decrease / (Increase) in other receivables	(179,902)	455,815
	Increase in trade and other payables	17,134,406	10,409,236
		17,359,426	8,471,830
	Cash generated from operations after working capital changes	1,404,141	(1,475,586)

18 TRANSACTIONS WITH RELATED PARTIES

The related parties of the 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:

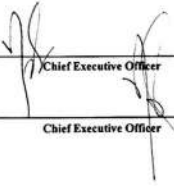
Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Abacus Distribution Systems Pakistan (Private) Limited	92%	Major Shareholder
Post Retirement Benefits	-	Post 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
Aijaz Mazhar	-	Key management personnel
AVM Soban Nazir Syed	-	Key management personnel
AVM Noor Abbas	-	Key management personnel
Mr. Muhammad Shuaib	-	Key management personnel
Kashif Rehman Rana	-	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
Mr. Khalilullah Shaikh	-	Key management personnel
Air Cdre Aamer Altaf	-	Key management personnel

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 and relationship with the Holding	Nature of transactions	Nine months period ended	
		September 30, 2018	September 30, 2017
		(Un-Audited)	(Un-Audited)
— Rupees in '000 —			
Retirement funds	Contribution to provident Fund and other	1,862,803	2,910,851
	Interest on Loan from pension / provident fund	601,633	384,756
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	15,202,890	8,845,166
	Insurance premium	1,229,971	836,735
	Late payment interest	978,487	975,238
	Finance cost charged	3,215,412	3,167,967
	Airport Related Charges	3,219,531	10,613,945
GoP - Major shareholder	Finance cost charged	598,356	595,068
Key management personnel	Salaries, wages and other benefits	95,991	124,286

19 DATE OF AUTHORISATION FOR ISSUE BY THE BOARD OF DIRECTORS.

These consolidated condensed interim financial statements were authorized for issue by the Board of Directors of the Holding Company in their meeting held on 30 December, 2020.



Chief Executive Officer

Chief Executive Officer



Director



Chief Financial Officer



Chief Financial Officer



Company Secretary

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