

Rising & Reviving!



FIRST QUARTERLY REPORT
2 0 2 1



LET'S FLY TOGETHER



CONTENTS

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

CORPORATE PROFILE

As at April 29, 2021

BOARD OF DIRECTORS

Mr Kamran Ali Afzal
Secretary Finance Division

Mr Noor Ahmed
Secretary Economic Affairs

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

**Dr Muhammad Altaf Tahir, Lt Col (R),
Tamgha-e-Imtiaz (Military)**
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
Director-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 of Flight Operations

Mr Khalid-ul-Rehman Barlas
Chief Information Officer

Mr Amer Altaf
Chief Human Resource Officer

Mr Amir Ali
Chief Technical Officer

Mr Amanullah Qureshi
Chief of Training & 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
UAN: 111-786-786
Web: www.piac.com.pk

BOARD COMMITTEES

As at April 29, 2021

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 MARCH 31, 2021

On behalf of the Directors, we are pleased to present the company's review Report. The financial results for the period March 31, 2021 are summarized below:

Profit & Loss Statement	Period Ended March 31 st	
	2021	2020
	(PKR in Millions)	
Revenue	15,503	36,443
Cost of Services		
Fuel & Oil	(4,288)	(12,307)
Others	(14,821)	(23,001)
Gross Profit / (Loss)	(3,606)	1,135
Other Operating Expenses	(2,491)	(3,240)
Other Income	680	939
Loss from Operations	(5,417)	(1,166)
Exchange Gain / (Loss)	4,144	(6,127)
Finance Cost	(6,240)	(9,615)
Loss before Taxation	(7,513)	(16,908)

Due to extremely challenging environment on account of Covid-19, PIA has attained Gross Loss of Rs. 3.6 billion and Operating Loss of Rs. 5.4 billion during the period ended March 31, 2021. It was assumed that after the introduction of vaccine, operations will start to normalize in Feb/March 2021. However, 3rd wave of COVID & strict border closures/quarantine conditions affected PIA's key routes including KSA, Gulf, Malaysia, UK etc.

Outlook for the Global Air Transport Industry: The COVID-19 pandemic delivered the largest shock to air travel and the aviation industry since the Second World War. Previously, the adverse impacts on aviation of the 9-11 terrorist attacks and the 2007-08 global financial crisis were thought dramatic. But neither had an impact that compares with massive decline in global revenue passenger kilometers (RPKs).

Second and third waves of COVID-19 have reversed air travel recoveries in many markets. The slow progress in controlling COVID-19 in most countries has been the principal factor affecting air travel.

International Air Transport Association (IATA) stated in its financial outlook that the financial performance will be worse and more varied in 2021 because of difficulties in controlling the virus variants and slower vaccination in some regions. Weaker start to year for passenger business, due to surge in virus cases and travel restrictions, and vaccination delays has lowered global RPK forecast. Cargo remains a very strong business for airlines in 2021, the strong economy and restocking driving an increase in share of world trade. Costs remain a challenge to airlines trying to stop cash burn in 2021.

The Operating environment for PIA remains very challenging due to COVID-19. PIA has lost its key Umrah season due to restrictions imposed by KSA Government. 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.


Air Marshal Arshad Malik
Chief Executive Officer


Navaid H. Malik
Director

April 29, 2021

This page is intentionally left blank.

UNCONSOLIDATED FINANCIAL STATEMENTS



PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2021

		March 31, 2021	December 31, 2020	March 31, 2021	December 31, 2020
		2021 (Un-Audited)	2020 (Audited)	2021 (Un-Audited)	2020 (Audited)
	Note	-----Rupees in '000-----		-----US\$ in '000-----	
ASSETS					
NON CURRENT ASSETS					
Property, plant and equipment	4	87,130,345	90,629,224	570,379	567,020
Intangibles		306,374	317,264	2,006	1,985
		87,436,719	90,946,488	572,385	569,005
Long-term investments		4,580,748	4,580,748	29,987	28,659
Long-term deposits and prepayments		2,251,657	2,974,491	14,740	18,610
Total non current assets		94,269,124	98,501,727	617,112	616,274
CURRENT ASSETS					
Stores and spares		3,055,626	2,948,964	20,003	18,450
Trade debts	5	9,525,176	9,976,294	62,354	62,416
Advances		3,999,430	3,652,243	26,181	22,850
Trade deposits and short term prepayments		3,222,501	3,300,925	21,095	20,652
Other receivables	6	11,114,737	16,854,091	72,760	105,447
Short-term investments		19,220	19,220	126	120
Cash and bank balances	7	3,598,449	5,739,761	23,557	35,911
Total current assets		34,535,139	42,491,498	226,076	265,846
TOTAL ASSETS		128,804,263	140,993,225	843,188	882,120
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital		52,345,110	52,345,110	342,666	327,496
Reserves		4,443,786	4,443,786	29,090	27,802
Surplus on revaluation of property, plant and equipment- net		11,019,122	11,039,369	72,134	69,068
Accumulated losses		(524,092,769)	(516,595,078)	(3,430,856)	(3,232,064)
Total Shareholders' Equity		(456,284,751)	(448,766,813)	(2,986,966)	(2,807,698)
NON CURRENT LIABILITIES					
Long-term financing	8	242,929,887	214,644,605	1,590,286	1,342,919
Lease liabilities	9	7,713,393	8,316,074	50,494	52,029
Advances from subsidiaries		6,305,998	6,589,987	41,281	41,230
Deferred liabilities		38,097,602	37,956,494	249,395	237,474
Total non-current liabilities		295,046,880	267,507,160	1,931,456	1,673,652
CURRENT LIABILITIES					
Trade and other payables	10	187,905,145	193,602,208	1,230,079	1,211,266
Unclaimed dividend - Preference shares		3,297	3,297	22	21
Accrued interest	11	27,192,537	25,804,384	178,010	161,444
Taxation - net		625,847	655,598	4,098	4,102
Short-term borrowings	12	30,696,080	30,576,613	200,945	191,302
Current maturity of non-current liabilities	13	43,619,228	71,610,778	285,544	448,031
Total current liabilities		290,042,134	322,252,878	1,898,698	2,016,166
		585,089,014	589,760,038	3,830,154	3,689,818
TOTAL EQUITY AND LIABILITIES					
		128,804,263	140,993,225	843,188	882,120

CONTINGENCIES AND COMMITMENTS

18

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

Chief Executive Officer

Chief Financial Officer

Chief Executive Officer

Director

Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

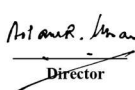
		Three months period ended		Three months period ended	
		March 31, 2021	March 31, 2020 (Restated)	March 31, 2021	March 31, 2020 (Restated)
	Note	(Rupees in '000)		(USD in '000)	
REVENUE - NET	14	15,503,419	36,442,959	99,192	226,608
COST OF SERVICES					
Aircraft fuel	15	(4,287,955)	(12,306,564)	(27,435)	(76,524)
Others		(14,821,765)	(23,000,857)	(94,831)	(143,023)
		(19,109,720)	(35,307,421)	(122,266)	(219,547)
GROSS PROFIT/(LOSS)		(3,606,301)	1,135,538	(23,074)	7,061
Distribution costs		(1,050,372)	(1,445,832)	(6,720)	(8,990)
Administrative expenses		(1,272,392)	(1,548,527)	(8,141)	(9,629)
Other provisions and adjustments		(167,939)	(245,987)	(1,074)	(1,530)
Other income		680,416	938,762	4,353	5,837
		(1,810,287)	(2,301,584)	(11,582)	(14,312)
LOSS FROM OPERATIONS		(5,416,588)	(1,166,046)	(34,656)	(7,251)
Exchange gain / (loss)		4,143,875	(6,126,837)	26,513	(38,098)
LOSS BEFORE INTEREST AND TAXATION		(1,272,713)	(7,292,883)	(8,143)	(45,349)
Finance costs	16	(6,240,198)	(9,615,541)	(39,925)	(59,791)
LOSS BEFORE TAXATION		(7,512,911)	(16,908,424)	(48,068)	(105,140)
Taxation	17	(5,027)	(1,511)	(32)	(9)
LOSS FOR THE PERIOD		(7,517,938)	(16,909,935)	(48,100)	(105,149)
LOSS PER SHARE - BASIC AND DILUTED		-----Rupees-----		-----US\$-----	
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each		(1.44)	(3.23)	(0.01)	(0.02)
'B' class ordinary shares of Rs. 5 each		(0.72)	(1.62)	(0.00)	(0.01)

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


Chief Executive Officer


Chief Financial Officer


Chief Executive Officer


Director


Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Three months period ended		Three months period ended	
	March 31, 2021	March 31, 2020 (Restated)	March 31, 2021	March 31, 2020 (Restated)
	----- Rupees in '000 -----		----- US\$ in '000 -----	
Loss for the period	(7,517,938)	(16,909,935)	(48,100)	(105,149)

Other comprehensive income

Items that will not be reclassified subsequently
to unconsolidated condensed interim statement
of profit or loss

Unrealised gain on re-measurement at FVOCI	-	(2,077)	-	(13)
--	---	---------	---	------

Total comprehensive loss for the period	<u>(7,517,938)</u>	<u>(16,912,012)</u>	<u>(48,100)</u>	<u>(105,162)</u>
---	--------------------	---------------------	-----------------	------------------

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



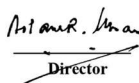
Chief Executive Officer




Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

	Three months period ended		Three months period ended	
	March 31, 2021	March 31, 2020 (Restated)	March 31, 2021	March 31, 2020 (Restated)
Note-----	Rupees in '000-----		US\$ in '000-----	

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	19	500,843	11,847,117	3,204	73,667
Profit on bank deposits received		2,052	26,887	13	167
Finance costs paid		(4,852,047)	(7,892,458)	(31,044)	(49,077)
Taxes paid		(34,778)	(20,813)	(223)	(129)
Staff retirement benefits paid		(850,652)	(140,134)	(5,443)	(871)
Long-term deposits and prepayments - net		722,834	(1,786,010)	4,625	(11,106)
Net cash generated from / (used in) operating activities		(4,511,748)	2,034,589	(28,868)	12,651

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	(39,888)	(269,571)	(255)	(1,676)
Purchase of Intangibles	(2,824)	(6,739)	(18)	(42)
Proceeds from sale of property, plant and equipment	465	-	3	-
Net cash used in investing activities	(42,247)	(276,310)	(270)	(1,718)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term financing	(7,137,898)	(9,889,253)	(45,669)	(61,493)
Proceeds from long-term financing	12,646,102	10,489,299	80,912	65,224
Repayment of term finance certificates	-	(9,070)	-	(56)
Repayment of obligations under finance lease	(3,214,988)	(2,153,448)	(20,570)	(13,390)
Net cash generated from financing activities	2,293,216	(1,562,472)	14,673	(9,715)
(Decrease) / Increase in cash and cash equivalents	(2,260,779)	195,808	(14,465)	1,218

Cash and cash equivalents at the beginning of the period	5,023,148	11,334,503	32,139	70,480
---	-----------	------------	--------	--------

Cash and cash equivalents at the end of the period	2,762,369	11,530,311	17,674	71,698
---	------------------	-------------------	---------------	---------------

Cash and Cash Equivalents

Short-term investments	-	1,203,232	-	7,482
Cash and bank balances	7	3,598,449	10,438,431	23,023
Running finance under mark-up arrangements	12	(836,080)	(5,349)	(692)
		2,762,369	11,530,311	17,674
				71,698

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



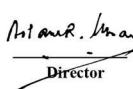
Chief Executive Officer



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

Issued, subscribed, and paid-up share capital	Capital reserves	Unrealised gain on remeasurement of investments	Surplus on Revaluation (Restated)	Sub Total	Revenue reserves	Accumulated losses	Total Reserves
			(Rupees in '000)				
Balance as at December 31, 2019	52,345,110	2,501,038	171,720	20,009,516	1,779,674	(500,065,115)	(423,238,057)
Effect of retrospective application of changes in accounting policy	-	-	-	(10,345,405)	-	17,193,828	6,848,423
Balance as at January 01, 2020 as restated	52,345,110	2,501,038	171,720	9,664,111	1,779,674	(482,871,287)	(416,409,634)
Total comprehensive loss for the three months period ended March 31, 2020:							
Loss for the period	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	(2,077)	-	-	(16,909,935)	(16,909,935)
Surplus on revaluation of property, plant and equipment realised during the quarter ended March 31, 2020 on account of incremental depreciation charged thereon:	-	-	(2,077)	-	-	(16,909,935)	(16,912,012)
Net of Tax	-	-	-	(42,999)	-	42,999	-
Balance as at March 31, 2020	52,345,110	2,501,038	169,643	9,621,112	1,779,674	(499,738,223)	(433,321,647)
Balance as at January 01, 2021	52,345,110	2,501,038	163,074	11,039,369	1,779,674	(516,595,078)	(448,766,813)
Total comprehensive loss for the three months period ended March 31, 2021:							
Loss for the period	-	-	-	-	-	-	-
Other comprehensive loss for the period	-	-	-	-	-	(7,517,938)	(7,517,938)
Total comprehensive loss for the period	-	-	-	-	-	(7,517,938)	(7,517,938)
Surplus on revaluation of property, plant and equipment realised during the quarter ended March 31, 2021 on account of incremental depreciation charged thereon:	-	-	-	(20,247)	-	20,247	-
Net of Tax	-	-	-	-	-	-	-
Balance as at March 31, 2021	52,345,110	2,501,038	163,074	11,019,122	1,779,674	(524,092,769)	(456,384,751)

The annexed notes 1 to 13 form an integral part of this unconsolidated condensed interim financial information.

Chief Executive Officer

Chief Executive Officer

Chief Financial Officer

Chief Financial Officer

Asst. Gen. Mgr.
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE UNCONSOLIDATED CONDENSED
INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

- 1.2** The Business Units of the Company include the following:

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

Numerous regional sales offices and counters are located across the country and overseas the details of which is impracticable to disclose in these unconsolidated financial statements as required under Fourth Schedule to the Companies Act, 2017.

- 1.3** During current period, the Company incurred a net loss of Rs. 7,517.938 million (March 31, 2020: Rs. 16,909.935 million) resulting in accumulated losses of Rs. 524,092.769 million as of March 31, 2021 (December 31, 2020: Rs. 516,595.078 million). Further, as of March 31, 2021, current liabilities of the Company exceeded its current assets by Rs. 255,506.995 million (December 31, 2020: Rs. 279,761.380 million).

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Company has also been impacted by the evolving situation surrounding COVID-19 coupled with suspension imposed by European Union Air Safety Agency (EASA) effective from July 1, 2020. Suspension of operations due to COVID-19 from March 2020 has slowed down the Company's operations. However, the Company is closely monitoring the situation and, to counter the above adverse impacts, the Company has taken several cost cutting measures including rationalization of capacity and greater focus on cargo/charter operations during COVID-19.

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

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

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

1.4 During Last year, the Government formed a committee to evaluate the proposal of Financial Restructuring of the Company, with the aim to make the entity financially sustainable on standalone basis. In this regard, several meetings were held in the year 2020 under the auspices of Honorable Advisor to Prime Minister on Institutional Reforms and Austerity and attended by Secretary Aviation and Secretary Finance amongst other committee members. The recommendations of the committee have been duly reviewed by ECC and recommended for approval of the Federal Cabinet.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Basis of measurement

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

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

2.3 Functional and presentation currency

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

The US \$ amounts reported in the unconsolidated condensed interim statement of financial position, unconsolidated condensed interim statement of profit or loss, unconsolidated condensed interim statement of comprehensive income and unconsolidated condensed interim statement of cash flows are stated as additional information, solely for the convenience of the users of this unconsolidated condensed interim financial information. The US \$ amounts in the unconsolidated condensed interim statement of financial position, have been translated into US \$ at the rate of Rs. 152.7586 = US \$ 1 (December 31, 2020: Rs. 159.8344 = 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. 156.2965 = US \$ 1 (March 31, 2020: Rs. 160.8194 = US \$ 1).

3 SIGNIFICANT ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

- 3.1 There are certain new and amended standards, issued by International Accounting Standards Board (IASB), interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after January 01, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these unconsolidated financial statements.

3.2 Standards / amendments not yet effective

The following amendments to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

	Effective date (annual periods beginning on or after)
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	January 01, 2022
Property, Plant and Equipment: Proceeds before intended use - Amendments to IAS 16	January 01, 2022
Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37	January 01, 2022
Annual Improvement process IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	January 01, 2022
Annual Improvement process IFRS 9 Financial Instruments - Fees in the '10 percent' test for derecognition of financial liabilities	January 01, 2022
Annual Improvement process IAS 41 Agriculture - Taxation in fair value measurements	January 01, 2022
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and	Not yet finalized
Further, following standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.	

Standard	Effective date (annual periods beginning on or after)
IFRS 17 - Insurance Contracts	January 01, 2023

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

- 3.3 These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2020 as they provide an update of previously reported information.

	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	
4 PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets		
- Owned	74,861,842	76,583,735
- Right of use asset	10,132,089	11,891,152
	84,993,931	88,474,887
Capital work-in-progress	2,136,414	2,154,337
	87,130,345	90,629,224

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

	Three months period ended March 31, 2021 (Un-Audited)	March 31, 2020 (Un-Audited)
	-----Rupees in '000-----	
Additions / Transfers		
<i>Owned</i>		
Building	1,268	-
Engineering equipment and tools	8,815	-
Furniture, fixtures and fittings	1,910	787
Equipment	3,095	6,847
Computer and office automation	2,055	1,222
Intangible	26,723	6,740
Capital Spares	16,770	33,018
	60,636	48,614
<i>CWIP</i>		
Additions during the period	14,263	227,693
Transferred to operating assets	(32,187)	-
	(17,924)	227,693
Deletions / Write offs net book value / Adjustments		
<i>Owned</i>		
Aircraft fleet	-	859,699
Computer and office automation	131	-
	131	859,699

	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	
5 TRADE DEBTS		
Considered good		
Due from GoP	3,718,501	4,515,651
Due from other customers	5,806,675	5,460,643
	9,525,176	9,976,294
Considered doubtful		
Government related	337,109	337,109
Other customers	3,785,892	3,868,017
Less: Allowance for expected credit loss	(4,123,001)	(4,205,126)
	-	-
	9,525,176	9,976,294

		March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Note	Rupees in '000	
6 OTHER RECEIVABLES			
Considered good			
- Related party			
Claims receivable		1,021,649	1,161,031
Excise duty		100,000	100,000
Sales tax receivable	6.1	5,197,054	5,187,032
Grant receivable from GoP		2,704,529	8,500,000
- Other than related party			
Lessor		510,759	880,759
Others		1,580,746	1,025,269
		11,114,737	16,854,091
Considered doubtful		337,431	337,431
Less: provision for doubtful other receivables		(337,431)	(337,431)
		11,114,737	16,854,091

- 6.1 This includes sales tax refundable aggregating Rs. 4,745.637 million (December 31, 2020: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the ST Act). The Company had filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit concluded that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services.

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

		March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	Note	Rupees in '000	
7 CASH AND BANK BALANCES			
In hand		11,209	6,658
With banks			
- in current accounts	7.1	2,355,032	4,602,648
- in deposit accounts	7.2 & 7.3	1,232,208	1,130,455
		3,587,240	5,733,103
		3,598,449	5,739,761

- 7.1 This has been adjusted by aggregate amount of Rs.1,385.176 million (2020: Rs. 871.405 million), representing book overdrafts.
- 7.2 These carry interest ranging from 0.1% to 7.5% (2020: 0.1% to 7.5%) per annum
- 7.3 This includes a bank balance of BDT 672.428 million (2020: BDT 673.069 million) equivalent to Rs. 1,211.833 million (2020: Rs. 1,270.452 million) held at National Bank of Pakistan, Dhaka and Habib Bank Limited, Dhaka. The management of the Company is currently facing challenges in remittance of such balance to Pakistan due to compliance / procedural matters. However, the Company holds clean and absolute title of subject bank accounts, being free to make payments / transfers within Bangladesh territory.

		March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
		-----Rupees in '000-----	
8 LONG -TERM FINANCING	Note		
Opening		277,230,558	253,950,790
Financing obtained during the period	8.1	12,646,102	43,819,771
Repayment during the period		(7,203,740)	(23,295,858)
Exchange (gain) / loss		(2,536,323)	2,755,855
		<u>280,136,597</u>	<u>277,230,558</u>
Less: Current maturity		<u>(37,206,710)</u>	<u>(62,585,953)</u>
		<u>242,929,887</u>	<u>214,644,605</u>

8.1

Financier	Type of facility	Facility amount (million)	Repayment period	Number of Installments / Mode	Amount in PKR ----'000----
BoP	Term Finance	PKR 13000	2022-2027	60 Monthly	5,000,000
Albaraka	Term Finance	PKR 2500	2023-2026	36 Monthly	2,500,000
Markup reimbursement from GoP					<u>5,146,102</u>
Total					<u>12,646,102</u>

		March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
		-----Rupees in '000-----	
9 LEASE LIABILITIES			
Present value of minimum lease payments:			
- Aircraft fleet including engines		13,118,662	16,202,025
- Buildings		936,481	1,054,940
		<u>14,055,143</u>	<u>17,256,965</u>
Technical ground equipment		70,768	83,934
		<u>14,125,911</u>	<u>17,340,899</u>
Less: Current maturity of lease liabilities		<u>(6,412,518)</u>	<u>(9,024,825)</u>
		<u>7,713,393</u>	<u>8,316,074</u>

10 TRADE AND OTHER PAYABLES	Note		
Trade creditors			
Goods		24,253,808	23,013,305
Services		14,505,970	16,366,460
Airport related charges		<u>42,599,521</u>	<u>42,114,934</u>
		<u>81,359,299</u>	<u>81,494,699</u>
Others			
Accrued liabilities	10.1	13,106,133	13,912,905
Employees VSS obligations		1,103,685	6,445,294
Advance against transportation (unearned revenue)		6,279,214	6,224,862
Obligation for compensated absences		5,426,932	5,361,085
Unredeemed frequent flyer liabilities		545,374	545,374
Advances from customers		2,008,911	1,646,925
Payable to employees' provident fund	10.2	6,260,431	7,816,384
Collection on behalf of others		55,777,126	54,812,515
Customs, Federal excise duty and Sales tax		2,702,028	2,424,312
Federal excise duty - International travel		10,879,323	10,718,453
Income tax deducted at source		1,868,928	1,492,558
Short-term deposits		<u>587,761</u>	<u>706,842</u>
		<u>187,905,145</u>	<u>193,602,208</u>

- 10.1 These include management fee amounting to Rs. 177.468 million (December 31, 2020: Rs. 173.989 million) payable to PIA Investments Limited, a subsidiary company.
- 10.2 This represents amount deducted from employees on account of contribution to Provident Fund, the Company's own contribution and deductions from employees on account of loan recoveries on behalf of Provident Fund which is payable to Pakistan International Airlines Corporation Provident Fund (PF), which could not be paid to PF within 15 days as required by Section 218 of Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR.

	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	

11 ACCRUED INTEREST

Mark-up / profit payable on:

- Long-term financing	10,677,764	10,339,395
- Mark-up reimbursement loan from GoP	6,524,549	5,601,238
- Short-term borrowings	642,627	663,843
- Provident fund	8,083,527	7,905,865
- Advance from a subsidiary	1,264,070	1,294,043
	<u>27,192,537</u>	<u>25,804,384</u>

	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	

12 SHORT-TERM BORROWINGS

Short-term loans - secured	29,860,000	29,860,000
Running finance under mark-up arrangements	836,080	716,613
	<u>30,696,080</u>	<u>30,576,613</u>

	March 31, 2021 (Un-Audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	

13 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Long-term financing	37,206,710	62,585,953
Lease Liabilities	6,412,518	9,024,825
	<u>43,619,228</u>	<u>71,610,778</u>

		Three months period ended	
		March 31, 2021	March 31, 2020
		(Un-Audited)	(Un-Audited)
		----- Rupees in '000 -----	
14	REVENUE - NET		
	Passenger	12,643,356	32,362,655
	Cargo	805,173	1,050,111
	Excess baggage	332,971	180,053
	Charter services	733,963	805,362
	Engineering services	116,832	281,872
	Handling and related services	56,068	72,458
	Mail	17,557	37,982
	Others	797,499	1,652,466
		<u>15,503,419</u>	<u>36,442,959</u>

		Three months period ended	
		March 31, 2021	March 31, 2020
		(Un-Audited)	(Un-Audited)
		(Restated)	
15	COST OF SERVICES - OTHERS		
	Salaries, wages and allowances	2,418,920	3,575,513
	Welfare and social security costs	459,040	426,943
	Retirement benefits	580,167	735,521
	Compensated absences	50,541	50,311
	Legal and professional charges	9,393	6,058
	Stores and spares consumed	304,129	519,905
	Maintenance and overhaul	1,792,910	4,070,143
	Flight equipment rental	326,304	428,899
	Aircraft Charter	628,469	-
	Landing and handling	1,970,431	5,783,676
	Passenger services	265,268	995,651
	Crew layover	258,601	580,654
	Utilities	6,711	7,550
	Communication	322,464	651,138
	Insurance	1,670,039	776,568
	Rent, rates and taxes	137,652	185,148
	Printing and stationery	18,361	46,767
	Depreciation	3,507,590	3,960,306
	Amortisation of intangibles	3,009	2,706
	Others	91,766	197,400
		<u>14,821,765</u>	<u>23,000,857</u>

		Three months period ended	
		March 31,	March 31,
		2021	2020
		(Un-Audited)	(Un-Audited)
		----- Rupees in '000 -----	
16	FINANCE COSTS		
	Mark-up on:		
	- long-term financing	4,141,106	6,267,717
	- markup received as loan from GoP	923,311	1,016,758
	- term finance certificates	-	175,077
	- short-term borrowings	676,483	1,147,054
	- advance from a subsidiary	30,348	54,178
		<u>5,771,248</u>	<u>8,660,784</u>
	Profit on sukuk certificates	-	73,561
	Lease Liabilities	255,633	396,999
	Interest on provident fund	177,663	317,944
	Arrangement, agency and commitment fee	24,759	121,193
	Amortisation of prepaid exposure fee	-	5,658
	Bank charges, guarantee commission and other related charges	10,895	39,401
		<u>6,240,198</u>	<u>9,615,541</u>
17	TAXATION		
	Current	<u>5,027</u>	<u>1,511</u>

18 CONTINGENCIES AND COMMITMENTS

18.1 Contingencies

There has been no material change in the status of contingencies as disclosed in note 31 to the unconsolidated financial statements for the year ended December 31, 2020.

Three months period ended
March 31, March 31,
2021 2020
(Un-Audited) (Un-Audited)
(Restated)

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

19 CASH GENERATED FROM OPERATIONS

Loss before tax	(7,512,911)	(16,908,424)
Adjustments for:		
Depreciation	3,513,793	3,968,299
Loss / (gain) on disposal / write-off of property, plant and equipment	(334)	(821,844)
Amortization of intangibles	37,612	33,829
Provision for employees' benefits	1,064,622	1,328,985
Provision for doubtful debts	37,521	41,000
Finance costs	6,240,198	9,615,541
Unrealised exchange (gain) / loss	(2,886,153)	6,506,667
Profit on bank deposits	(2,052)	(26,887)
	<u>492,296</u>	<u>3,737,167</u>
Working capital changes :		
(Increase) in stores and spares	(106,663)	(184,516)
Decrease in trade debts	413,597	5,807,510
(Increase) in advances	(347,188)	(726,876)
Decrease / (Increase) in trade deposits and prepayments	78,424	(644,555)
Decrease / (Increase) in other receivables	5,739,354	(1,003,552)
Increase / (Decrease) in trade and other payables	(5,768,977)	4,861,939
	<u>8,547</u>	<u>8,109,950</u>
Cash generated from operations	<u>500,843</u>	<u>11,847,117</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 PIAL	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limi	70%	Subsidiary
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities	-	
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities

Name of Related Parties	Direct Shareholding	Relationship
Air Cdre Aamer Altaf	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Arshad Akram Khan	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
AVM Irfan Zaheer	-	Key management personnel
Air Cdre Jawad Zafar Chaudhry	-	Key management personnel
Air Cdre Jibran Saleem Butt	-	Key management personnel
Air Cdre Khalid Ur Rehman	-	Key management personnel
Khalilullah Shaikh	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Muhammad Shuaib	-	Key management personnel
Air Cdre Shahid Qadir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel

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

Name of Related Parties and relationship with the Company		March 31, 2021 (Un-Audited)	March 31, 2020 (Un-Audited)
Rupees in '000-----			
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit	9,065	74,086
	Services hired	55,937	121,044
PIA Investments Limited - Subsidiary	Management Fee expense	177,468	162,419
	Finance cost on advance	30,348	54,178
Minhal France S.A -Subsidiary	Management Fee income	183,089	170,819
Retirement funds	Contribution to provident Fund and oth	367,610	594,359
	Interest on Loan from pension /	177,663	317,944
Profit oriented state-controlled entities - common ownership	Purchase of Fuel	2,478,517	7,265,784
	Insurance premium	240,968	780,351
	Late payment interest	213,223	305,000
	Airport Related charges	1,702,923	1,506,622
GoP - Major shareholder	Finance cost	1,120,571	1,215,665
National Bank of Pakistan (NBP)	Finance cost	877,509	1,507,028
Key management personnel	Salaries, wages and other benefits	32,245	45,590

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

21 FINANCIAL RISK MANAGEMENT AND FAIR VALUE DISCLOSURES

21.1 Financial risk factors

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

This unconsolidated condensed interim financial information does not include all financial risk management information and disclosures which are required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at December 31, 2020. There have been no changes in any risk management policies since the year end.

21.2 Fair value estimation

As at March 31, 2021, all the Company's assets and liabilities are carried at cost except for those mentioned below:

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

22 IMPACT OF COVID-19

The outbreak of COVID-19 resulted in a challenging operational environment for all businesses around the globe. Airline industry is one of the worst hit sectors as lockdowns and virtual closure of borders with strict quarantine conditions still affecting air travel significantly. The Company is also no exception in this scenario and facing challenges due to dip in revenues.

Even though the Company's performance was well ahead of budget in the first two months of the year 2020, but from March 2020, the pandemic slowed down Company's progress. Many routes remained closed fully/partially for several months in 2020 and the Company missed its key Umrah and Hajj targets. In the first quarter 2021, the crisis remained more challenging as many countries imposed full / partial travel restrictions and strict quarantine conditions due to COVID-19.

As compared to budget, financial impacts resulting from the COVID-19, including the mitigating factors have been described as follows:

- The Company's core passenger and cargo revenue (including excess baggage, handling and related services) reduced by 38.0% due to lower passenger capacity and traffic. However, during first quarter ended March 31, 2021, charter revenue of the Company increased by 36.3% due to special charter flights operated by the Company.
- Aircraft fuel remained single largest element of total cost at 19.9%, and, during the period, fuel cost decreased by 41.5% mainly due to lower fuel uplift on account of less number of flights. Further, direct expenses related to handling and passenger services also decreased by 49.6%.

23 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial information were authorised for issue by the Board of Directors in their meeting held on 29th April, 2021.



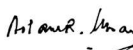
Chief Executive Officer



Chief Financial Officer



Chief Executive Officer



Director



Chief Financial Officer

Serving you the
WORLD!





Company Secretary

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