

FORM - 5

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

CS/PSX/PUCARS/AR-21/22

May 06, 2022

**TRANSMISSION OF ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2021**

Dear Sir,

1. We have to inform you that the Annual Report of Pakistan International Airlines Corporation Limited (PIACL) for the year ended December 31, 2021 have 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,


Dr Muhammad Altaf Tahir
Company Secretary



Pursuing the National Vision

ANNUAL REPORT 2021

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VISION

PIA's vision is to be a world class profitable airline meeting customer expectations through excellent services, on-time performance, innovative products and absolute safety.

MISSION

Employee teams will contribute towards making PIA a global airline of choice through:

- Offering quality customer services and innovative products
- Using state-of-the-art technologies
- Ensuring cost-effective measures in procurement and operations
- Developing Safety Culture

NOW FLY TO **DUBAI**



Every **Thursday & Saturday** from **Karachi**



PAKISTAN
International Airlines
Great People to Fly With

Travel to your dream

destination **Baku**

From **Karachi** Every Wednesday

Flights starting from
16th March 2022

Non-Stop Convenience!

PAKISTAN INTERNATIONAL AIRLINES
Great People to Fly With

CORE VALUES

Customer Expectations

(Convenience, Care, Affordability)

Service

(Personalized, Courteous, Passionate)

Innovation

(New Ideas, Products, Value Added Services)

Cohesiveness

(Respect for Individuals, Teamwork, and Effective Communication)

Integrity

(Business Ethics, Accountability, and Transparency)

Reliability

(Loyalty and Consistency)

Safety

(Passengers, Employees, Environment)

Social Responsibility

(Welfare, Health, Education)

NOTICE OF SIXTH ANNUAL GENERAL MEETING

Notice is hereby given that Sixth Annual General Meeting of the Shareholders of Pakistan International Airlines Corporation Limited (PIACL) will be held at 10:00 A.M. on Saturday, May 28, 2022 at Airport Hotel, Star Avenue, Near PIA Head Office, Karachi and through Video Conferencing to transact the following business:

1. To receive and adopt the Audited Accounts for the year ended December 31, 2021 together with the Auditors' and Directors' Reports.
2. To appoint External Auditors for FY 2022 and fix their remuneration.
3. Review and Approval of Directors Remuneration.
4. To transact any other business with the permission of the Chair.

By order of the Board

Karachi
May 6, 2022

Dr Muhammad Altaf Tahir
Company Secretary

NOTES:

1. The Shareholders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to Shares Registrar / Transfer Agent, are once again reminded to send the same at the earliest directly to CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi. The Corporate Entities are requested to provide their National Tax Number (NTN). Please mention Folio Number / CDC Account Number with the copy of CNIC / NTN details. Reference is also made to the SECP Notification which mandate that the dividend warrants should bear CNIC number of registered Shareholder or authorized person, except in case of minor(s) and Corporate Shareholders.
2. Share Transfer Books will be closed from Friday, May 20, 2022 to Saturday, May 28, 2022 (both days inclusive) when no transfer of shares will be accepted for registration. Transfers in good order, received at the office of PIACL's Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi up to 05:00 P.M. on Thursday, May 19, 2022, will be treated in time for the purpose of exercising the right to vote.
3. Shareholder may appoint another Shareholder as proxy to attend and vote in respect of him/her. Duly completed Instrument of proxy must be lodged with the Company Secretary at the Registered Office PIA Building, Jinnah International Airport, Karachi-75200, Pakistan, through courier or through email on the address secretary@piac.aero at least forty-eight (48) hours before the time of the meeting.
4. In pursuance of Section 242 of Companies Act, 2017, all Shareholders are notified that details of bank accounts for transmission of any dividend should be registered with our Share Registrar / Transfer Agent, CDC Share Registrar Services Limited (CDCSR). Subsequently no dividend payment through other means, except electronic mode directly into bank account designated by the Shareholders, shall be made.
5. Any change of address of Shareholders should be immediately notified to the Share Registrar / Transfer Agent viz CDC Share Registrar Services Limited (CDCSR), CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahrah-e-Faisal, Karachi.

CDC Account Holders will further have to follow the under-mentioned guidelines as laid down by the SECP.

Participation of Shareholders through Electronic means:

6. In wake of the prevalent COVID-19 pandemic situation and resultant restriction on public gathering imposed by Government and in light of the relevant guidelines issued by Securities & Exchange Commission of Pakistan (SECP) and Pakistan Stock Exchange Limited, the Shareholders are encouraged to participate in the General Meeting through electronic facility organized by PIACL.
7. In order to attend the AGM through electronic facility, the Shareholders are requested to get themselves registered with the Company Secretary at least 24 hours before the time of AGM at secretary@piac.aero
8. The shareholders are required to provide the information as per below format:

Folio / CDC A/c #	Company	Name of Shareholder	CNIC #	Cell #	Email address
	Pakistan International Airlines Corporation Limited				

9. The details of the electronic facility will be sent to the Shareholders on the email address provided by them.
10. The login facility will be opened at 09:30 a.m. on May 28, 2022 enabling the participants to join the proceedings which will start at 10:00 a.m. sharp.

Conversion of Physical Shares into Book Entry Form:

11. Section 72 (2) of the Companies Act, 2017 provides that every existing company shall be required to replace its physical shares with book-entry form within four (04) years from the date of the promulgation of the Act. Further, vide its letter dated March 26, 2021, Securities and Exchange Commission of Pakistan (SECP) has directed Listed Companies to pursue their such Shareholders who are still holding shares in physical form to convert the same into book entry form. In order to ensure compliance with the aforementioned provisions, all shareholders having physical shareholding are encouraged to open a CDC sub-account with any of the brokers or an Investor Account directly with CDC to place their physical shares into scrip-less form. This will facilitate them in many ways, including safe custody and sale of shares, any time they want.

For Attending the Meeting through Proxies:

12. In case of individual, the account holder or sub-account holder, whose registration details already uploaded as per the Regulations, shall submit the proxy form accordingly.
13. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
14. Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
15. The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
16. In case of corporate entity, the Board of Directors' Resolution/power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted along with proxy form to the Company.



نوٹس برائے چھٹا سالانہ اجلاس عام

مطلع کیا جاتا ہے کہ پاکستان انٹرنیشنل ایئر ونگز کارپوریشن لمیٹڈ (پی آئی اے سی ایل) کے شیئر ہولڈرز کا چھٹا سالانہ اجلاس عام مورخہ 28 مئی 2022 بروز بدھ صبح (10:00 بجے) برقی طور پر منعقد ہوگا۔ اس اجلاس میں شرکت کے لیے درخواستیں جمع کروانی چاہئے۔

- 1۔ 31 دسمبر 2021 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالی گوشواروں مع ذرا یکمزد اور آڈٹرز رپورٹ کی وصولی اور منظوری۔
- 2۔ مالی سال 2022 کے لیے حوالیہ ڈیٹر کا قمر اور ان کے مطابق سے کاغذات۔
- 3۔ ڈائریکٹرز کے مطابق سے کاغذات اور منظوری۔
- 4۔ چیئرمین کی منظوری سے دیگر امور کی انجام دہی۔

بھم کور

ڈائریکٹر مالیات

کینیڈا کیٹری

گزارشات

- 1۔ ایسے تمام شیئر ہولڈرز جنہوں نے تاحال اپنے درست نمبرز اور آڈیو کی شناختی کارڈ (CNIC) کی فوٹو کاپی شیئر رجسٹر میں اپنا رجسٹرڈ ایڈریس فراہم نہیں کر دیا ہے انہیں ایک مرتبہ پھر یاد دہانی کروائی جاتی ہے کہ جلد از جلد اسے براہ راست CDC شیئر رجسٹر میں درج کروائیں۔ CDC (CDSCR) پاس، B-99، بلاک SMCHS-B میں شاہرہ لکھنوی، کراچی پر سال کریں۔ کارپوریشن کے رجسٹر میں درخواست کی جاتی ہے کہ وہ اپنا پتہ (NTN) فراہم کریں۔ براہ کرم CNIC/NTN تفصیلات کی کاپی کے ساتھ فوٹو کاپی آڈیو کی شناختی کارڈ فراہم کریں۔ انہیں ایس ای سی پی فوٹو کاپی، جس کے احکامات کے تحت اسے فراہم کیا گیا ہے اور کارپوریشن کے شیئر ہولڈرز ہونے کی صورت میں ڈیوٹیڈ وارنٹس میں رجسٹرڈ شیئر ہولڈرز ہونے کا پتہ فراہم کرنا ضروری ہے۔
- 2۔ منشی صمد علی کتب بروز جمعہ مورخہ 20 مئی، 2022 تا مورخہ بدھ مورخہ 28 مئی، 2022 (شمول دو دن ایام) تک بند رہے گی، اس دوران رجسٹریشن کے لیے مخصوص کی گئی ہوئی ایس ای سی پی فوٹو کاپی کی شناختی کارڈ (سی ڈی ایس آر) کی ڈی پی پاس 99- پی پاس ایس ای سی پی فوٹو کاپی میں شاہرہ لکھنوی، کراچی پر سال کریں۔ کارپوریشن کے رجسٹر میں درخواست کی جاتی ہے کہ وہ اپنا پتہ (NTN) فراہم کریں۔ براہ کرم CNIC/NTN تفصیلات کی کاپی کے ساتھ فوٹو کاپی آڈیو کی شناختی کارڈ فراہم کریں۔ انہیں ایس ای سی پی فوٹو کاپی، جس کے احکامات کے تحت اسے فراہم کیا گیا ہے اور کارپوریشن کے شیئر ہولڈرز ہونے کی صورت میں ڈیوٹیڈ وارنٹس میں رجسٹرڈ شیئر ہولڈرز ہونے کا پتہ فراہم کرنا ضروری ہے۔
- 3۔ اجلاس میں شرکت اور رائے دہی کے اہل ممبران کی جانب سے شرکت کرنے اور رائے دہی کیلئے دوسرے ممبران کی مقرر کردہ جگہ پر پارکسنگ سہولت فراہم کی جائے گی۔ پارکسنگ سہولت فراہم ہونے کے لیے درست طور پر پارکسنگ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کینیڈا کیٹری کے پاس رجسٹرڈ آفس پی آئی اے سی ایل سے ہنگامہ، جیٹا انٹرنیشنل ایئر پورٹ، کراچی، پاکستان، بذریعہ کوریئر یا ڈی ایم سیل secretary@piac.aero فراہم کرنا ضروری ہے۔
- 4۔ کینیڈا کیٹری 2017 کے سیکشن 242 کی قیادت میں تمام شیئر ہولڈرز کو مطلع کیا جاتا ہے کہ کسی بھی ڈیوٹیڈ وارنٹس کے لیے ایک ایس ای سی پی فوٹو کاپی کی شناختی کارڈ (سی ڈی ایس آر) کی ڈی پی پاس 99- پی پاس ایس ای سی پی فوٹو کاپی، جس کے احکامات کے تحت اسے فراہم کیا گیا ہے اور کارپوریشن کے شیئر ہولڈرز ہونے کی صورت میں ڈیوٹیڈ وارنٹس میں رجسٹرڈ شیئر ہولڈرز ہونے کا پتہ فراہم کرنا ضروری ہے۔
- 5۔ شیئر ہولڈرز کے رائے دہی کے لیے کسی بھی تہہ کی اطلاع فوری طور پر شیئر رجسٹر میں اپنا رجسٹرڈ ایڈریس فراہم کرنا ضروری ہے۔ ایس ای سی پی فوٹو کاپی، جس کے احکامات کے تحت اسے فراہم کیا گیا ہے اور کارپوریشن کے شیئر ہولڈرز ہونے کی صورت میں ڈیوٹیڈ وارنٹس میں رجسٹرڈ شیئر ہولڈرز ہونے کا پتہ فراہم کرنا ضروری ہے۔
- 6۔ COVID-19 کی وبا کی وجہ سے عالمی سطح پر پابندی کے تاثر میں تیز رفتاری سے پھیلتے ہوئے آف پاکستان (SEC) اور پاکستان اسٹاک ایکسچینج لمیٹڈ کی طرف سے جاری کردہ متعلقہ رہنما خطوط کی روشنی میں، مورخہ شیئر ہولڈرز کو PIAC کے ذریعے سے فراہم شدہ سہولت کے ذریعے سے فراہم شدہ سہولت کی ضرورت ہے۔
- 7۔ ایئر لائن سہولت کے ذریعے سے تمام شیئر ہولڈرز کو PIAC کے ذریعے سے فراہم شدہ سہولت کے ذریعے سے فراہم شدہ سہولت کی ضرورت ہے۔
- 8۔ شیئر ہولڈرز کو رجسٹرڈ آفس کے مطابق معلومات فراہم کرنے کی ضرورت ہے۔

فوبی ای ڈی کاؤنٹ نمبر	کینیڈا کیٹری	شیئر ہولڈرز کا نام	CNIC	موبائل نمبر	ای میل ایڈریس
	پاکستان انٹرنیشنل ایئر ونگز کارپوریشن لمیٹڈ				

- 9۔ ایئر لائن سہولت کی تفصیلات سے شیئر ہولڈرز کو ان کے فراہم کردہ ای میل ایڈریس پر سال کریں۔
- 10۔ آف ان کی سہولت مورخہ 28 مئی، 2022 کو صبح 09:30 بجے دستیاب ہوگی جس سے شرکت کارپوریشن میں شامل ہونے والے تمام شیئر ہولڈرز کو مطلع کیا جائے گا۔
- 11۔ کینیڈا کیٹری 2017 کے سیکشن 242 کے تحت ہر مورخہ کینیڈا کیٹری کے آڈیو کی شناختی کارڈ (سی ڈی ایس آر) کی ڈی پی پاس 99- پی پاس ایس ای سی پی فوٹو کاپی، جس کے احکامات کے تحت اسے فراہم کیا گیا ہے اور کارپوریشن کے شیئر ہولڈرز ہونے کی صورت میں ڈیوٹیڈ وارنٹس میں رجسٹرڈ شیئر ہولڈرز ہونے کا پتہ فراہم کرنا ضروری ہے۔
- 12۔ افراد کے مطابق سے کاغذات اور رائے دہی کے اہل ممبران کی جانب سے شرکت کرنے اور رائے دہی کیلئے دوسرے ممبران کی مقرر کردہ جگہ پر پارکسنگ سہولت فراہم کی جائے گی۔ پارکسنگ سہولت فراہم ہونے کے لیے درست طور پر پارکسنگ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کینیڈا کیٹری کے پاس رجسٹرڈ آفس پی آئی اے سی ایل سے ہنگامہ، جیٹا انٹرنیشنل ایئر پورٹ، کراچی، پاکستان، بذریعہ کوریئر یا ڈی ایم سیل secretary@piac.aero فراہم کرنا ضروری ہے۔
- 13۔ پارکسنگ سہولت فراہم ہونے کے لیے درست طور پر پارکسنگ اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل کینیڈا کیٹری کے پاس رجسٹرڈ آفس پی آئی اے سی ایل سے ہنگامہ، جیٹا انٹرنیشنل ایئر پورٹ، کراچی، پاکستان، بذریعہ کوریئر یا ڈی ایم سیل secretary@piac.aero فراہم کرنا ضروری ہے۔
- 14۔ CNIC کی تصدیق شدہ کاپیوں کے ساتھ فوٹو کاپی آڈیو کی شناختی کارڈ فراہم کرنا ضروری ہے۔
- 15۔ پارکسنگ سہولت کے ذریعے سے تمام شیئر ہولڈرز کو PIAC کے ذریعے سے فراہم شدہ سہولت کے ذریعے سے فراہم شدہ سہولت کی ضرورت ہے۔
- 16۔ کارپوریشن کے مطابق سے تمام شیئر ہولڈرز کو PIAC کے ذریعے سے فراہم شدہ سہولت کے ذریعے سے فراہم شدہ سہولت کی ضرورت ہے۔

CORPORATE PROFILE

as at April 22, 2022

BOARD OF DIRECTORS

Mr Aslam R Khan
Chairman-PIACL

Mr Shoukat Ali
Secretary Aviation Division

Mr Aatif Aslam Bajwa

Mr Zahid F Ebrahim

Syed Muhammad Ali Gardezi

Mian Asad Hayatuddin
Secretary Economic Affairs Division

Air Marshal Arshad Malik (Retd)
Chief Executive Officer

Mr Navaid H Malik

Mr Hamed Yaqoob Sheikh
Secretary Finance Division

Dr Muhammad Altaf Tahir
Company Secretary

Sheikh Bilal Shams
Chief Internal Auditor

EXECUTIVE MANAGEMENT

Air Marshal Arshad Malik (Retd)
Chief Executive Officer

AVM Irfan Zaheer
Director Precision Engineering Complex

AVM Muhammad Amir Hayat
Advisor to CEO

Mr Jawad Zafar Chaudhary
Chief Operating Officer & CCDO

Mr Ali Tahir Qasim
Chief Commercial Officer

Mr Amos Nadeem
Chief Financial Officer

Capt. Asif Gilani
Chief of Flight Operations

Mr Asad Husnain Bukhari
Acting Chief Information Officer

Mr Amer Altaf
Chief Human Resource Officer

Mr Amir Ali
Chief Technical Officer

Mr Amanullah Qureshi
Chief of Training & Development

OTHER CORPORATE INFORMATION

EXTERNAL AUDITORS

Messrs Grant Thornton & Co
Chartered Accountants

Messrs BDO Ebrahim & CO
Chartered Accountants

SHARES 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
City Bank N.A.
Emirates NBD
Faysal Bank Limited
Habib Bank UK
Habib Bank Limited
JS Bank
Mashreq Bank, Dubai
Soneir Bank Limited
National Bank of Pakistan
Standard Chartered Bank Limited

REGISTERED OFFICE

PIA Building Jinnah International Airport
Karachi-75200 Pakistan
Tel: 0092-21-99040000
UAN: 111-786-786
Web: www.piac.com.pk



08

ANNUAL REPORT 2021



PAKISTAN
International Airlines
Grand Princess to PIA 1946

BOARD OF DIRECTORS



Mr Aslam R Khan
Chairman-PIACL

Mr Aslam R Khan is a nominated Director on PIACL Board since October 20, 2020. He is a corporate aviation veteran with over three decades of multi-faceted airline experience. He started his career with Lufthansa and then moved to PIACL. In the National Carrier, he held senior positions both in Pakistan and abroad. He held the important positions of Managing Director of PIA and Chairman PIACL Board. He was also the Managing Director of PIA Investments Limited for fourteen years, with the achievement of 700 million dollars successful turnaround of the Roosevelt Hotel in New York City, transforming it into a highly profitable asset.

A keen sportsman and an avid Golfer, he was the President of the Sindh Golf Association and Vice President of the Pakistan Golf Federation. Mr Aslam R. Khan is also the recipient of the Italian civil award "CAVALIERE".



Mr Shoukat Ali
Secretary Aviation Division

Mr Shoukat Ali Secretary Aviation Division is a nominated Director on PIACL Board since December 04, 2020. Mr Shoukat Ali is an Officer of Pakistan Administrative Service (PSA). He joined service in 1991 and has served in different positions in the provinces of Punjab, KPK and Baluchistan.

He has served in District Administrations in the provinces, in different capacities as DC, DCO and Commissioner. He has also remained Provincial Secretary in Home, Transport, Finance etc. Before joining his current assignment he was Additional Chief Secretary, S&GAD in Punjab.

BOARD OF DIRECTORS



Mr Atif Aslam Bajwa

Mr Atif Aslam Bajwa is a nominated Director since October 20, 2020. Mr Bajwa is currently Chief Executive Officer of Bank Alfalah. Mr Bajwa received his education at Columbia University, New York. He has an extensive international career spanning 38 years of executive leadership role in banking and of multiple Board and public interest positions. Having started his professional journey by joining Citibank in 1982, he has since held numerous senior positions in large local and multiple national banks, which include President/CEO of Bank Alfalah, ABN AMRO Bank, MCB Bank Limited and Soneri Bank Limited, Regional Head for City group for Central and Eastern Europe, Head of Consumer Banking for ABN AMRO's Asia Pacific region and Country Manager for ABN AMRO Pakistan.

Mr Bajwa has been active in business, social and public interest areas and has led key advocacy institutions to impact economic and social sectors. In this regard, he has served as Chairman of Pakistan Business Council (PBC) and the President of Overseas Investors Chamber of Commerce and Industry (OICC). He has served as Director of various private and public sector companies. Mr Bajwa also serves on the Board of PIA Investments Limited. He is Chairman Board Audit Committee (BAC).



Syed Muhammad Ali Gardezi

Syed Muhammad Ali Gardezi is a nominated Director since October 20, 2020. He is retired from Pakistan Army as Captain, and also from Pakistan Administrative Services as Federal Secretary in 2016. He served in three provinces namely Sindh, Baluchistan and Punjab apart from serving abroad as Commercial Secretary in Embassy of Pakistan Budapest. He served for ten years in Sindh with his last appointment being Deputy Commissioner Shikarpur. In Punjab, he remained on various appointments including MD Punjab Small Industries, Secretary Labour and Commissioner Multan. In Baluchistan, he remained as Commissioner Sibi Division and Principal Secretary to Governor Baluchistan. While serving in Federal Government, he remained Secretary of three ministries namely Climate Change, Aviation Division and IPC. He also remained Chairman of National Highway Authority, PIA, Civil Aviation Board and PIA-IL. He did several training courses within the country and abroad including Human Resource Development in the USA and Executive Leadership Development Program at Harvard University USA. He is a member of the Board Procurement Committee (BPC).

BOARD OF DIRECTORS



Mian Asad Hayatuddin
Secretary Economic Affairs Division

Mian Asad Hayatuddin is a nominated Director on PIACL Board since September 09, 2021. Mr Asad Hayatuddin is a Senior officer of Pakistan Administrative Services and is presently serving as Secretary, Ministry of Economic Affairs (Economic Affairs Division), Government of Pakistan, Islamabad.

During his career, Mr. Hayatuddin has served in various positions at the Federal as well as Provincial Governments. He has also served as Deputy Secretary (Economic & Finance-II) Economic & Finance Wing, Prime Minister's Office, Deputy Secretary (Coordination) Establishment Division, Press Attaché, Embassy of Pakistan, Washington DC, Director (Administration), Office of the Commissioner Islamabad Capital Territory Administration Deputy Secretary, WTO Wing, Ministry of Commerce, Joint Secretary foreign & WTO, Ministry of Commerce, Additional Secretary (S&I) Administration, Development & Policy and foreign trade, Ministry of Commerce and Additional Secretary (In-charge) Establishment Division, Additional Secretary (In-charge), Industries and Production, Additional Secretary (In-charge and Secretary Ministry of Energy / Petroleum Division).

Mr Hayatuddin's Academic achievements include a PhD From the Fletcher School of Law and Diplomacy, Tufts University, Medford, Massachusetts (USA), Master of Arts in Law and Diplomacy (M.A.L.D) and Master of Philosophy in International Relations and Master of Arts in International Relations from Quaid-i-Azam University Islamabad. He has also traveled abroad extensively in the Middle East (Egypt, Jordan, Syria, Tunisia, and Turkey), Europe (UK, Austria, France, Holland, Switzerland and Russia), Central Asia and the Caucasus (Azerbaijan, Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan and Uzbekistan) and the Far East (Singapore, Malaysia, Laos, Thailand, Indonesia and China) in connection with official business/work assignments.

Mr. Hayatuddin has served on the Board of Directors of SCIC, PRCL, NIGL, PARCO, OGDCL, PPL, MPLC, HDIP and Exim Bank. He is currently on the Board of Directors of Pakistan International Airlines Corporation Ltd (PIACL), Pak-China Investment Company Ltd, National Disaster Risk Management Fund (NDRMF), Benazir Income Support Program, National Rural Support Program & International Islamic Trade Finance Cooperation (ITFC).

BOARD OF DIRECTORS



Mr Hamed Yaqoob Sheikh
Secretary Finance Division

Mr Hamed Yaqoob Sheikh, Additional Secretary (Incharge,) Finance Division, is a nominated Director on PIACL Board since December 6, 2021. Mr Hamed earned his MBA from IBA Karachi and MSc Development Studies from School of Oriental & African Studies (SOAS), United Kingdom, on Chevening Scholarship. He was awarded Hubert Humphrey Fellowship in 2013.

Mr Hamed is a PAS officer from 20th CTP. He has more than 29 years of experience of working in a broad range of organizations both within the public sector as well as outside. Mr Hamed has served in three provinces (Sindh, Khyber Pakhtunkhwa and Punjab) and Federal Government in various positions. He has extensive experience of working in the realm of public finance. His last assignment was Secretary, Planning Development and Special Initiatives, Government of Pakistan.

Mr Hamed Yaqoob Sheikh has also served at key positions in the provincial hierarchy both at the provincial level as well as in the field including Chairman Planning and Development, Secretary Finance, Commissioner Bahawalpur, Secretary Livestock & Dairy Development Department Punjab, Special Secretary Finance, Chief Economist at Planning & Development Department, etc. In his assignment as Finance Secretary Punjab, he saw through transitions of elected governments as well as local government system.

He has worked with international development partners as advisor and consultant in the realm of policy and governance reforms especially relating to public finance. He headed DFID/UKaid funded governance reform program titled Sub-National Governance Program in Punjab under which, support was provided to Punjab Government for transition to new local government system, PFM reforms besides running an innovation fund to test several service delivery models.

BOARD OF DIRECTORS



Mr Zahid F Ebrahim

Mr Zahid F Ebrahim is a nominated Director since October 20, 2020. Mr Zahid F. Ebrahim is a Senior Partner at the law firm of FGE Ebrahim Hosain. He holds a master's degree in International Law from the Prestigious Fletcher School of Law & Diplomacy, Tufts and Harvard University where he was the Henry L. Cabot Scholar. He is also a graduate of the S.M. Law College, University of Karachi and Carlson School of Management, University of Minnesota. He is on the panel of arbitrators for the Singapore International Arbitration Centre and the Hainan International Arbitration Court. He has also served as the Additional Attorney General of Pakistan and taught law courses at the IBA and the S.M. Law College. Mr Ebrahim also serves as Director/Trustee of the Kidney Foundation, the Akram Foundation and the Quaid-e-Azam Aligarh Scholarship Trust. He is Chairman PIACL Board HR and Compensation Committee (BHRCC).



Air Marshal Arshad Malik (Retd)

Chief Executive Officer

Air Marshal Arshad Malik is a nominated Director since October 20, 2020. He was elected as acting CEO on October 26, 2018, and appointed as Chief Executive Officer PIACL on April 26, 2019. Before joining PIA, Air Marshal Malik was Vice Chief of the Air Staff (VCAS), of Pakistan Air Force (PAF). During his career in PAF, he has flown various trainer and fighter aircraft and commanded a fighter squadron, a flying wing, an operational Air Base and a regional air command. He has also overseen and coordinated the development and manufacturing of JF-17 Thunder fighter aircraft, induction of transport aircraft like IL-78 and C-130. He has led the sale of JF-17 aircraft and Super Mushak aircraft. Air Marshal Malik has served as Board Chairman of Pakistan Aeronautical Complex, Kamra. His staff appointments include Personal Staff Officer to Chief of the Air Staff, Director Operations Project, Director Operational Requirement and Development, Assistant Chief of Air Staff (OR&D), Chief Project Director JF-17 and Deputy Chief of the Air Staff (Personnel) at Air Headquarters. He is a graduate of Combat Commanders' School, Air War College, National Defense University and Air Command and Staff College, United States of America. In recognition of his meritorious services, he had been awarded Hilal-i-Imtiaz (Military), Sitara-i-Imtiaz (Military) and Tamgha-i-Imtiaz (Military). Air Marshal Malik is ex-officio Chairman of PIA subsidiaries viz PIA Investments Ltd and Skyrooms (Pvt.) Ltd. Air Marshal Malik is Member CAA Board. He is also Chairman Al-Shifa Trust - the flagship CSR setup of PIACL. He is a member of the Board Procurement Committee (BPC) and the Board HR & Compensation Committee (BHRCC).

BOARD OF DIRECTORS



Mr Navaid H. Malik

Mr Navaid H. Malik is an elected and independent Director since November 28, 2020. He obtained his Bachelor's Degree from FC College, Lahore and did varied courses in Hotel Management and Aviation Management from the USA. Mr Malik has extensive Senior Management experience in Airline Catering and in the Hospitality industry. He remained President of the renowned Maxim de Paris of France. He has vast experience in the Airline industry and has done stints with Pan-Am, Air Malta, Caledonian Airlines, Emirates Airline and Singapore International Airlines, where he has also served on the Boards of its Joint Ventures. He was a Principal Advisor to one of the largest investment and Asset Management Companies in the Middle East. Mr Malik has served as Advisor for Tourism to the Government of Pakistan. He was on the Advisory Committee of the International Hotel Association (IHA) as well as an International Associate of the American Hotel and Motel Association (AH&MA). He has served as a council member of the World Tourism Organization (WTO); Committee member of the International Hospitality and Leisure Association (IHLA). He keenly takes part in communal philanthropic activities. He is a member of the Board Audit Committee (BAC).

REGULATORY APPOINTMENTS



Mr Amos Nadeem
Chief Financial Officer

Mr Amos Nadeem is a fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and carries a diversified experience of twenty-eight years. His work experience includes transformational projects at ICI Pakistan, PARCO and Pakistan Telecommunications Company Limited. He has also worked with Marie Stopes International (a London based NGO) in the international team as Director Finance for West Asia region. He possesses a strong and varied experience in both strategic and operational roles in leading teams through change, building relationships with internal and external stakeholders and leading innovation at work place for value addition. He is ex-officio director of PIA subsidiaries viz Skyrooms (Pvt) Ltd. He is also ex-officio Trustee of Al-Shifa Trust.



Dr Muhammad Altaf Tahir
Company Secretary

Dr. Muhammad Altaf Tahir (Tamgha-e-Imtiaz Military) is the Company Secretary of Pakistan International Airlines Corporation Ltd (PIACL) since April 2021. He is also Secretary Board Audit Committee (BAC), Secretary Human Resource & Nomination Committee (BHR&NC), Secretary Board Procurement Committee (BPC) and Secretary Council of Chiefs (COC). He joined PIACL in July 2011 as General Manager and headed various divisions including Security, Vigilance, Investigation, Accountability and Sports. He served as the Principal of PIA Training Centre (PTC) and President of Al-Shifa Trust.

He holds a master's degree in International Relations (IR) and did a PhD (Criminology) from the University of Karachi (UoK). He also holds an LLB degree from Sindh University and remained an alumnus of IBA Karachi. He has been a member board of studies and visiting faculty UoK.

Before joining PIA, he had the honour of performing duties of sensitive nature in the most prestigious, prime intelligence institutions of the country as well as in the Civil Armed Forces for almost 3 decades. He remained a Staff officer with many senior General Officers and performed the duties of Protocol/Security of the Prime Minister of Pakistan. In recognition of his meritorious services, has been awarded Tamgha-e-Imtiaz (Military).

He is a member of many literary societies and think tanks of Pakistan and has written many articles and books including the renowned Book 'Tafheem ul Bashur'.

REGULATORY APPOINTMENTS



Mr Sheikh Bilal Shams
Chief Internal Auditor

Mr Sheikh Bilal Shams is a Fellow Chartered Accountant and Masters in Economics. He is also an Associate Member of the Institute of Bankers of Pakistan. He possesses 12 years of post-qualification experience and 18 years total professional experience in Internal & External Audit, Internal Controls, Accounts & Finance, in the financial / non-financial sector at senior management level advising Board of Directors and Board Audit Committee. He has vast experience in developing and implementing Internal Control systems particularly in Commercial Banking, Investment Banks and Islamic Banking. He was part of various management committees for the implementation of SBP regulatory requirements such as EFT regulations, Enterprise Technology Governance and Risk Management Framework. Previously, he has served as Divisional Head Overseas & Information System Audit in Bank Al Falah, Head of Internal Control Department Sindh Bank, Manager Group Internal Audit Emirates NBD / Emirates Islamic Bank (UAE) and AVP Internal Audit / Group Compliance Officer IGI Financial Services. He completed his mandatory CA training from KPMG Taseer Hadl & Co., a member firm of KPMG International including two International Secondments to KPMG Oman & KPMG Cambodia.

BOARD COMMITTEES

As at April 22, 2022

NAME OF COMMITTEES	MEMBER NAME	DESIGNATION
Board Audit Committee (BAC)	Mr Atif Aslam Bajwa Mr Navald H Malik	Chairman Member
Board HR & Nomination Committee (BHR&NC)	Mr Zahid F Ebrahim Air Marshal Arshad Malik (Retd)	Chairman Member
Board Procurement Committee (BPC)	Syed Muhammad Ali Gardezi Air Marshal Arshad Malik (Retd)	Chairman Member

DIRECTORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2021

Dear Shareholders

The Directors of Pakistan International Airlines Corporation Limited (PIACL) are to present the Annual Report 2021 at PIACL along with Unconsolidated Financial Statements for the Year ended December 31, 2021.

INDUSTRY REVIEW:

Due to high magnitude of COVID-19 crisis, airlines enormous and serious issues remain persistent. The path to recovery is coming into view and aviation is demonstrating its resilience yet again. The airline industry is facing an uneven recovery from the pandemic COVID-19 but RPKs are still estimated to be only 40% of pre-crisis levels in 2021. Following the worst year on record for the aviation industry (66% decline in global RPKs), the recovery in traffic has been slow in 2021 due to international travel restrictions.

COVID-19 has caused a significant loss in air connectivity. As a result of travel restrictions, unique city-pairs declined for the first time since the global financial crisis. In 2020, the number of unique city-pairs was reduced by 30%. In 2021, unique city-pair connectivity has been partly recovered as airlines expand their networks with the easing of travel restrictions in some regions. However, it will be 15% below 2019 levels. In 2022 overall demand is expected to reach 61 percent of pre-COVID-19 crisis (2019) levels. Capacity is expected to continue to increase faster than demand, reaching 67 percent of pre-COVID-19 crisis levels for 2022.

BUSINESS REVIEW:

The pandemic swept across the globe, resulting in a sudden and tremendous drop in demand for international air travel as countries closed their borders and imposed stringent travel restrictions. During 2021, the airline generated total revenue of PKR 66.18 Billion. Business in terms of geographical segments (PAX) during FY 2021 is shown in the chart below:



PIA has introduced several new routes during last 12 months and has increased frequencies of flights based on demand prospects and commercial viability. PIA is also expanding its fleet and recently inducted two narrow body aircraft this year and agreement for four aircraft has been signed which will be inducted in PIA fleet in near future. During the year, PIA has expanded the global network with the launch of new routes.

PIA gross profit for the year impaired to loss of PKR 8.6 Billion from previous year (2020: Gross Profit PKR 2.5 Billion) and our net loss surged to PKR 50.1 Billion (2020: PKR 34.6 Billion). The loss is posted mainly due to significant decline in revenue (34% low as compared to corresponding nine months period ended on September 30, 2020) during the continuing effect of COVID-19 for nine months ended on September 30, 2021 resulting in substantial increase in gross loss for this period. However, the fourth quarter for the year under review shows trend of recoveries with posting of gross profit of Rs.2.1 Billion with the remarkable increase of 69% in revenue as compared to 3rd quarter revenue for the year under review due to partial lifting of travel restrictions on key routes for operational activities of the airline.



Our lives will be different after the COVID-19 pandemic. We don't yet know the full extent of change but it's clear that the world is already being reshaped to varying degrees. Most countries are still under lockdown and strict travel restrictions remain in place. It is unclear when these restrictions will be eased or lifted, not only in the Pakistan but also in our major markets. Most projections show that international air travel will resume in gradual phases and it will take at least 18 months before air traffic recovers to pre-pandemic levels.

Many routes remained closed fully/partially during 2021 and the company missed its key Umrah and Hajj operations as well. Even without a pandemic, global aviation and travel demand patterns have always been vulnerable to multitude of external factors whether competitive, geo-political, or socio-economic. The company's core passenger and cargo revenue (including excess baggage, handling and related services) reduced significantly due to lower passenger capacity and traffic. However, during COVID-19 period, charter revenue of the company increased significantly due to special charter flights operated by the company.

Aircraft fuel remained single largest element of total cost at 21.2% and fuel cost increased marginally due to high average fuel prices and high exchange rates during the year under review.

CHANGE IN BOARD OF DIRECTORS:

Since the publication of PIA's Annual Report 2020, following changes were made during the period:

Nominated	Relinquished
Mr Yusuf Khan Secretary Finance Division May 27, 2021	Mr Kamran Ali Afzal Secretary Finance Division July 1, 2021
Mian Asad Hayauddin Secretary Economic Affairs Division September 9, 2021	Mr Noor Ahmed Secretary Economic Affairs Division July 1, 2021
Mr Hameed Yaqoob Sheikh Additional Secretary (in charge) Finance Division December 06, 2021	Mr Jawaid Ghani September 1, 2021
	Mr Yusuf Khan Secretary Finance Division December 06, 2021

The Board welcomed the new Directors. It wishes to record appreciation for the valuable services rendered by the outgoing Directors.

ACHIEVEMENTS - PIA TRAINING CENTRE

Complete Renovation of Infrastructure:

PIA Training Centre's main building at Karachi was built in 1970s and required major renovation and overhaul. After thorough audit of the infrastructure, campus has been revamped. All wastages and junk has been eliminated.



Rebranding of PIA Training Centre:

After completing the renovation work, the main campus has been completely rebranded.





PTC Prospectus & Website:

As part of Rebranding process, new prospectus for PIA Training Centre has been published and a dedicated website is in developmental phase.

Centre of Continuous Learning:

By virtue of eliminating the wastages, Apprentice Building at PTC Karachi Campus having 11 Class rooms and 04 Workshops has now been made available for converting into Centre of Continuous Learning. This Centre will be a major value addition for academic development of youth in general and PIA employees in particular.



Launch of Soft Skills Workshops for General Managers and Deputy General Managers:

In order to provide PIA's top tier managers a chance of learning & development, various acclaimed guest speakers working in top positions of public & private sectors were requested to conduct workshops on leadership and management skills. These workshops were conducted free of cost.



Purchasing and Installation of A-320 & B-777 Doors at PTC Mock up:

A critical Non Conformity of PCAA AOC audit was pending since last many years regarding non availability of aircraft doors in PTC Mock up for Cabin & Cockpit Crew trainings. Cost of new aircraft doors was enormous. However, PTC and PIA Supply Chain team located doors in surplus market and made significant savings for PIA.



In-house Faculty Development for Operations Training Unit:

Total reliance of Cockpit Crew Training was on Guest Speakers. Competent in-house Engineering Instructors were selected and have been developed as Operations Instructors for Cockpit Crew. They will be in production lines after obtaining requisite PCAA approvals. This will not only add value to PTC's training capabilities but will also save cost for PIA.

Launch of Leadership & Management Training Programs for Pilots:

There was no soft skill training program in place for pilots. A comprehensive training program having focus on leadership roles during operational duty was developed and has been implemented. Pilots are already attending these courses.

ACHIEVEMENTS OF MARKETING DEPARTMENT

PIA signs MoU to encourage religious tourism in Pakistan:

Dr. Ramesh Kumar Vaniwani, Patron-in-Chief of the Pakistan Hindu Council, and PIA signed an MoU to encourage religious tourism in Pakistan. PIA will operate special charter flights for Hindu Pilgrims from UAE and elsewhere to visit the holy sites in KPK and Baluchistan as part of this agreement.



PIA signed MoU with Chambers of Commerce:

PIA signed MoUs with Chambers of Commerce in different cities including Lahore, Karachi, Rawalpindi, Islamabad, Sialkot, Quetta, Peshawar etc. Special discount of 10% offered to members of these chambers.





First airline to launch flights to Fujairah:

PIA made history as the first international airline to operate its service to Fujairah. PIA is rapidly re-expanding its network to serve the nation, beginning with flights from Islamabad and Peshawar to Fujairah.



Direct flights to Najaf:

PIA launched direct flights to Najaf from 30th October 2021 for its passenger's comfort and safety.



PIA collaboration with Thar Coal Block-1:

PIA is pleased to be growing its footprint by collaborating with Thar Coal Block-1 Power Generation Company and strengthening our ties with our global peers.



Induction and Replacement of A320 Fleet:

03 younger A320s inducted and 04 additional A320s expected to join PIA fleet in 2022.

Induction of A320 simulator:

PIA has signed an agreement with L3 Harris Technologies (UK) for acquisition of 7E Evolution A320 Flight Simulator



Purchase of 04 A320s and 02 Boeing 777-200ERs:

The initiative has helped the airline expand its asset base which had been depleting due to retirement of PIA's owned aircraft.

PIA - Promoted tourism in northern areas of Pakistan:

In 2021, PIA launched an aggressive operation to promote tourism in northern areas of Pakistan.



Flights to Skardu:

In 2021, flights to Skardu were operated from Lahore, Karachi, Multan, Sialkot and Faisalabad.

Flights to Saidu Sharif:

Flights to Saidu Sharif were also operated in summer to connect the country to the Swat Valley.

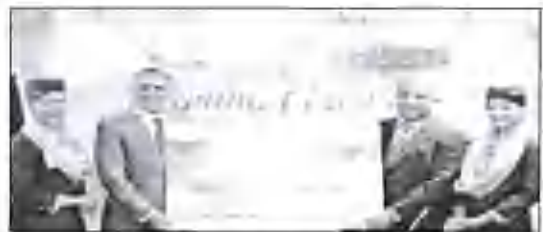
Launch of Sadpara Air Safari:

In the memory of Pakistan's celebrated mountaineer Muhammad Ali Sadpara, the Sadpara Air Safari was also launched.



PIA signed a deal with HBL:

PIA signed a deal with HBL in 2021 by virtue of which, the airline offered 20% discount to HBL card holders. The offer proved to be a major success as since its launch it has earned PIA a revenue of PKR 472 Million.



Collaboration of PIA & Askari Bank:

PIA & Askari Bank collaborated to launch a co-branded credit card. This credit card is integrated with PIA's Awards + Frequent Flyer Program. This is the first collaboration of this nature since 2011.



The Defenders of the Nation:

Recognizing the defenders of the nation by offering 15% discount to retired personnel of the armed forces.



Doctors and Paramedic Staff:

PIA pays tribute to the doctors and paramedic staff by giving them 10% discount on domestic travelling.



Discount for differently-abled customers:

Increased discount of 40% for all differently-abled customers



Collaboration with Hashoo group:

PIA collaborated with Hashoo group to offer PIA passengers seamless hotel booking while making their travel reservation. The integration process is underway and will go live in Q1 2022.



PIA - Supports sports in Pakistan:

PIA supported PSL team "Karachi Kings" and Lanka League team "Galle Gladiators". PIA received major brand projection with both partnerships.



Foreign Minister, Shah Mahmood Qureshi meets CEO of Foreign Ministry Office. CEO was appreciated for his outstanding leadership and efforts with PIA team in operating Kabul flights amid crisis at Kabul Airport.



Honours presented by World Bank Group for outstanding and courageous efforts to CEO PIA Air Marshal Arshad Malik, PIA Crew members and senior officials of the airline in providing air transportation to World Bank Staff and their families from Kabul in extreme difficult conditions.



Minister for Aviation Mr Ghulam Sarwar Khan and CEO PIA Air Marshal Arshad Malik photographed with officials of Ministry of Transport Syria, Airport Authorities and PIA officials



PIA Senior Management with World Bank Group officials at PIA Office, Islamabad



Pakistan Business Development forum (Pakistan Chapter) visited PIA head Office on 26 August to explore business opportunities beneficial for PIA as well as Business communities in Pakistan & USA.



Pakistan American Business Development (PABD) Forum offered their support in CSR activities of PIA and in particular for PIA Al Shifa Trust. PIA will always be the preferred airline for the business Council's travels both domestic and International.



PIA and Dettol Pakistan join hands to promote safety for passengers amidst COVID-19



PIA resumes flights to Ras Al Khaimah, UAE from Islamabad.



Sadpara Air Safari Launched PIA Crew with passengers before departure of Sadpara Air Safari Flight



PIA signed MoU with Dreamworld Resort for promoting Domestic Tourism. The MoU was signed by Chief Commercial Officer PIA, Ali Tahir Qasim and CEO Dreamworld Resort Irfan Hilal. CEO PIA Air Marshal Arshad Malik and Group Chairman Dreamworld Resort Nawab Ahmed were present at the signing ceremony.



A seminar was held at PIA Training Centre Karachi on 25 June 2021 titled "Managing Organizational Transformation through the Adaptive Leadership Role".

Guest Speaker Mr. Malik Ahmad Jalal gave a thorough speech on the topic, attended by General Managers and Deputy General Managers stationed at Karachi. Chief Technical Officer Amir Ali also spoke on the occasion. Participants along with Guest Speaker photographed at the conclusion of the workshop.



Minister of State for Climate Change,
Ms. Zarfa Gul visits PIA.



CEO Meets Ambassador of Kuwait

ENGINEERING AND MAINTENANCE

- PIA E&M capability was enhanced to handle state-of-the-art modern fleet including Boeing 787 Dreamliner and Airbus A350/A330/A320XLR fleet.
- PIA commissioned an ATR shed in North Wing of Pakistan i.e. Islamabad, providing maintenance service level up to check 'A' level on Airbus A320 / Boeing B777 and up to maintenance check 'C' level on ATR fleet.
- PIA has also successfully established Structure Repair Services (SRS) and Cabin Maintenance setup at PIA Engineering facility, Islamabad. Moreover, PIA is also performing Engine washing services of entire fleet at the same facility.
- MRO IT, an ERP solution for maintenance activities has been successfully implemented in PIA Engineering and is all set to go fully 'Live' in March 2022.
- PIA (E&M) was able to generate revenue of around PKR 1.2 Billion alone for year 2021 as a contribution towards national flag carrier's strive for recovery from the effects of COVID-19 pandemic.
- PIA Engineering & Maintenance (E&M) regulatory approval base has considerably increased. In addition to approval from PCAA, we hold regulatory approvals from foreign civil aviation authorities like GCAA (Qatar), PACA (Oman), GACA (Saudi Arabia), BCAA (Bahrain) and CAA Sri Lanka.



CORPORATE SOCIAL RESPONSIBILITY

PIA is driven by high standards of Corporate Social Responsibility (CSR). As a public sector, public interest Company, it believes in building strong relationships with customers, partners, employees and the communities in which it operates. It aims to include public interest into corporate decision making by pursuing triple bottom line objective: People, Profit and Planet. As a responsible corporate citizen, the airline extends support during natural calamities by making donations, operating additional flights and carrying relief material free of charge. Al-Shifa is the flagship CSR activity of PIA existing since 1967. Besides, PIA Scouts Association, PIA Cricket Academy, PIA Planetaria as well as HSE reflect PIA's belief in contributing to a better tomorrow.



The Independence Day of Pakistan was celebrated with traditional zeal and fervor across Pakistan at PIA Offices. The flag hoisting ceremony was held at PIA Head Office attended by PIA officials, PIA Boy Scouts Association and students of PIA Model School. The National Flag was hoisted by Secretary PIAC Col Altaf Tahir, General Manager IR and Provincial Commissioner PIA Boy Scouts Association, Shoara Dahiri.



PIA becomes first global airline to work against harassment



President of Pakistan and First Lady became Patrons of Al Shifa Trust



President of Pakistan Dr. Arif Ali and First Lady, CEO PIA Air Marshal Arshad Malik and Begum Arshad Malik, school teachers and airline officials with special children at Al Shifa Trust



Al Shifa Trust students and officials with President of Pakistan at President House Islamabad



Hitit donated one Million PKR to Al-Shifa Trust on the foundation stone laying ceremony of upgraded complex of Al-Shifa Trust



President of Pakistan Dr. Arif Ali and First Lady, Mr Aslam R Khan, Chairman PIACL, CEO PIA Air Marshal Arshad Malik and Begum Arshad Malik, and Al Shifa Trustees



Tree Plantation drive by PIA Model School

PATTERN OF SHAREHOLDING

A Statement showing the Pattern of Shareholding in PIACL and additional information as of December 31, 2021 appears on page 49. The highest and lowest market prices for Ordinary 'A' Class Shares of PKR 10 each were PKR 6.87 and PKR 3.73 per share, respectively during 2021. The highest and lowest market prices for Ordinary 'B' Class Shares of PKR 5 each were not recorded as the shares were not traded during the year. Government of Pakistan through Ministry of Defense and Aviation Division holds 91.56 % of shares, PIA Employee Empowerment Trust holds 4.43 %, Public Sector Companies and Corporations hold 0.10 %, other individuals hold 3.83 % whereas, Financial Institutions hold 0.08 % of shares in PIACL.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

To comply with Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations 2019, the Directors to the best of their knowledge and belief state that:

- a) Board has complied with the relevant principles of corporate governance and has identified the rules that have not been complied with, the period in which such non-compliance continued and reasons for such non-compliance;
- b) Financial Statements, prepared by the management present fairly the state of affairs of PIACL, the result of operations, cash flows and changes in equity;
- c) Proper books of accounts of PIACL have been maintained;
- d) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- e) Directors recognized their responsibility to establish and maintain sound system of internal control, which is regularly reviewed and monitored;
- f) Appointment of Chairman and other Directors and the terms of their appointment along with the remuneration policy adopted are in the best interests of PIACL as well as in line with the best practices;
- g) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements;
- h) Directors acknowledge the responsibility of establishment of sound and effective internal control system and continuous efforts are being made for further improvement and refinement in design as well as effectiveness of existing system;
- i) Key operating and financial data of last six years in summarized form is annexed to this report;
- j) There are no significant doubts upon PIACL as a going concern other than those, along-with the corresponding mitigating factor, as discussed in note 1.3 to the unconsolidated financial statements;
- k) There has been no material departure from the best practices of corporate governance, as detailed in the Rule Book of Pakistan Stock Exchange;

- l) Reason for non-declaration of dividend/non-issuance of bonus shares is net loss during the year;
- m) Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary, Chief Internal Auditor and their spouses and minor children have not traded in PIACL shares during the year;
- n) Presently, One Director(s) and Company Secretary are Certified Directors whereas plans are afoot to get all Directors Certified, as required by the Code of Corporate Governance;
- o) During the year, Board of Directors held nine Meetings. Attendance record of Directors is annexed to this Report;
- p) Pattern of Shareholding as required under Section 227 of Companies Act 2017 and Rule 17 of PSC Rules, 2013 is annexed to this Report.
- q) There is no statutory payment outstanding against PIACL except those disclosed in note to the unconsolidated financial statements;
- r) Board of Directors had recommended and shareholders had approved appointment of Messrs. Grant Thornton & Co and Messrs. ADD Ibrahim & Co as External Auditors; and,
- s) During the period Loss-basic and diluted of Rs. 9.57 per 'A' Class share and Rs. 4.79 per 'B' Class share was registered.

COMPLIANCE WITH BEST PRACTICES OF CORPORATE GOVERNANCE

A Statement showing the status of compliance with the best practices of the Corporate Governance set out in the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013 read with Listed Companies (Code of Corporate Governance) Regulations 2019 is being published and circulated along with this Report.

STATEMENT OF INTERNAL CONTROL

This statement of internal controls is based on an ongoing process designed to identify the significant risks in achieving the organizational policies, aims and objectives and to evaluate the nature and extent of those risks and to manage them efficiently, effectively, and economically. This process has been continuously in place for the year ended December 31, 2021.

It is the responsibility of the Management to establish and maintain an adequate and effective system of Internal Control and every endeavor is made to implement sound control procedures and to maintain a reliable control environment.

Board has established a Board Audit Committee comprising three Non-Executive Directors. Terms of Reference of BAC are in line with the requirements of Public Sector Companies (Corporate Governance) Rules, 2013. BAC is responsible for oversight of Internal Audit Function as well as external financial reporting.

The Board of Directors have instituted an effective Internal Audit Function headed by an experienced Fellow Chartered Accountant which not only monitors compliance with the organizational policies, procedure and controls and reports significant deviations regularly to the Board Audit Committee but also regularly reviews the adequacy of the overall Internal Control System. Furthermore, observations and weaknesses pointed out by the External Auditors are also addressed promptly and necessary steps are taken by the Management to eliminate such weaknesses.

The Internal Audit function has transformed its audit approach from traditional to risk based for all auditable assignments, in line with guidelines of Committee of Sponsoring Organizations of Treadway Commission (COSO) and standards by Institute of Internal Auditors (IIA). Furthermore, the Organization has developed a comprehensive management testing and reporting framework for ensuring ongoing operating effectiveness of majority of key controls and has significant addresses the design improvement opportunities identified to complete the project related initiative.

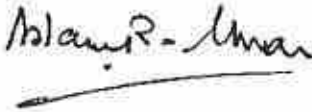
FUTURE OUTLOOK

During fourth quarter of FY 2021, PIA earned a total revenue of around PKR 36.8 Billion, which reflects that the aviation industry has started to show signs of revival. Going forward, PIA is vigorously pursuing exploration of new destinations and avenues to commence its operations. Besides, recent positive developments on account of revival of Umrah operations with significantly relaxed quarantine and vaccination conditions, will encourage more travelling and resultant better prospects for the national carrier. There are positive signs so far that the Hajj 2022 operation may also be conducted this year, which will significantly contribute towards the airline's revenues.

Acknowledgement

We would like to thank the customers, the shareholders and the Government of Pakistan for their valuable support. We are grateful to the aircraft lessors, banks, MROs, fuel suppliers and vendors for their trust and confidence in the airline. We also wish to thank each member of the Management and staff for their loyalty, dedication, commitment, hard work and sustained endeavours in meeting the challenges posed before the organization. We would like to thank our Directors on the Board for their valuable guidance. We are confident that with the dedication of our people and commitment of our Management, we shall bring the organization out of the difficult circumstances.

For and on behalf of the Board



Aslam R. Khan
Chairman-PIACL



Air Marshal Arshad Malik (Retd)
Chief Executive Officer

March 10, 2022
Karachi

بورڈ آف ڈائریکٹرز نے ایک تجربہ کار فیلو چارٹرڈ اکاؤنٹنٹ کی سربراہی میں ایک معزز اندرونی آڈٹ فنکشن قائم کیا ہے جو نہ صرف تکنیکی پالیسیوں، طریقہ کار اور کنٹرولز کی تعمیل پر نظر رکھتا ہے اور بورڈ آڈٹ کمیٹی کے باقاعدگی سے اہم اخراجات کی رپورٹ کرتا ہے بلکہ مجموعی طور پر اس کی مناسبت کا باقاعدگی سے جائزہ بھی لیتا ہے۔ مزید برآں اندرونی کنٹرول سسٹم کے ذریعے بیرونی آڈیٹر کی طرف سے نشاندہی کردہ، مشاہدات اور کنٹرولوں کو بھی فوری طور پر دور کیا جاتا ہے اور انتظامیہ کی طرف سے ایسی کنٹرولوں کو دور کرنے کے لیے ضروری اقدامات کیے جاتے ہیں۔

انٹرنل آڈٹ فنکشن نے اپنے آڈٹ کے طریقہ کار کو رواجی طریقہ کار سے خطرات کی بنیاد پر تبدیل کر لیا ہے۔ Committee of Sponsoring Organization of Tradeway Commission (COSO) کے وضع کردہ جوہما خطوط اور Institute of Internal Auditors (IIA) کے معیارات کے مطابق۔ مزید برآں تنظیم نے زیادہ تر کلیدی کنٹرولز کی جاری آپرینگز کا خیر کے نتیجے میں جانے کے لیے ایک جامع انتظامی جائزہ اور پورنگ کا فریم ورک تیار کیا ہے اور اس میں پروجیکٹ سے متعلق اقدام کو مکمل کرنے کے لیے ڈی این اے میں بہتری کے مواقع کی نشاندہی کی گئی ہے۔

دوراندیشی:

مالی سال 2021 کی چوتھی سہ ماہی کے دوران، پی آئی اے نے تقریباً 36.8 ملین روپے کی کل آمدنی حاصل کی، جو اس بات کی عکاسی کرتی ہے کہ ہوائی کی صنعت میں بحالی کے آثار ہیں۔ آگے بڑھتے ہوئے، پی آئی اے اپنے کام شروع کرنے کے لیے نئی منزلوں اور راستوں کی تلاش کرنے کے لیے کوشاں ہے۔ اس کے علاوہ، قرضیت اور وائسٹیشن کے حالات کے ساتھ فروغ پر مشرکی بحالی کی وجہ سے مالیہ مثبت پیش رفت، مزید مشرکی حوصلہ افزائی کرے گی جس کے نتیجے میں قومی کیریئر کے لیے بہتر امکانات پیدا ہوں گے۔ ابھی تک اس بات کے مثبت اشارے موجود ہیں کہ ج 2022 کا آپریشن بھی اس سال ہو سکتا ہے جس سے انجمن کی آمدنی میں اضافہ ہوگا۔

تسلیمات:

آہم اپنے صارفین، حصص یافتگان اور حکومت پاکستان کی بھرپور حمایت کا شکریہ ادا کرتے ہیں۔ ہم شکر گزار ہیں ان کرافٹ لیگنڈز، بینکوں، ایم آر اے، اینڈ اینڈ جن فراہم کرنے والی کمپنیوں کے تعاون کے۔ ہم اپنی انتظامیہ کے ہر فرد اور ملازمین کے بھی شکر گزار ہیں جنہوں نے پی آئی اے کو ورڈیش مسائل اور چیلنجز کا ایما بخاری اور انتھک کوششوں سے مقابلہ کیا۔ ہم حصص یافتگان اور بورڈ کے اپنے ساتھیوں اور ان کی قابل قدر رہنمائی کا بھی شکریہ ادا کرتے ہیں۔ ہمارا عزم ہے اور اس بات کا پختہ یقین ہے کہ ہم اپنی گن اور انتھک محنت سے ادارے کو مشکل دور سے نکال لیں گے۔

Aslam R. Aman

اسلم آرمان
چیرمین پی آئی اے سی ایل



امیر مارشل ارشد ملک (ریٹائرڈ)
چیف ایگزیکٹو آفیسر

پبلک سیکرٹس کمیٹی (کارپوریٹ گورننس) رپورٹ 2013 اور انکم ٹیکس (کارپوریٹ گورننس) رپورٹ 2013 کے تحت انکم ٹیکس (کارپوریٹ گورننس) رپورٹ 2013

(ب) جوہر کے منبع کردہ اسیولوں کے تحت مالیاتی گوشوارے جو کہ پلہ آئی اسے انتظامیہ نے تیار کیے اور شفاف ہیں۔

(ت) مالیاتی کمشنر سے کی تیاری کے دوران ایڈجسٹمنٹ کے رجسٹر انصافوں کی پابندی کی جاتی ہے اور اگر کسی شخص ایک مناسب انداز اور رجسٹر انصافوں کے طریقہ کار پر کیا جاتا ہے۔

(ث) بی آئی اے کے چتر میں اور انڈیا کیسٹر کی تقری اور معاملات کا تعین کارپوریٹ مینجمر کے بہترین اصولوں کے مطابق اور بی آئی اے کے بہترین مفاد میں کیا گیا۔

(۵) ڈائریکٹر زانیہ نے اسے دہلی لے کر اپنے گھر پر رکھتے ہیں اور سوئے ہوئے کمرے کے کپڑے لٹا کر دیکھ کر ان کی کٹھنوں کے کپڑے کوٹھان کے لئے کوٹھان کے لئے ہر کام میں اسے بڑی قدرتی ہوا اور موجودہ اقامت میں مزید بہتری لائی جاسکتی ہے۔

(۱۸) فی آمل ایسی اہل کے کام کرنے کے طریقہ کار اور صلاحیت کی وجہ سے کسی قسم کے بڑے شہات نہیں ہیں۔ *Going concern* چرچن شہات کا اثر بننے کی آتش فشاں ہے اور نوٹ 3 اہل ذرا ہیں۔

(5) Dividend کا اعلان شدہ ہوے اور نوٹس حاصل جاری نہ کرنے کی وجہ خالص سامانہ نقصان ہے۔

(د) حالہ ایک ڈاکٹر اور آئینی جگر پرانی سر شفا خانہ ڈاکٹر کیسٹرو ہیں۔ لی آئی ای سی ایل کا مضمون اراوہ سے کہ تمام ڈاکٹر کیسٹرو سر شفا خانہ ڈاکٹر کیسٹرو نہیں جیسا کہ کوڈ آف کام، جزیٹ گورننس کے لیے ضروری ہے۔

(2) حصص انوکھان کی تفصیل سلیکشن 227 نمبرز ایکٹ مچر۔ 2017 اور اول PSC، 17 رول مچر۔ 2013 کے مطابق اس رولٹ کے ساتھ منسلک ہیں۔

(س) پورہ آف اٹارنی کی خدمات پر حصص، انجمن کے منظور کی افی تصدیق، Messrs BDO Ebrahim & Co اور Messrs Grant Thornton Anjum Rehman کے ایکٹر شل آف ایڈوکیٹس کے

کارپادریٹ گارنٹ کے بہترین اطوار پر عمل درآؤ۔

اندرونی کشور

یہ انتظامیہ کی ذمہ داری ہے کہ وہ اندرونی کنٹرول کا ایک مناسب اور منوشر نظام قائم کرے اور اسے برقرار رکھے اور موثر کنٹرول کے طریقے کار کو نافذ کرے اور کنٹرول کے مناسب ماحول کو برقرار رکھنے کے لیے یہ جتنی کوشش کی جائے۔

پلی آئی ای سی اے بورڈ نے ایک آن لائن سیمینر تشکیل دی ہے جس میں تین ماہانہ مضامین اور کثیرالزعماء کی تقریریں کی گئی ہیں۔ BAC کی شراکتہ و تعاون پہلے سیمینر کئی کے روز 2013 کے مطابق ہیں۔ سیمینر کی آمد واریوں میں

ڈاکٹر اور پیرامیڈیکل اسٹاف:

پی آئی اے ڈاکٹر وی اور پیرامیڈیکل اسٹاف کو اندرون ملک سفر پر 10 فیصد رعایت دے کر خراج تحسین پیش کرتی ہے۔

خصوصی سارجن کے لیے رعایت:

تمام خصوصی سارجن کے لیے رعایت میں 40 فیصد تک اضافہ کیا گیا۔

باشوگرپ کے ساتھ تعاون:

پی آئی اے نے باشوگرپ کے ساتھ مل کر پی آئی اے کے مسافروں کو سفری چیک کے دوران بغیر کسی رکاوٹ کے ہنر بلنگ کی پیشکش کی۔ یہ عمل ابھی جاری ہے جو کہ Q1 2022 میں مکمل ہوگا۔

پی آئی اے۔ پاکستان میں کمپلیں کی معاونت:

پی آئی اے نے PSL کی ٹیم "کراچی ٹھکانہ" اور "کلیک کی ٹیم" کراچی ٹھکانہ کی ٹیم "کراچی ٹھکانہ" کو سپورٹ کیا۔ پی آئی اے کا دونوں ٹیموں کے زیر نگرانہ برادریت میں حصول ہوتا ہے۔

انجینئرنگ اور دیگر بحال

PIA&M کی صلاحیت کو جدید ترین چیز سے بشمول برنگ 787 ریم لائنز اور ایئر بس A350/A330/A320NEO کو سنبھالنے کے لیے بڑھایا گیا۔

پی آئی اے نے پاکستان کے شمالی ونگ میں ایک ATR شیفٹ ٹایپ اسلام آباد، انجینئر بس A320 اور ایک B777 پر A لیول تک اور ATR قابلیت پر سٹا لیول تک دیگر بحال کی خدمات فراہم کر رہے ہیں۔

پی آئی اے نے پی آئی اے انجینئرنگ سہولت اسلام آباد میں اسٹریکچرل سروس (SRS) اور کیمپن مینٹیننس سینٹر اپ بھی کامیابی سے قائم کیا ہے۔ مزید یہ کہ پی آئی اے کی سہولت پر پورے جزے کے انجینئروں کی خدمات بھی انجام دے رہی ہے۔

پی آئی اے انجینئرنگ میں MRO IT بحالی کی سرگرمیوں کے لیے ایک ERP حل کامیابی کے ساتھ لاگو کیا گیا ہے اور مارچ 2022 میں مکمل طور پر فعال ہونے کے لیے تیار ہے۔

پی آئی اے انجینئرنگ کوویڈ 19 وبا کی مرض کے اثرات سے بحالی کے لیے قومی پرچم برداری کوششوں میں شراکت کے طور پر سال 2021 میں تقریباً 3.1 ملین روپے کی مدد حاصل کرنے میں کامیاب رہی۔

PIA&M، گلوبل لیزر منظوری کی بنیاد میں کافی اضافہ ہوا ہے۔ PCAA سے منظوری کے علاوہ ہمارے پاس غیر ملکی شہری ہوابازی کے حکام سے QCCA (قطر)، PACA (عمان)، GACA (سعودی عرب)، BCAA (بحرین)، CAASI (سری لنکا) سے ریگولٹری منظوری حاصل ہے۔

کارپوریٹ کی سماجی ذمہ داریاں (CSR):

پی آئی اے اپنی ذمہ داریوں کی ادائیگی انتہائی اعلیٰ معیار اور سماجی اصولوں کے مطابق کرتی ہے۔ بحیثیت ایک پبلک سیکٹر اور عوامی ونگ کی کچھ پی آئی اے اپنے سارجن شراکت داروں، ملازمین اور پورے معاشرے کے ساتھ مضبوط رابطہ پر یقین رکھتی ہے اس کا مقصد یہ بھی ہے کہ عوام الناس بھی ان کے فیصلوں میں دلچسپی ظاہر کرے جو یہ اپنے سارجن، انٹرا ان کے فالو اور جہازوں کی بہتری کے لیے کمر ہے جس سے ایک ذمہ دار عوامی ادارہ ہونے کی حیثیت سے نہ صرف قدرتی آفات کے مواقع پر متاثرین کی مالی مدد کرتی ہے بلکہ ان کی آمد و رفت اور ادائیگی سامان کی ترسیل کے لیے بھی بلا معاوضہ سہولیات فراہم کرتی ہے۔ معاشرے کے پسماندہ افراد اور ملازمین کی بہتری کے لیے بھی پی آئی اے حصہ لیتی ہے جس کے لیے کئی ادارے تشکیل دے چکے ہیں جن میں انشورنس جو کہ 1967 میں معرض وجود میں آیا۔ اس کے علاوہ پی آئی اے ایسکائس ایسوسی ایشن، پی آئی اے کرکٹ اکیڈمی، پی آئی اے پائیلٹس ایسوسی ایشن HSE قواعد کی پاسداری بھی پی آئی اے کے اس عزم کی عکاسی کرتی ہے کہ پی آئی اے ایک بہترین مستقبل کے تعمیر کے لیے کوشاں ہے۔

حصص کا گھونٹاؤ:

ایک گھونٹاؤ جس میں پی آئی اے سی ایل میں شیئر ہولڈنگ کاغذات اور 31 دسمبر 2021 تک کی اضافی معلومات ظاہر کی گئی صفحہ نمبر 49 پر نمایاں ہے۔ 2021 کے دوران Rs 10/- والے اسٹاکس حصص کے سب سے زیادہ اور سب سے کم قیمت بالترتیب Rs 6.87 اور Rs 3.73 رہی۔ Rs 5/- والے لی کال حصص کی زیادہ سے زیادہ اور کم سے کم قیمت ان حصص کا کاروبار ہونے کی وجہ سے ریگولیشن کی جانکی وزارت دفاع اور ہوابازی ڈویژن کے توسط سے حکومت پاکستان کے حصص کا 91.56 فیصد پی آئی اے ایسٹیلی ایوی ایشن منسٹر 4.43 فیصد، پبلک سیکٹر کمپنیوں اور کارپوریٹوں میں 0.10 فیصد اور بے افراد میں 3.83 فیصد حصص ہیں جبکہ پی آئی اے سی ایل میں مالی اداروں کے 0.08 فیصد حصص ہیں۔

بی آئی اے نے اپنے مسافروں کے آرام اور تحفظ کے لیے 30 اکتوبر 2021 سے جہاز کے لیے براہ راست پروازیں شروع کیں۔

ہی آئی اے تحریکوں کے ساتھ تعاون کر کے اور اپنے عالمی ساتھیوں کے ساتھ اپنے تعلقات کو مضبوط بنا کر اپنے قدم بہماری ہے۔

03 چھوٹے A320 طیارے PIA کے بیڑے میں شامل کیے گئے اور 04 اضافی A-320 کی سال 2022 میں PIA کے بیڑے میں شمولیت متوقع ہے۔

بی آئی اے نے 7E Evolution A320 Flight Simulator کے حصول کے لیے L3 Harris Technologies (UK) کے ساتھ ایک معاہدے پر دستخط کیے ہیں۔

اس اقدام سے اسرائیل کو اپنے ۱۹۴۱ قسوں کی بنیاد کو بڑھانے میں مدد ملی ہے جو ملی آئی اے کے ملکیاتی طریقوں کی ریٹائرمنٹ کی وجہ سے کم ہو رہی تھی۔

2021 میں پی آئی اے نے پاکستان کے شمالی علاقہ جات میں سیاحت کے فروغ کے لیے ایک چار ماہانہ آپریشن کا آغاز کیا۔

2021 میں اسکرود کے ٹیپے پرواز میں لاہور، کراچی، مہمان، سیالکوٹ اور فیصل آباد سے چلائی گئیں۔

حکمت کو ادنیٰ سواات سے ملانے کے لیے موسمِ گرما میں سیدہ شریف کے لیے پروازیں بھی چلائی گئیں۔

پاکستان کے ماسٹر کوہ پیما محمد علی سندھ پارو کی یاد میں سندھ پارو ایئر سٹادیئم کا آغاز کیا گیا۔

پلی آئی اے نے 2021 میں حبیب بینک لمیٹڈ کے ساتھ ایک معاہدہ کیا جس کے تحت ایمیز لاکن نے HBL کا رٹہ ہولڈر کو 20 فیصد رعایت کی پیشکش کی۔ یہ پیشکش ایک بڑی کامیابی ثابت ہوئی کیوں کہ اس کے آثار کے بعد پلی آئی اے کے 472 ملین روپے کی آمدنی حاصل ہوئی۔

جی آئی اے اور عسکری بینک نے مشترکہ طور پر ایک کو-برانڈڈ کریڈٹ کارڈ کا اجرا کیا۔ یہ کریڈٹ کارڈ جی آئی اے کے ایوارڈ ہلس فریکوئنٹ فلائرز پروگرام کے ساتھ مربوط ہے۔ 2011 کے بعد اس نوعیت کا یہ پہلا مشترکہ ہے۔

مسلم افواج کے رہنماؤں ۱۵ ہزاروں کو ۱۵ فیصد رعایت دے کر قوم کے محافظوں کی خدمات کو تسلیم کیا۔

بی آئی اے ٹریڈنگ سینٹر اور ویب سائٹ:

دی برانڈنگ کے عمل کے ایک حصے کے طور پر بی آئی اے ٹریڈنگ سینٹر کے لیے نیا پراکٹیکل شائع کیا گیا ہے اور ایک باقاعدہ ویب سائٹ عمل کے مراحل میں ہے۔

مستقل بننے کا مرکز:

اضافیات کو ختم کرنے کی وجہ سے بی آئی اے ٹریڈنگ سینٹر کراچی کیس میں 11 کلاں روم اور 04 ورکشاپوں پر مشتمل ایچس بلڈنگ کو اب Centre of Continuous Learning میں تبدیل کرنے کے لیے وقت گزر رہا ہے۔ یہ سینٹر باہمونیہ جوانوں اور بالخصوص بی آئی اے کے ملازمین کی تعلیمی ترقی کے لیے ایک اہم اضافہ ہوگا۔

جنرل منیجر زاہد وچی جنرل منیجر ڈکے کے لیے سائٹ اسکور ورکشاپس کا آغاز:

بی آئی اے کے اعلیٰ درجے کے منیجرز کو سینے اور ترقی کا موقع فراہم کرنے کے لیے سرکاری اور نجی شعبوں کے اعلیٰ عہدوں پر کام کرنے والے مختلف معروف مہمان مقررین سے قیادت اور انتظامی مہارتوں پر ورکشاپس منعقد کرنے کی درخواست کی گئی۔ یہ ورکشاپس مفت مستعد کی گئیں۔

بی آئی سی موک اپ پر 320-A اور B-777 دروازوں کی خریداری اور تنصیب:

تین اور کاک پٹ کرینز ٹرنگ کے لیے بی آئی سی موک اپ میں ہوائی جہاز کے دروازے کی عدم دستیابی کے حوالے سے PCAA AOC آئٹم کی ایک اہم انتظامی کوشش کئی سالوں سے زیر التوا تھی۔ ہوائی جہاز کے نئے دروازوں کی لاگت بہت زیادہ تھی۔ تاہم بی آئی سی اور بی آئی اے سہائی ٹیمین کی ٹیم نے مارکیٹ سروے کے بعد دروازے لگاتے اور بی آئی اے کے لیے نمایاں بچت کی۔

آپریشنز ٹرنگ یونٹ کے لیے اندرون خانہ فیکٹری ڈیولپمنٹ:

کاک پٹ کرینز ٹرنگ کا مکمل انداز مہمان مقررین پر قبضہ قابل اندرون خانہ انتہائی شہر ٹرنگ اسٹرکچر کا انتخاب کیا گیا اور انہیں کاک پٹ کرین کے لیے آپریشنز اسٹرکچر کے طور پر تیار کیا گیا ہے۔ PCAA کی مطلوبہ منظوری حاصل کرنے کے بعد دو پروڈکشن لائنیں میں انہوں نے اس سے نہ صرف بی آئی سی کی ترقیاتی صلاحیتوں میں اضافہ کیا بلکہ بی آئی اے کی لاگت میں بھی بچت ہوگی۔

پائلٹس کے لیے قیادت اور انتظامی ترقیاتی پروگرام کا آغاز:

پائلٹس کے لیے انتظامی تربیت کا کوئی باقاعدہ پروگرام نہیں تھا۔ آپریشنز ڈیویژن کے دوران قائدانہ کردار پر توجہ دینے والا ایک جامع ترقیاتی پروگرام تیار کیا گیا اور اسے نافذ کیا گیا ہے۔ پائلٹ ان کورسز میں لبریریٹ ہیں۔

مارکیٹنگ ڈپارٹمنٹ کی کامیابیاں

بی آئی اے نے پاکستان میں مذہبی سیاحت کی حوصلہ افزائی کے لیے MOU پر دستخط کیے

پاکستان ہندوؤں کے سرپرست اعلیٰ ڈاکٹر ریشم کمار دتھوانی اور بی آئی اے نے پاکستان میں مذہبی سیاحت کی حوصلہ افزائی کے لیے ایک معاہدہ طے کیا۔ بی آئی اے اس معاہدے کے تحت شہر بھنٹو، گواہ اور بھوچستان میں مقدس مقامات کی زیارت کے لیے متحدہ عرب امارات اور دیگر جگہوں سے ہندو زائرین کے لیے خصوصی چارٹر پروازیں چلائے گی۔

بی آئی اے نے جیہڑ زائف کامرس کے ساتھ MOU پر دستخط کیے

بی آئی اے نے مختلف شہروں بشمول کراچی، لاہور، راولپنڈی، اسلام آباد، سیالکوٹ، کوئٹہ، پشاور، دہلی اور ممبئی جیہڑ زائف کامرس کے ساتھ معاہدے کی یادداشتوں پر دستخط کیے۔ ان جیہڑز کے ممبران کو 10 فیصد کی خصوصی رعایت کی پیشکش کی گئی۔

فجیرہ کے لیے پروازیں شروع کرنے والی پہلی انٹر لائن:

بی آئی اے نے فجیرہ کے لیے اپنی سروں چلانے والی پہلی بین الاقوامی انٹر لائن کے طور پر سرجہ رقم کی۔ بی آئی اے اسلام آباد اور پشاور کے لیے پروازوں کے افتتاح کے ساتھ قوم کی خدمت کے لیے اپنے نیلے رنگ کو تیزی سے بڑھا رہی ہے۔

کوویڈ 19 کے وبائی مرض کے بعد ہزاروں زندگی بیکسر مختلف ہو گیا ہے۔ یہ تبدیلی کس حد تک ہے، اس کا ابھی ہمیں علم نہیں لیکن یہ بات واضح ہے کہ دنیا کو مختلف زاویوں سے تقسیم کیا جا رہا ہے۔ بیشتر ممالک اب بھی لاکھ ڈالروں کی دوا میں ہیں اور سخت سڑکی پائین برقرار ہیں۔ یہ واضح نہیں ہے کہ نہ صرف پاکستان بلکہ ہماری بڑی ممالک میں بھی یہ پائیدار کب نرم ہوں گی یا ختم کی جائیں گی۔ لگائے گئے اندازوں سے یہ امید کی جاسکتی ہے کہ بین الاقوامی فضائی سفر دوبارہ شروع ہو جائے گا اور فضائی ٹریفک کو وبائی امراض سے پہلے کی سطح پر بحال ہونے میں کم از کم 18 ماہ کا عرصہ درکار ہوگا۔

2021 کے دوران بہت سے فضائی راستے مکمل اجزوی طور پر بند رہے اور کئی اپنے اہم نمبر اور جج آپریشنز سے بھی محروم رہی۔ یہاں تک کہ وبائی مرض کے باعث عالمی ہوابازی اور سفری طلب کے تمام شعبہ جات بیرونی حوال کا شکار رہے چاہے مسابقتی، جغرافیائی، سیاسی، سماجی یا اقتصادی ہوں۔ مسافروں کی کم گنجائش اور ٹریفک کی وجہ سے کئی کی بنیادی مسافر اور کارگو آڈی (بشمول انسانی سامان، بینڈ لک اور مختلف خدمات) نمایاں طور پر کم ہو گئی۔ تاہم کوویڈ 19 کی مدت کے دوران کئی کی طرف سے چلائی جانے والی خصوصی چارٹر پروازوں کی وجہ سے کئی کی چارٹر آڈی میں نمایاں اضافہ ہوا۔

ہوائی جہاز کا ایندھن کل لاگت کا 21.2 فیصد کے ساتھ اخراجات میں سب سے بڑا عنصر رہا اور زیر جائزہ سال کے دوران ایندھن کی اوسط قیمتوں اور شرح مبادلہ کی وجہ سے ایندھن کی قیمت میں معمولی اضافہ ہوا۔

یورڈ آف ڈائریکٹرز میں تبدیلیاں:

پی آئی اے کی سالانہ رپورٹ برائے سال 2020 کی اشاعت کے بعد سے پی آئی اے کے بورڈ آف ڈائریکٹرز میں متعدد تبدیلیاں واقع ہوئی

نام و کئیے گئے	سیکڈ وٹس ہونے
جناب یوسف خان سیکرٹری فنانس ڈویژن مئی 2021، 27	جناب کامران علی افضل سیکرٹری فنانس ڈویژن جولائی 2021، 01
میاں اسد حیات الدین سیکرٹری اکاؤنٹس انفور ڈویژن ستمبر 2021، 09	جناب نور احمد سیکرٹری اکاؤنٹس انفور ڈویژن جولائی 2021، 01
جناب خالد یعقوب شیخ ایڈیشنل سیکرٹری (انچارج) فنانس ڈویژن دسمبر 2021، 06	جناب جاوید فنی ستمبر 2021، 01
	جناب یوسف خان سیکرٹری فنانس ڈویژن دسمبر 2021، 06

یورڈ آف ڈائریکٹرز کا خیر مقدم کرتا ہے اور سیکڈ وٹس ہونے والے ڈائریکٹرز کی خدمات کو فرائض تحسین پیش کرتا ہے۔

کامیابیاں۔ پی آئی اے ٹریڈنگ سینٹر

انفراسٹرکچر کی مکمل ترمیم و آرائش۔

کراچی میں پی آئی اے ٹریڈنگ سینٹر کی مرکزی عمارت 1970 کی دہائی میں تعمیر کی گئی تھی اور اس کو مکمل ترمیم و آرائش کی اشد ضرورت تھی۔ بنیادی ڈھانچے کے مکمل آڈٹ کے بعد کمپنی کو بحال کیا گیا ہے جب کہ اضافیات کو ختم کیا گیا ہے۔

پی آئی اے ٹریڈنگ سینٹر کی ری برانڈنگ۔

ترمیم و آرائش کا کام مکمل ہونے کے بعد مرکزی کمپنی کو مکمل طور پر ری برانڈ کیا گیا ہے۔

محترم قصص یافتگان!

پاکستان انٹرنیشنل ایئر لائنز کو رپورٹیشن لینڈ (ٹی آئی اے سی ایل) یا ہولڈنگ کمپنی کے (انٹرکسٹرپرائز آئی اے سی ایل) کی سالانہ رپورٹ بشمول مالیاتی گوشوارے پورا سال جنس کا اختتام 31 دسمبر 2021 کو ہوا، پیش خدمت کرتے ہیں۔

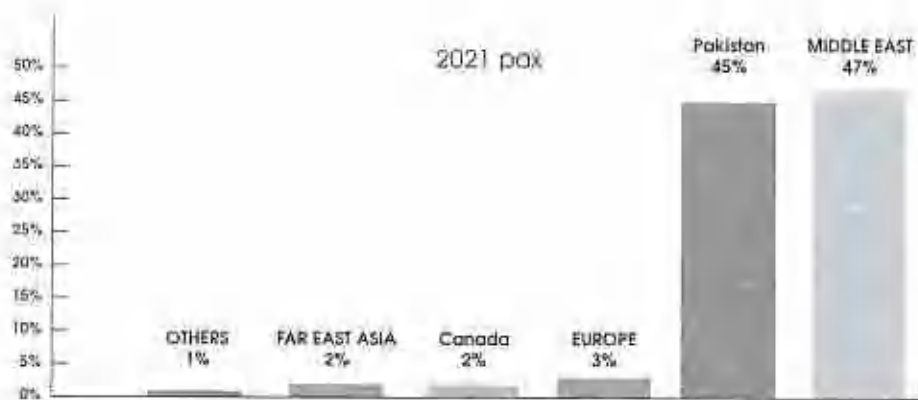
صنعتی جائزہ

گواہ۔ ۱۹ کے بحران میں خدمت کی وجہ سے ایئر لائن کو کئی سالوں کا سامنا کرنا پڑا۔ لیکن یہ حالات بہتر ہو رہے ہیں اور بحالی کا راستہ نظر آ رہا ہے۔ ایئر لائن اب بھی اس وجہ سے غنیمت میں غرق نہیں ہے کہ بحالی میں صرف سال کا سامنا کر رہی ہے اور افریقہ میں مسائل کا سامنا کرنا چاہیہ رہا ہے۔ دنیا بھر کی اکثر ایئر لائن کی طرح ایئر لائن بھی مختلف حکومتوں کی کاغذی دستاویز پر پابند ہیں اور لاگتوں کی وجہ سے یہی طرح متاثر ہوئی۔ اٹلی میں RPK کی جو بحران گواہ بحران سے پہلے تھی اس کا صرف 40 فی صد یعنی 66 فی صد کی کاغذی بحالی ہے۔ بین الاقوامی سفری پابندیوں کی وجہ سے سال 2021 میں ہوائی سفر کی بحالی سے وہی کاغذی رہی۔

گودیلے۔ ۱۹ کی وجہ سے فضائی رابطے میں نمایاں نقصان دیکھتے ہیں آیا۔ سفری پابندیوں کے نتیجے میں مانی مالیاتی بحران کے بعد کوئی بار شیروں سے pairs میں کمی واقع ہوئی۔ 2020 میں شرم کے منفرد pairs میں نمایاں نقصان دیکھتے ہیں آیا۔ سفری پابندیوں کے نتیجے میں مانی مالیاتی بحران کے بعد کوئی بار شیروں سے pairs میں کمی واقع ہوئی۔ 2020 میں شرم کے منفرد pairs میں نمایاں نقصان دیکھتے ہیں آیا۔ سفری پابندیوں کے نتیجے میں مانی مالیاتی بحران کے بعد کوئی بار شیروں سے pairs میں کمی واقع ہوئی۔

کاروباری جائزہ:

دنیا بھر میں کوویڈ-19 پھیلنے کے نتیجے میں بین الاقوامی فضائی سفر کی مانگ میں دھچکا لگا اور زبردستی کئی واقعات ہوئی کیوں کہ ممالک نے اپنی سرحدیں بند کر دیں اور سخت سفری پابندیاں عائد کر دیں۔ 2021 کے دوران پل آئی ریل کے کل آمدنی میں 86.18 فیصد اضافہ ہوا۔ مالی سال 2021 کے دوران، تعمیراتی محصولات (PAX) کے لحاظ سے کاروباری چھٹکے، ٹرلے میں موجودہ دھول میں دھچکا لگایا۔ کاروبار ورنج ٹرلے چارٹس میں دھچکا لگایا۔



پہلی آئی اے نے گزشتہ 12 ماہ کے دوران اپنی نئے روٹس متعارف کروانے میں اور طلبہ کے امکانات اور تجارتی لحاظ سے کامل عمل جو نئے کی بنیاد پر پروازوں کی تعداد میں اضافہ کیا ہے۔ پہلی آئی اے اپنے جڑے میں نے مسیح کر رہی ہے اور حال ہی میں امسال دو Narrow Body طیارے شامل کیے گئے ہیں جبکہ 04 مزید طیارے مستقبل قریب میں پہلی آئی اے کے جڑے میں شامل کیے جائیں گے۔ سال کے دوران پہلی آئی اے نے نئے روٹس کھولنے کے ساتھ عالمی ہیڈ ورک کو وسعت دی۔

نی آئی اے کا مجموعی منافع پچھلے سال (2020 کے مجموعی منافع 2.5 بلین) کے مقابلے میں 8.5 بلین روپے کے نقصان پہنچی ہے جبکہ خالص نقصان 50.1 بلین روپے رہا جو کہ سال 2020 میں 34.6 بلین روپے تھا۔ یہ نقصان بنیادی طور پر 30 ستمبر 2021 کو ختم ہونے والے نوادے کے نیچے کوڈ 19 کے مسلسل اثر کے دوران آمدنی میں کمی کی وجہ سے ریکارڈ کیا گیا ہے۔ تاہم وزیر پائمانہ سال کی چوتھی سہ ماہی میں 2.1 بلین روپے کے مجموعی منافع کے ساتھ کوری کے کمان کو نمایاں کرتا ہے جس میں آمدن میں 69 فیصد کے غیر معمولی اضافہ کے ساتھ اہم دولہوں سے سفری پابندیوں کو گزرجوئی طور پر اٹھائے جانے کی وجہ سے لبر جائزہ سال کی تیسری سہ ماہی کے آمدنی کے مقابلے میں لائسنس کی آئیریشل مرکز میں کمی کی وجہ سے ہے۔

BOARD MEETINGS ATTENDANCE

Meetings Date	BM 053	BM 054	BM 055	BM 056	BM 057	BM 058	BM 059	BM 060	BM 061	BM 062
16/01/2021	24/02/2021	06/04/2021	29/04/2021	14/07/2021	27/08/2021	27/10/2021	29/10/2021	29/11/2021	28/12/2021	
Mr Aslam R Khan Chairman-PACL	✓	✓	✓	✓ IL	✓	✓	Leave of Absence	Leave of Absence	Leave of Absence	✓
Mr Noor Ahmed Secretary Economic Affairs Division	✓ VL	✓ VL	✓ VL	✓ VL	Relinquished 1/2/2021					
Mr Shoukat Ali Secretary Aviation Division	✓	✓ VL	✓ VL	✓ VL	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Mr Atif Aslam Bajwa	✓	✓ VL	✓	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	✓ VL	✓ VL
Mr Zahid F Ebrahim	✓	✓ VL	✓	✓ VL	✓	Leave of Absence	✓ VL	✓ VL	Leave of Absence	✓ VL
Mr Jawaid Ghani	✓ VL	Leave of Absence	✓ VL	✓ VL	✓ VL	✓	Relinquished 1/9/2021			
Air Marshal Arshad Malik (Retd) Chief Executive Officer	✓	✓ VL	✓ VL	✓	✓	✓	✓	✓	✓	✓
Mr Navaid H Malik	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Dr Zeelaf Munir	✓ VL	✓ VL	Leave of Absence	✓ VL	✓ VL	✓ VL	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence
Mr Kamran Ali Afzal Secretary Finance Division		Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Relinquished 26/5/2021				
Syed Muhammad Ali Gardezi		Leave of Absence	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL	✓ VL
Mr Yusuf Khan Secretary Finance Division					Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	LOA Relinquished 6/12/2021	
Mian Asad Hayauddin Secretary Economic Affairs Division							✓	Leave of Absence	✓ VL	✓ VL
Mr Hamed Yaqoob Shelikh Secretary Finance Division										LOA Nominated 6/12/2021

ATTENDANCE OF DIRECTORS AT AUDIT COMMITTEE MEETINGS

Meetings Date Attended by	BAC024 16/02/2021	BAC025 06/04/2021	BAC026 29/04/2021	BAC027 27/08/2021	BAC028 28/12/2021
Mr Atif Aslam Bajwa	✓ VL	✓	Leave of Absence	Leave of Absence	✓ VL
Dr Jawaid Ghani	✓ VL	✓ VL	✓ VL	✓	Relinquished
Dr Zeelaf Munir	Leave of Absence	Leave of Absence	Leave of Absence	✓ VL	Leave of Absence
Mr Navaid H Malik			✓	✓	✓

ATTENDANCE OF DIRECTORS AT HR & NOMINATION COMMITTEE MEETINGS

Meetings Date Attended by	HR&C-16 16/03/2021	HR&C-17 08/10/2021	HR&C-18 13/12/2021
Mr Zahid F Ebrahim	✓ VL	✓ VL	✓ VL
Air Marshal Arshad Malik (Retd)	✓	✓ VL	✓ VL
Dr Zeelaf Munir	✓ VL	✓ VL	✓ VL

BDO Ebrahim and Co.
Chartered Accountants
2nd Floor, Block C,
Sarwai Shaheed Road
Karachi - 74200

Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motors
Beaumont Road
Karachi - 75530

REVIEW REPORT TO THE MEMBERS ON THE STATEMENTS OF COMPLIANCE WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 AND PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Public Sector Companies (Corporate Governance) Rules, 2013 (both herein referred to as 'Codes') prepared by the Board of Directors of Pakistan International Airlines Corporation Limited for the year ended December 31, 2021 to comply with the requirements of Regulation 36 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) and rule 24 of the Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) respectively.

The responsibility for compliance with the Codes is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and the Rules, and report if it does not, and to highlight any non-compliance with the requirements of the Codes. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Codes.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Codes require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Codes as applicable to the Company for the year ended December 31, 2021.

Further, we highlight below instances of non-compliance with the requirement of the Codes as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No	Rule/Regulation	Description
1	8(1)(10)(v)	The annual performance evaluation of the board is not undertaken by the government of Pakistan.
2	8(5)	Minutes of the BOD meeting were not circulated within 14 days of the meeting.
3	9	The Board has not established criteria for review and approval of a non-arm's length transaction and recording proper justification for using such alternate pricing mechanism.
4	42(a)(21)	The agenda for all the Board meetings was set by the Company Secretary instead of Chairman of the Board.
5	11(3)(18)	Annual orientation course for newly appointed / elected directors was not held during the year.

BDO Ebrahim and Co.
Chartered Accountants
UDIN: CR2021100678Kw3E14nY
Date: April 07, 2022
Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants
UDIN: CR202110164RDGL5Z9N4
Date: April 07, 2022
Place: Karachi



STATEMENT OF COMPLIANCE

with the Public Sector Companies (Corporate Governance) Rules 2013
and Listed Companies (Code of Corporate Governance) Regulations 2019

Name of company: Pakistan International Airlines Corporation Limited (PIACL)

Name of the line ministry: Aviation Division, Cabinet Secretariat

For the year ended: December 31, 2021

1. This statement is being presented to comply with Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) and Listed Companies (Code of Corporate Governance) Regulations 2019 (the Regulations) issued for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of public sector governance. In case where there is inconsistency with the Regulations, the provisions of Rules shall prevail.

Pakistan International Airlines Corporation (the Corporation) was incorporated on January 10, 1953 under the Pakistan International Airlines Corporation Ordinance, 1953, which was subsequently repealed and replaced by the Pakistan International Airlines Corporation Act, 1956. With effect from April 19, 2016, the Corporation was converted from a statutory corporation into a public limited company by shares namely Pakistan International Airlines Corporation Limited (the Company or PIACL), through Act No. XX of 2016, Pakistan International Airlines Corporation (Conversion) Act, 2016, (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Airlines Corporation Act, 1956 and the Company is now governed under Companies Act, 2017 (the Act).

ii. During the year ended December 31, 2021, the Company has complied with the provisions of Rules in following manner:

S.No.	Provision of Rules	Rule No.	Yes	No	N/A																										
1.	Independent directors meet the criteria of independence, as defined under the Rules.	2(d)	✓																												
2.	Board has at least one-third of its total members as Independent Directors as at December 31, 2021. Board's composition was: <table><tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr><tr><td rowspan="6">Independent Directors</td><td>Mr Aslam R Khan</td><td>October 20, 2020</td></tr><tr><td>Mr Alif Aslam Bajwa</td><td>October 20, 2020</td></tr><tr><td>Syed Muhammad Ali Golderi</td><td>October 20, 2020</td></tr><tr><td>Mr Zahid F. Ebrahim</td><td>October 20, 2020</td></tr><tr><td>Dr. Zeelaf Munir</td><td>October 20, 2020</td></tr><tr><td>Mr Nayab H Malik</td><td>November 28, 2020</td></tr><tr><td>Executive Directors</td><td>Air Marshal Arshad Malik (Retd)</td><td>October 17, 2018</td></tr><tr><td rowspan="3">Non-Executive Directors</td><td>Mr Shoukat Ali</td><td>November 30, 2020</td></tr><tr><td>Mian Asad Hayaatuddin</td><td>September 9, 2021</td></tr><tr><td>Mr Hameed Yaqoob Sheikh</td><td>December 06, 2021</td></tr></table>	Category	Names	Date of Appointment	Independent Directors	Mr Aslam R Khan	October 20, 2020	Mr Alif Aslam Bajwa	October 20, 2020	Syed Muhammad Ali Golderi	October 20, 2020	Mr Zahid F. Ebrahim	October 20, 2020	Dr. Zeelaf Munir	October 20, 2020	Mr Nayab H Malik	November 28, 2020	Executive Directors	Air Marshal Arshad Malik (Retd)	October 17, 2018	Non-Executive Directors	Mr Shoukat Ali	November 30, 2020	Mian Asad Hayaatuddin	September 9, 2021	Mr Hameed Yaqoob Sheikh	December 06, 2021	3(2)	✓		
Category	Names	Date of Appointment																													
Independent Directors	Mr Aslam R Khan	October 20, 2020																													
	Mr Alif Aslam Bajwa	October 20, 2020																													
	Syed Muhammad Ali Golderi	October 20, 2020																													
	Mr Zahid F. Ebrahim	October 20, 2020																													
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Non-Executive Directors	Mr Shoukat Ali	November 30, 2020																													
	Mian Asad Hayaatuddin	September 9, 2021																													
	Mr Hameed Yaqoob Sheikh	December 06, 2021																													
3.	No person shall be elected or nominated as a director of more than 5 public sector companies simultaneously, except their subsidiaries.	3(4)	✓																												
4.	The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.	3(5)	✓																												
5.	The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.	3(7)	✓																												

S.No.	Provision of Rules	Rule No.	Yes	No	N/A
6.	The office of the Chairman of the Board is separate from the Chief Executive of the Company.	4(1)	✓		
7.	The Chairman has been elected by the Board of directors except where Chairman of the Board has been appointed by the Government.	4(4)	✓		
8.	The Board has evaluated the candidates for the position of the Chief Executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.	5(2)	✓		
9.	a) The Company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place. b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures, including posting the same on the Company's website: (www.piac.com.pk). c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.	5(4)	✓ ✓ ✓		
10.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety, objectivity, integrity and honesty, and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	✓		
11.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b)(i)	✓		
12.	The Board has developed and implemented a policy on anti-corruption to minimize actual or perceived corruption in the company.	5(5)(b)(vi)	✓		
13.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c)(ii)	✓		
14.	The Board has ensured compliance with the law as well as the Company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c)(iii)	✓		
15.	The Board has developed a Vision or Mission Statement, Corporate Strategy and significant policies of the Company.	5(6)	✓		
16.	The Board has developed significant policies of the Company. A complete record of the particulars of the significant policies together with the dates, on which they were approved or amended, has been maintained.	5(7)	✓		
17.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)	✓		
18.	The Board has ensured compliance with policy directions/requirements received from the Government.	5(11)	✓		

S.No.	Provision of Rules	Rule No.	Y	N	N/A												
19.	a) The Board has met at least four times during the year. b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. c) The Minutes of the meetings were appropriately recorded and circulated.	6 (1) 6 (2) 6 (3)	✓ ✓	✓													
20.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	8 (2)	✓														
21.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the Audit Committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9		✓													
22.	a) The Board has approved the Statement of Profit or Loss for, and Statement of Financial Position as at the end of, the first, second and third quarter of the year as well as the financial year end. b) The Board has ensured that half yearly accounts are prepared and reviewed by the external auditors. c) The Board has placed the Annual Financial Statements on the Company's website.	10	✓ ✓ ✓														
23.	All the Directors underwent an orientation course arranged by the Company to apprise them of the material developments and information as specified in the Rules.	11		✓													
24.	a) The Board has formed the requisite Committees, as specified in the Rules; b) The Committees were provided with written term of reference defining their duties, authority and composition. The Minutes of the Meetings of the Committees were circulated to all the Directors except for Finance (Risk Management) Committee, since no finance committee has been formed by Directors, refer 23(d) below. a) The committees were chaired by the following Non-Executive Directors: <table border="1"><thead><tr><th>Board Committee</th><th>Number of Members</th><th>Name of Chairman</th></tr></thead><tbody><tr><td>Audit</td><td>03</td><td>Mr Atif Aslam Bajwa</td></tr><tr><td>HR (Nomination)</td><td>03</td><td>Mr Zahid F Ibrahim</td></tr><tr><td>Procurement</td><td>02</td><td>Syed Muhammad Ali Gardezi</td></tr></tbody></table>	Board Committee	Number of Members	Name of Chairman	Audit	03	Mr Atif Aslam Bajwa	HR (Nomination)	03	Mr Zahid F Ibrahim	Procurement	02	Syed Muhammad Ali Gardezi	1	✓ ✓ ✓ ✓ ✓		
Board Committee	Number of Members	Name of Chairman															
Audit	03	Mr Atif Aslam Bajwa															
HR (Nomination)	03	Mr Zahid F Ibrahim															
Procurement	02	Syed Muhammad Ali Gardezi															
25.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	13	✓														
26.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	14	✓														

S.No.	Provision of Rules	Rule No.	Yes	No	N/A										
27.	The Company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	16	✓												
28.	The Directors' Report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	17	✓												
29.	The Directors, CEO and Executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the Company except those disclosed to the Company.	18	✓												
30.	a). A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The Annual Report of the Company contains criteria and details of remuneration of each director.	19	✓ ✓												
31.	The Financial Statements of the Company were duly endorsed by the Chief Executive and Chief Financial Officer before consideration and approval of the Audit Committee and the Board.	20	✓												
32.	The Board has formed an Audit Committee, with defined and written terms of reference, and having the following members: <table border="1"><thead><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr></thead><tbody><tr><td>Mr. Ali Aslam Balwa</td><td rowspan="3">Independent Directors</td><td>Banker</td></tr><tr><td>Dr. Zeeshan Munir</td><td>HR/Marketing</td></tr><tr><td>Navaid H Malik</td><td>Businessman</td></tr></tbody></table> The Chief Executive and Chairman of the Board are not Members of the Audit Committee.	Name of Member	Category	Professional Background	Mr. Ali Aslam Balwa	Independent Directors	Banker	Dr. Zeeshan Munir	HR/Marketing	Navaid H Malik	Businessman	21 (1) 21 (2)	✓ ✓		
Name of Member	Category	Professional Background													
Mr. Ali Aslam Balwa	Independent Directors	Banker													
Dr. Zeeshan Munir		HR/Marketing													
Navaid H Malik		Businessman													
33.	a). The Chief Financial Officer, the Chief Internal Auditor and a representative of the External Auditors attended all Meetings of the Audit Committee at which issues relating to accounts and audit were discussed. b). The Audit Committee met the External Auditors, at least once a year, without the presence of the Chief Financial Officer, the Chief Internal Auditor and other Executives. c). The Audit Committee met the Chief Internal Auditor and other members of the Internal Audit function, at least once a year, without the presence of Chief Financial Officer and the External Auditors.	21 (3)	✓ ✓												
34.	a). The Board has set up an effective Internal Audit function, which has an audit charter, duly approved by the Board Audit Committee. b). The Chief Internal Auditor has requisite qualification and experience prescribed in the Rules. c). The Internal Audit Reports have been provided to the External Auditors for their review.	22	✓ ✓ ✓												
35.	The External Auditors of the Company have confirmed that the firms and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	23(4)	✓												
36.	The Auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit services.	23(5)	✓												

Certain additional disclosures, required under the Listed Companies (Code of Corporate Governance) Regulations, 2019 (The Regulations)

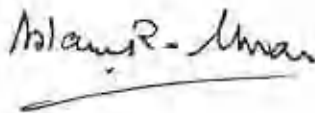
1. The total number of directors are as follows:
 - a. Male: 09
 - b. Female: 01
2. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ Shareholders as empowered by the relevant provisions of the Act and these Regulations.
3. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
4. The frequency of quarterly Meetings of the Committee was as per following:
 - Meetings of the Audit Committee were held in all 4 Quarters.
 - Meetings of the HR and Nomination Committee were held 3 times during the year in the 1st and 4th quarter. No meeting was held in 2nd and 3rd quarter.
 - Meeting of procurement committee was held once in 4th quarter.
5. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
6. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
7. Non-compliance with the requirements other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are set out below:
 - The Company did not make appropriate arrangements to carry out orientation for its directors to acquaint them with the requirements of these Regulations.
 - The agenda for all the Board Meetings was set by the Company Secretary instead of Chairman of the Board.
 - A formal and effective mechanism is not put in place for an annual evaluation of Board's performance.

EXPLANATION FOR NON-COMPLIANCE WITH THE PUBLIC SECTOR COMPANIES (CORPORATE GOVERNANCE) RULES, 2013

We confirm that all other material requirements envisaged in the Rules have been complied with except for the following, toward which reasonable progress is being made by the Company to seek compliance by the end of next Financial Year:

S. No.	Rule/ Sub Rule No.	Reasons for Non-Compliance	Future course of action
1	8(1)	The performance evaluation of members of the Board including the chairman and the Chief Executive is required to be undertaken annually by the Government for which, the Government is required to enter into performance contract with each member of the Board at the time of his appointment. Hence the compliance to this provision is primarily attributable to the Government.	A letter shall be written to the Federal Secretary Aviation, communicating the said non-compliance and seeking action thereupon on part of the Federal Government.
2	6(3)	Minutes of the Board Meetings were not circulated within fourteen days of the Meeting.	Noted for compliance in future.
3	9	Due to non-establishment of related party transactions pricing policy which could differentiate non-arm's length transactions with that which have been executed at arm's length.	Noted for compliance in future.
4	4(2)(b)	Role of Chairman for conducting the Board Meeting including fixing the agenda: Audit is of the view that the agenda for all the Board Meetings was set by the Company Secretary instead of Chairman of the Board.	The agenda is indeed set by the Chairman and circulated in form of Notice to all Directors by Company Secretary. In compliance with Audit's finding, in future, the setting up of agenda by Chairman will be documented.
5	11(3)	The Company did not make appropriate arrangements to carry out orientation for its directors to acquaint them with the requirements of these Regulations.	PIA Board comprises senior civil servants, corporate leaders and business executives. However, they are provided with orientation material at the time of their joining and subsequently kept updated.

For and on behalf of the Board



Aslam R. Khan
Chairman - PIACL



Air Marshal (Retd) Arshad Malik
Chief Executive Officer

PATTERN OF SHAREHOLDINGS

As at December 31, 2021

Shareholding			Number of Shareholders	Ordinary "A" Class	Ordinary "B" Class
From	To	To		Total Shares Held	Total Shares Held
1	To	100	13920	263,658	12,896
101	To	500	29932	8,342,250	9,607
501	To	1000	4700	4,021,097	1,339
1001	To	5000	5209	13,096,667	13,642
5001	To	10000	1209	9,653,493	-
10001	To	15000	414	5,372,475	-
15001	To	20000	318	5,834,925	-
20001	To	25000	209	4,971,482	-
25001	To	30000	146	4,186,367	-
30001	To	35000	81	2,706,261	-
35001	To	40000	69	2,674,500	-
40001	To	45000	44	1,888,226	-
45001	To	50000	159	7,877,956	-
50001	To	55000	39	2,058,317	-
55001	To	60000	37	2,178,000	-
60001	To	65000	22	1,394,000	-
65001	To	70000	21	1,446,804	-
70001	To	75000	32	2,363,769	-
75001	To	80000	18	1,419,167	-
80001	To	85000	13	1,083,500	-
85001	To	90000	15	1,317,179	-
90001	To	95000	7	647,500	-
95001	To	100000	81	8,079,500	-
100001	To	105000	9	924,658	-
105001	To	110000	12	1,306,998	-
110001	To	115000	7	796,500	-
115001	To	120000	7	830,000	-
120001	To	125000	11	1,371,000	-
125001	To	130000	8	1,032,500	-
130001	To	135000	5	665,500	-
135001	To	140000	5	700,000	-
140001	To	145000	3	429,126	-
145001	To	150000	27	4,041,000	-
150001	To	155000	6	919,000	-
155001	To	160000	8	1,267,500	-
160001	To	165000	3	490,000	-
165001	To	170000	1	170,000	-
170001	To	175000	6	1,044,951	-
175001	To	180000	6	1,068,500	-
180001	To	185000	2	366,500	-
185001	To	190000	7	1,322,000	-
190001	To	195000	2	388,000	-
195001	To	200000	23	4,596,500	-
200001	To	205000	6	1,216,151	-
205001	To	210000	3	624,000	-
210001	To	215000	2	424,500	-
215001	To	220000	6	1,317,000	-
220001	To	225000	3	667,345	-
225001	To	230000	3	684,500	-
230001	To	235000	2	470,000	-
240001	To	245000	4	975,000	-
245001	To	250000	5	1,250,000	-
250001	To	255000	3	757,500	-
260001	To	265000	1	264,000	-
265001	To	270000	1	265,500	-
270001	To	275000	6	1,637,179	-
275001	To	280000	2	555,000	-
280001	To	285000	3	847,500	-
295001	To	300000	8	2,395,500	-
300001	To	305000	1	305,000	-
310001	To	315000	2	625,500	-
325001	To	330000	1	330,000	-
330001	To	335000	1	332,000	-
345001	To	350000	3	1,050,000	-
370001	To	375000	2	741,000	-

PATTERN OF SHAREHOLDING

As at December 31, 2021

Shareholding		Number of Shareholders	Ordinary "A" Class	Ordinary "B" Class	
From	To		Total Shares Held	Total Shares Held	
375001	To	380000	3	1,138,000	-
395001	To	400000	4	1,600,000	-
400001	To	405000	2	810,000	-
415001	To	420000	1	420,000	-
420001	To	425000	1	425,000	-
425001	To	430000	1	427,500	-
445001	To	450000	4	1,800,000	-
450001	To	455000	1	454,000	-
470001	To	475000	3	1,420,000	-
490001	To	495000	3	1,479,000	-
495001	To	500000	3	1,498,500	-
500001	To	505000	2	1,002,500	-
510001	To	515000	1	510,500	-
515001	To	520000	2	1,036,000	-
520001	To	525000	1	525,000	-
525001	To	530000	1	526,000	-
530001	To	535000	1	533,000	-
565001	To	570000	2	1,134,004	-
595001	To	600000	2	1,198,000	-
605001	To	610000	1	608,000	-
615001	To	620000	1	620,000	-
630001	To	635000	1	630,067	-
635001	To	640000	1	635,500	-
645001	To	650000	2	1,300,000	-
675001	To	680000	1	680,000	-
690001	To	695000	1	691,500	-
705001	To	710000	1	709,000	-
720001	To	725000	1	723,000	-
725001	To	730000	1	728,500	-
770001	To	775000	1	771,000	-
785001	To	790000	1	786,500	-
805001	To	810000	1	807,000	-
815001	To	820000	1	818,000	-
845001	To	850000	2	1,700,000	-
895001	To	900000	1	900,000	-
905001	To	910000	1	910,000	-
945001	To	950000	2	1,896,053	-
965001	To	970000	1	965,500	-
970001	To	975000	1	975,000	-
995001	To	1000000	2	2,000,000	-
1000001	To	1005000	1	1,005,000	-
1050001	To	1055000	2	2,102,500	-
1220001	To	1225000	1	1,225,000	-
1240001	To	1245000	1	1,244,276	-
1285001	To	1290000	1	1,286,000	-
1380001	To	1385000	1	1,383,000	-
1650001	To	1655000	1	1,652,500	-
1685001	To	1690000	1	1,687,500	-
1995001	To	2000000	1	2,000,000	-
2040001	To	2045000	1	2,044,000	-
2195001	To	2200000	1	2,200,000	-
2245001	To	2250000	1	2,248,500	-
3280001	To	3285000	1	3,282,500	-
3570001	To	3575000	1	3,571,500	-
4995001	To	5000000	1	5,000,000	-
6090001	To	6095000	1	6,090,135	-
231855001	To	231860000	1	231,855,493	-
4791750001	To	4792485000	1	4,791,752,087	1,462,515
Total		57003	5,233,761,118	1,499,999	



CATEGORIES OF SHAREHOLDERS

As at December 31, 2021

Categories of Shareholders	Number of Shareholders	Number of Shares Held		Percentage
		Ordinary 'A' Class	Ordinary 'B' Class	
Government of Pakistan Federal Government which holds more than five percent voting rights shares held in the name of Secretary, Ministry of Defence and Secretary, Aviation Division	1	4,791,752,087	1,462,515	91.56
PIA - Employees Empowerment Trust	1	231,855,493	-	4.43
Associated Companies, undertakings and related parties:	-	-	-	-
Mutual Funds CDC - Trustee National Investment (Unit) Trust	1	202,650	-	0.00
Directors and their spouse(s) and minor children Mr Navaid Hasib Malik (Director)	1	100	-	0.00
Executives	5	1,048	-	0.00
Public Sector Companies and Corporations	17	5,047,970	100	0.10
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	25	4,182,186	3	0.08
Individual	56,758	186,969,248	34,454	3.57
Others	194	13,750,336	2,927	0.26
Totals	57,003	5,233,761,118	1,499,999	100.00

The above two statements include 9,495 Shareholders holding 188,861,265 Ordinary 'A' Class Shares and 2,625 Ordinary 'B' Class Shares through the Central Depository Company of Pakistan Limited

SHARE CAPITAL

(December 31, 2021)

December 2021	December 2020		December 2021	December 2020
----- Number of Shares -----			---- (Rupees in '000) ----	
Authorized Capital				
Ordinary Share Capital				
5,349,250,000	5,349,250,000	'A' class shares of Rs.10/- each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs.5/- each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
Preference share capital				
50,000,000	50,000,000	Preference shares of Rs.10/- each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
Issued, subscribed and paid up share capital				
Ordinary share capital				
'A' class shares of Rs.10/- each				
Issued for consideration in cash				
Issued for consideration other than cash for acquisition of shares				
4,998,895,608	4,998,895,608	Issued as bonus shares	49,988,956	49,988,956
931,028	931,028		9,310	9,310
233,934,482	233,934,482		2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
'B' class shares of Rs.5/- each				
Issued for consideration in cash				
1,003,374	1,003,374	Issued for consideration other than cash for acquisition of shares	5,017	5,017
2,625	2,625	Issued as bonus shares	13	13
494,000	494,000		2,470	2,470
1,499,999	1,499,999		7,500	7,500
			52,345,110	52,345,110

SIX-YEAR SUMMARY

	2021 (Audited)	2020 (Audited)	2019 (Audited) (Restated)	2018 (Audited)	2017 (Audited) (Restated)	2016 (Audited) (Restated)
OPERATION						
Route Kilometers	374,054	705,520	389,725	332,303	360,937	382,057
Revenue Kilometers Flown (000)	34,844	37,403	70,515	70,089	75,207	79,842
Revenue Hours Flown	55,710	57,370	110,640	110,050	122,081	131,838
Available Tonne Kilometers A.T.K (000)	1,019,875	1,326,514	2,609,730	2,521,208	2,658,974	2,797,976
Available Seat Kilometers A.S.K (000)	7,661,820	8,902,198	18,371,578	18,080,600	19,106,047	19,201,564
TRAFFIC						
Revenue Passengers Carried (000)	2,657	2,541	5,290	5,203	5,342	5,486
Revenue Passengers Kilometers (000)	5,138,222	6,628,751	14,938,238	13,975,424	13,986,804	13,750,669
Passenger Load Factor (%)	66.89	74.46	81.31	77.31	73.21	71.62
Revenue Freight Tonne Kilometers (000)	75,605	26,817	191,546	208,928	206,695	132,894
Kgs. of Excess Baggage & Cargo (000)	25,747	27,274	4,687	36,941	38,975	37,674
Kgs. of Mail (000)	228	121	189	205	241	225
Revenue Tonne Kilometers (000)	547,436	694,799	1,539,026	1,471,523	1,468,861	1,375,423
Revenue Load Factor (%)	53.68	52.40	59	58	55	49
Avg. Kilometer Per Passenger	1,934	2,608	2,824	2,686	2,619	2,506
FINANCIAL						
Operating Revenue (Rs. in million)	86,185,394	94,989,391	147,500,129	103,490,460	90,556,089	88,997,379
Operating Expenses (Rs. in million)	108,558,859	100,618,552	166,916,892	150,523,705	126,366,578	120,633,000
Loss before interest and taxation (Rs. in million)	(22,373,465)	(5,629,161)	(19,416,763)	(47,033,245)	(35,80,498)	(31,636,144)
Loss after tax (Rs. in million)	(50,101,491)	(34,642,811)	(55,451,831)	(67,327,605)	(51,006,922)	(44,900,315)
Fixed Assets (Rs. in million)	91,546,616	90,946,468	92,570,158	78,302,168	67,157,187	68,838,645
Current Assets (Rs. in million)	45,093,507	42,491,498	52,917,036	34,945,653	32,145,992	29,449,080
Current Liabilities (Rs. in million)	313,715,044	322,262,878	325,290,199	288,569,906	244,307,972	213,702,122
Long-Term Debts (Rs. in million)	285,033,759	222,960,679	207,050,576	150,970,165	121,096,089	105,931,398
Net Worth (Rs. in million)	(497,463,605)	(448,766,813)	(423,258,057)	(356,753,631)	(291,470,196)	(243,927,154)
RATIOS						
Loss per share (Rs.)	(9.57)	(6.62)	(10.59)	(12.86)	(9.74)	(8.58)
Current ratio	0.14	0.13	0.16	0.12	0.13	0.14
SHARE PRICES (Rs. 10 Share)						
High	6.87	6.85	7.80	8.08	10.21	13.55
Low	3.73	3.21	3.01	3.81	3.8	6.50
Closing	3.93	4.73	6.67	5.09	4.02	9.16
PERSONNEL						
Average No. of Employees	8,558	10,779	11,740	12,196	13,268	13,947
Revenue Per Employee (Rs. in million)	10.07	8.81	12.56	8.49	6.83	6.38

UNCONSOLIDATED
FINANCIAL
STATEMENTS



BDO Ebrahim & Co.
Chartered Accountants
2nd Floor, Block C, Laksan Square Building
No. 1, Sarwat Sheheed Road, Karachi -
74200

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

INDEPENDENT AUDITORS' REPORT

To the Members of Pakistan International Airlines Corporation Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of **Pakistan International Airlines Corporation Limited** (the Company), which comprise the unconsolidated statement of financial position as at December 31, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of the comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017) - the Act, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2021 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the code) and we have fulfilled our other ethical responsibilities in accordance with the code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following:

- i) Note 1.3 to the unconsolidated financial statements which states that in view of the financial position of Company and business disruption due to COVID-19, the Government of Pakistan has confirmed to extend necessary financial support to the Company for the foreseeable future (including the situation arising due to COVID-19) to maintain its going concern status. Hence, the sustainability of the future operations of the Company is dependent on the said support.
- ii) Notes 26 and 27 to the unconsolidated financial statements which state that an aggregate amount of Rs. 11,342,290 million was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 2,916,046 million on account of the Company and employees' contributions and Rs. 8,426,244 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under the law.
- iii) Notes 30.1 and 36.1 to the unconsolidated financial statements which state that the Company is exposed to various tax and other contingencies, the ultimate outcome of which cannot presently be determined and, accordingly, no provision has been made by management in respect of these contingencies in the unconsolidated financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	Revenue recognition (Refer note 5.1 & 5.2 to the unconsolidated financial statements) Upon booking of a flight, revenue receipt is measured based on the sales price. Revenue receipt is initially deferred and subsequently revenue is recognized in profit or loss when service is provided to customers. Determination of the amount of revenue to be recognized for each flight requires complex IT systems integration and involves various internal and external sources. Further, revenue is presumed and identified as an area involving risk of material misstatement due to fraud hence, significant risk for the audit. We considered this a key audit matter as a result of complexity of related IT systems, their integration and level of judgment required by management in determining existence of revenue mainly with reference to timing of recognition of unused revenue receipts.	Our audit procedures included the following: • We obtained an understanding of key IT systems, including interfaces involve in recording of revenue along with the IT general controls. • We tested the operating effectiveness of the key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. • We performed tests of details over revenue and tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and general ledger. • We obtained data in respect of unused revenue documents and tested the accuracy of historical expiry data and compared this data to that used by the Company in their calculation of the amount of revenue to recognize from unused revenue documents. • We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.
2	Retirement benefit plans (Refer note 25.2, 25.3 & 25.4 to the unconsolidated financial statements) The Company operates various defined benefit plans. The Company's obligation in respect of these plans as of December 31, 2021 amounted to Rs. 35,925 million. Valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations under the plans. We identified this area as a key audit matter because of significant estimation, uncertainty and use of management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: • We assessed competence and objectivity of the actuaries engaged by the Company to value obligations under the plans and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. • We tested data provided by the Company to actuaries for the purpose of valuation. • We reviewed the adequacy of the related disclosures in the unconsolidated financial statements in accordance with applicable financial reporting framework.

Information Other than the Unconsolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the unconsolidated financial statements and our auditors' report thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements, or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

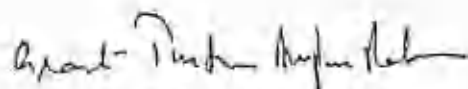
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partners on the audit resulting in this independent auditor's report are Zulfiqar Causar (BDO Ebrahim & Co.) and Muhammad Khalid Aziz (Grant Thornton Anjum Rahman).



BDO Ebrahim & Co.
Chartered Accountants

UDIN AR202110067195Qbn4NR
Date: April 01, 2022
Place: Karachi.



Grant Thornton Anjum Rahman
Chartered Accountants

UDIN AR202110154MTNkOEhXS
Date: April 01, 2022
Place: Karachi.

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

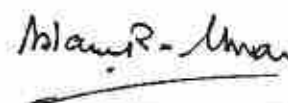
AS AT DECEMBER 31, 2021

		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
Note		----- (Rupees in '000) -----		----- (US\$ in '000) -----	
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	6	91,030,118	90,629,224	515,712	567,020
Investment property	7	244,471	-	1,385	-
Intangibles	8	272,027	317,264	1,541	1,985
Long-term investments	9	4,675,332	4,580,748	26,487	28,659
Long-term loan to subsidiaries	10	779,343	-	4,415	-
Long-term deposits	11	4,271,235	2,974,491	24,198	18,610
Total non-current assets		101,272,526	98,501,727	573,738	616,274
CURRENT ASSETS					
Stores and spares	12	2,915,991	2,948,964	16,520	18,450
Trade debts	13	14,925,854	9,976,294	84,559	62,416
Advances	14	3,051,709	3,652,243	17,289	22,850
Trade deposits and short-term prepayments	15	4,444,401	3,300,925	25,179	20,652
Other receivables	16	7,240,000	16,854,091	41,017	105,447
Short-term investments	17	19,220	19,220	109	120
Cash and bank balances	18	12,496,332	5,739,761	70,795	35,911
Total current assets		45,093,507	42,491,498	255,468	265,846
TOTAL ASSETS		146,366,033	140,993,225	829,206	882,120

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Amos Nadeem
Chief Financial Officer


Aslam R. Khan
Director

UNCONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2021

	Note	December 31, 2021 ----- (Rupees in '000) -----	December 31, 2020 ----- (US\$ in '000) -----	December 31, 2021 ----- (US\$ in '000) -----	December 31, 2020 ----- (US\$ in '000) -----
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital	19	52,345,110	52,345,110	296,550	327,496
Reserves	20	4,538,368	4,443,786	25,711	27,802
Surplus on revaluation of property, plant and equipment-net	21	10,961,836	11,039,369	62,102	69,068
Accumulated losses		(565,308,919)	(516,595,078)	(3,202,638)	(3,232,064)
TOTAL SHAREHOLDERS' EQUITY		(497,463,605)	(448,766,813)	(2,818,275)	(2,807,698)
NON CURRENT LIABILITIES					
Long-term financing	22	272,685,376	214,644,605	1,544,841	1,342,919
Lease liabilities	23	10,348,383	8,316,074	58,627	52,029
Advances from subsidiaries	24	7,259,407	6,589,987	41,127	41,230
Deferred liabilities	25	39,821,428	37,956,494	225,600	237,474
TOTAL NON-CURRENT LIABILITIES		330,114,594	267,507,160	1,870,195	1,673,652
CURRENT LIABILITIES					
Trade and other payables	26	192,089,706	193,602,208	1,088,243	1,211,266
Unclaimed dividend - Preference shares		3,297	3,297	19	21
Accrued interest	27	32,378,420	25,804,384	183,433	161,444
Taxation - net		1,182,288	655,598	6,698	4,102
Short-term borrowings - secured	28	30,560,489	30,576,613	173,247	191,302
Current maturity of non-current liabilities	29	57,480,844	71,610,778	325,646	448,031
TOTAL CURRENT LIABILITIES		313,715,044	322,252,878	1,777,266	2,016,166
TOTAL LIABILITIES		643,829,638	589,760,038	3,647,461	3,689,818
TOTAL EQUITY AND LIABILITIES		146,366,033	140,993,225	829,206	882,120
CONTINGENCIES AND COMMITMENTS	30				

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Air Marshal Arshad Malik
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Aslam R. Khan
Director

UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS

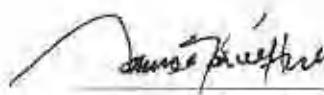
FOR THE YEAR ENDED DECEMBER 31, 2021

		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	Note	----- (Rupees in '000) -----		----- (US\$ in '000) -----	
Revenue - net	31	86,185,394	94,989,391	516,238	603,549
Cost of services					
Aircraft fuel		(22,856,726)	(21,153,507)	(136,908)	(134,406)
Others	32	(71,791,416)	(71,374,844)	(430,020)	(453,506)
		(94,648,142)	(92,528,351)	(566,928)	(587,912)
Gross (loss) / profit		(8,462,748)	2,461,040	(50,690)	15,637
Distribution costs	33	(5,112,990)	(4,740,309)	(30,626)	(30,119)
Administrative expenses	34	(5,677,187)	(5,706,290)	(34,005)	(36,257)
Other provisions and adjustments - net	35	(2,322,895)	(3,929,910)	(13,914)	(24,970)
Other income	36	6,548,789	11,235,155	39,226	71,387
		(6,564,283)	(3,141,354)	(39,319)	(19,959)
Loss from operations		(15,027,031)	(680,314)	(90,009)	(4,322)
Exchange loss - net		(7,346,434)	(4,948,847)	(44,004)	(31,444)
Loss before interest and taxation		(22,373,465)	(5,629,161)	(134,013)	(35,767)
Finance costs	37	(27,390,283)	(29,724,512)	(164,064)	(188,865)
Loss before taxation		(49,763,748)	(35,353,673)	(298,077)	(224,631)
Taxation	38	(337,743)	710,862	(2,023)	4,517
Net loss for the year		(50,101,491)	(34,642,811)	(300,100)	(220,114)
Loss per share - basic and diluted					
		----- (Rupees) -----		----- (US\$) -----	
Loss attributable to:					
'A' class ordinary shares of Rs. 10 each	39	(9.57)	(6.62)	(0.06)	(0.04)
'B' class ordinary shares of Rs. 5 each	39	(4.79)	(3.31)	(0.03)	(0.02)

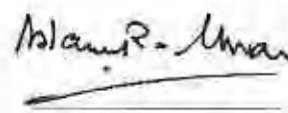
The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director



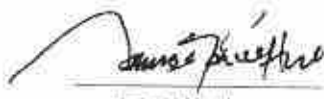
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

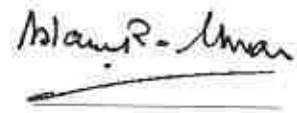
FOR THE YEAR ENDED DECEMBER 31, 2021

	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----		----- (US\$ in '000) -----	
Net loss for the year	(50,101,491)	(34,642,811)	(300,100)	(220,114)
Other comprehensive income:				
Items that will not be reclassified subsequently to consolidated statement of profit or loss				
Unrealised gain / (loss) on re-measurement of investments at FVOCI	94,584	(8,646)	601	(65)
Surplus on revaluation of property, plant and equipment	-	1,919,680	-	12,197
Effect of deferred tax	-	(385,031)	-	(2,446)
	-	1,534,649	-	9,751
Remeasurement of post retirement defined benefits obligations	1,618,764	1,096,047	10,285	6,964
Effect of deferred tax	(308,647)	(336,418)	(1,961)	(2,138)
	1,310,117	759,629	8,324	4,826
Total comprehensive loss for the year	(48,696,790)	(32,357,179)	(291,175)	(205,592)

The annexed notes from 1 to 49 form an integral part of these consolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Amos Nadeem
Chief Financial Officer


Aslam R. Khan
Director

UNCONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2021

December 31, 2021 December 31, 2020 December 31, 2021 December 31, 2020

Note (Rupees in '000) (US\$ in '000)

CASH FLOWS FROM OPERATING ACTIVITIES

Cash generated from operations	40	1,931,868	23,961,487	11,572	152,248
Profit on bank deposits received		73,826	101,209	442	643
Finance costs paid		(19,503,976)	(24,847,072)	(116,826)	(157,875)
Taxes paid		(119,702)	(72,714)	(717)	(462)
Staff retirement benefits paid		(2,786,209)	(5,820,297)	(16,689)	(36,981)
Long-term deposits and prepayments - net		(1,380,848)	1,658,153	(8,271)	10,536
Net cash used in operating activities		(21,785,041)	(5,019,234)	(130,489)	(31,891)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment		(1,816,805)	(3,006,178)	(10,882)	(19,114)
Purchase of intangible asset		(96,598)	(31,985)	(579)	(203)
Advance paid to subsidiary		(779,343)	-	(4,668)	-
Proceeds from sale of property, plant and equipment		23,215	1,663,706	139	10,571
Net cash used in investing activities		(2,669,531)	(1,376,455)	(15,990)	(8,746)

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of long-term financing		(44,188,607)	(23,295,858)	(264,683)	(148,019)
Proceeds from long-term financing		85,820,433	43,819,771	514,051	278,425
Repayment of term finance certificates		-	(7,199,272)	-	(45,743)
Repayment of lease liabilities		(10,424,559)	(13,240,307)	(62,442)	(84,127)
Net cash flows from financing activities		31,207,267	84,334	186,926	536
Increase / (decrease) in cash and cash equivalents		6,752,695	(6,311,355)	40,447	(40,101)
Cash and cash equivalents at beginning of the year		5,023,148	11,336,503	30,088	72,018
Cash and cash equivalents at end of the year		11,775,843	5,023,148	70,535	31,917

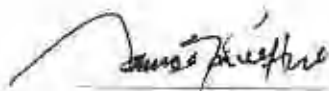
Cash and cash equivalents

Cash and bank balances	18	12,496,332	5,739,761	74,851	36,470
Running finance under mark-up arrangements	28	(720,489)	(716,613)	(4,316)	(4,553)
		11,775,843	5,023,148	70,535	31,917

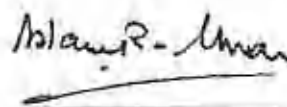
The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.



Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director



UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

	Issued, subscribed, and paid-up share capital	Capital reserves	Unrealised gain on remeasurement of investments at FVOCI	Surplus on revaluation of property, plant & equipment – net	Sub total	Revenue reserves	Accumulated losses	Total
(Rupees in '000)								
Balance as at January 01, 2020	52,345,110	2,501,038	171,720	9,664,111	12,336,869	1,779,674	(482,871,287)	(416,409,634)
Total comprehensive income / (loss) for the year ended December 31, 2020								
Loss for the year	-	-	-	-	-	-	(34,642,811)	(34,642,811)
Other comprehensive income / (loss) for the year	-	-	(8,646)	1,534,649	1,526,003	-	759,629	2,885,632
Total comprehensive income / (loss) for the year	-	-	(8,646)	1,534,649	1,526,003	-	(13,883,182)	(12,357,179)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged less on - net of tax	-	-	-	(159,391)	(159,391)	-	159,391	-
Balance as at January 01, 2021	52,345,110	2,501,038	163,074	11,039,369	13,703,461	1,779,674	(516,595,076)	(448,766,813)
Total comprehensive income / (loss) for the year ended December 31, 2021								
Loss for the year	-	-	-	-	-	-	(50,101,491)	(50,101,491)
Other comprehensive income for the year	-	-	94,584	-	94,584	-	1,310,117	1,404,701
Total comprehensive income / (loss) for the year	-	-	94,584	-	94,584	-	(48,791,374)	(48,696,790)
Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged less on - net of tax	-	-	-	(77,533)	(77,533)	-	77,533	-
Balance as at December 31, 2021	52,345,110	2,501,038	267,658	10,961,836	13,720,832	1,779,674	(565,308,919)	(497,463,605)

The annexed notes from 1 to 49 form an integral part of these unconsolidated financial statements.

Air Marshal Arshad Malik
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Aslam R. Khan
Director

NOTES TO AND FORMING PART OF THE UNCONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 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 corporation to a public limited company by shares, through Act No. XV of 2016 The Pakistan International Airlines Company (Conversion) Act, 2016 (the Conversion Act) approved by the Parliament of Pakistan. The Conversion Act has repealed the Pakistan International Company Act, 1956 and the Company is now governed under the Companies Act, 2017 (the Act). According to the Conversion Act, all assets, rights, licenses, privileges and benefits of which the Corporation was entitled were transferred to the Company and the Company has assumed all liabilities and obligations of the Corporation. However, the management believes that in substance there is no change except for the legal status and application of the provisions of the Act.

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

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

Business Unit

Geographical Location

Head Office

PIA Head Office, Old Terminal, Karachi

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

- 1.3 During the year, the Company incurred a net loss of Rs. 50,101.491 million (2020: Rs. 34,642.811 million) resulting in accumulated losses of Rs. 565,398.919 million as of December 31, 2021 (2020: Rs. 516,595,078 million). Further, as of December 31, 2021, current liabilities of the Company exceeded its current assets by Rs. 268,621.537 Million (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, as a result of which the Company's operations have slowed down. 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. The partial re-opening of key routes in the last quarter showed significant improvement in numbers as compared to previous nine months ended September 30, 2021.

In view of the situation described above, the management has made an assessment of the Company's ability to continue as a going concern and based on the below mitigating factors, management believes that though, the sustainability of the future operations of the Company is 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, with considering among others the following factors:

- a) GoP being the major shareholder of the Company, through its Finance Division's letter dated September 02, 2020 communicated that it would extend all maximum support to maintain the Company's going concern status. Since then it has been extending support to the Company through following measures to ensure that the Company continues and sustains in the long term as a viable business entity,

- financing of long-term loans to meet working capital requirements of the Company;



- issuance / renewal of guarantees to financial institutions, both local and foreign, enabling the Company to raise / rollover funds;
- approval for extension of repayment period of the term finance certificates;
- provision of funds for acquisition of narrow body aircraft on dry lease; and
- reimbursement of financial charges on term finance and sukuk certificates.

- b) On December 30, 2017 in a meeting with the GoP it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19, 2019-20, 2020-21 and 2021-22 (till December 2021), Rs. 16,768 million, Rs. 28,263 million, Rs. 19,072 million and Rs. 8,054 million respectively have been provided by the GoP in respect of markup support.
- c) On April 4, 2019 in a meeting with the GoP the Company presented its strategic business plan 2019-23 which was approved and during that meeting GoP assured full support to the Company in terms of provision of funds / equity in order to increase its potential to compete in the aviation market.
- d) Further, through a letter dated March 04, 2020, GoP through ministry of finance has re-iterated its maximum support to maintain the Company as going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.

- 1.4 During the year ended December 31, 2020, the GoP 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 Economic Coordination Committee (ECC) and recommended for approval of the Federal Cabinet. On the directives of the Federal Government, foreign consultants were engaged to develop a long term business plan for making the Company a viable entity in the long run. This plan was submitted to the concerned ministry of GoP which approved it after evaluation and forwarded the same to the Federal Cabinet through Ministry of Finance for final approval.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Act differ from the IFRS standards, the provisions of and directives issued under the Act have been followed.

There are separate financial statements of the Company in which investment in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Further, the Company also prepares consolidated financial statements incorporating the financial results of its subsidiaries.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except otherwise disclosed in the unconsolidated financial statements.

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 (PKR, 'Rupees' or 'Rs') which is the Company's functional and presentation currency.

The US Dollar amounts reported in the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows are stated as additional information, solely for the convenience of the users of these unconsolidated financial statements.

The US Dollar amounts in the unconsolidated statement of financial position have been translated into US Dollar at the rate of Rs. 176,5135 = US\$ 1 (2020: Rs. 159,6344 = US\$ 1) and in the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows have been translated into US Dollar at the rate of Rs. 166,9491 = US\$ 1 (2020: Rs. 157,8847 = US\$ 1).

3 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards / amendments that are effective in current year

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)
Amendment to IFRS-3 Business Combination Reference to the conceptual framework	January 01, 2022
Amendment to IFRS-16 'Leases' - Extended practical relief regarding Covid-19 related rent concessions	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022
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
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Sale or Contribution of Assets between an investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	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:

IFRS 1 - First time adoption of IFRSs

July 01, 2009

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.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these unconsolidated financial statements in conformity with approved accounting and reporting standards, as applicable in Pakistan, requires management to make estimates, assumptions and judgements that affect the application of policies and reported amounts of assets, liabilities, incomes and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to these unconsolidated financial statements:

4.1 Property, plant and equipment

The Company reviews appropriateness of the rates of depreciation / useful lives and residual values used in the calculation of depreciation at each financial year end. Further, the Company estimates revalued amounts and useful lives of leasehold land and buildings on leasehold land based on the periodic valuations carried out by independent professional valuers. Any change in estimate in future might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment, surplus on revaluation and annual transfer of incremental / decremental effect of depreciation from surplus on revaluation of property, plant and equipment to accumulated losses directly in equity.

4.2 Investment property

The Company revalues the investment property at fair value at each reporting date. Fair values are based on active market prices, adjusted, if necessary, for any differences in nature, location or condition of the specified assets.

4.3 Intangible asset

Intangible assets with finite lives are amortized on straight line basis over their estimated useful lives as specified in note 8.2 to these unconsolidated financial statements.

4.4 Stores and spares

The Company at each reporting date reviews the net realisable value of stores and spares to assess any diminution in their respective carrying values. Due to the complex nature and huge quantum of the items of stores and spares, the net realisable value is arrived at by estimating the provision against slow moving stores and spares, which is made in proportion to the estimated utilised life of the relevant category of the aircraft attained up to the reporting date.

4.5 Trade debts

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less provision for impairment, if any. Provision for impairment against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

4.6 Employee benefits

The liabilities relating to defined benefit plans are determined through actuarial valuations using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates, future increase in medical costs and future pension increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuations have been disclosed in note 25 to these unconsolidated financial statements.

4.7 Taxation

In making estimate for income tax payable by the Company, the Company takes into account the applicable tax laws. Deferred tax asset is recognised for unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgement is exercised to determine the amount of deferred tax asset / liability to be recognised.

4.8 Liability on account of frequent flyer programme

The Company operates a frequent flyer programme that provides travel awards to members of the programme based on cumulative mileage. The Company accounts for award credits as separately identifiable component of the sales transaction in the period in which they are granted. The consideration received as sale proceed is allocated to award credits based on their fair value and is accounted for as a liability in these unconsolidated financial statements.

Fair value of awarded credits is estimated with reference to fair value of services against which the award credits may be redeemed. Determination of fair value of award credit involves estimations, based on the average of air fares, the value of each award credit assuming a 100% redemption rate, and estimating the expected award credit redemption rate. These estimates are reviewed as and when a significant change in underlying assumptions is observed and the liability is adjusted annually as appropriate. The provision for frequent flyer programme is determined based on the valuation carried out by an independent professional valuer.

4.9 Provision for cost of redelivery of aircraft and engines

The Company has several operating leases for its aircraft and engines that include certain maintenance cost to be incurred at the time of redelivery of asset at the end of the lease term. The amount of maintenance cost is discounted at the incremental borrowing rate and accounted for as a deferred liability in these unconsolidated financial statements. Significant assumptions and estimates are used to determine the amount of the maintenance cost that will be incurred by the Company at the time of redelivery of the asset under these arrangements.



5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these unconsolidated financial statements, unless otherwise stated.

5.1 Property, plant and equipment

5.1.1 Land classified as 'others' in note 6.1 are stated at cost, whereas buildings classified as 'others' in the aforesaid note are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings thereon are initially recognised at cost and are subsequently measured at revalued amounts, which are the fair values at the date of revaluation, less accumulated depreciation and impairment, if any.

Other items of property, plant and equipment including aircraft fleet are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Aircraft and related equipment acquired on an exchange basis are stated at amounts paid plus fair value of the asset traded-in.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is derecognised.

Major renewals, improvements and overhauls are capitalised and depreciated over the period to the next major overhaul. All other repairs and maintenance including cost incurred under contracts are charged to the unconsolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to the unconsolidated statement of profit or loss, applying the straight-line method whereby the cost or revalued amount of assets, less their residual values, is written down over their expected useful lives. The rates of depreciation are disclosed in note 6.1 to these unconsolidated financial statements.

In respect of additions and disposals of assets, depreciation is charged from the month in which the asset is available for use until it is derecognised, i.e. up to the month preceding the disposal.

Useful lives (except for buildings at revaluation model) are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence and other similar factors. The useful lives of buildings at revaluation model are determined by the management based on the appraisal of an independent valuer. The assets' residual values, useful lives and methods of depreciation are reviewed, and adjusted, if appropriate, at the end of each reporting period.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the unconsolidated statement of profit or loss in the year the asset is derecognised.

When revalued assets are sold or retired from operation, the relevant (remaining deficit) and surplus is transferred to unconsolidated statement of profit or loss and to retained earnings, respectively.

5.1.2 Right of use assets

The Company mainly leases aircraft, engines, local and international sales offices, and counters at various airports. At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains,

a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at the commencement date of lease based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentive received.

The right-of-use asset is subsequently depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that are based on an index or a rate, amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early;
- less any lease incentives receivable.

The extension and termination options are included in Company's determination of lease term only when the Company is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

5.1.3 Capital work-in-progress

These are stated at cost less accumulated impairment losses, if any, and consist of expenditure incurred and advances



made in respect of assets in the course of their acquisition, construction and installation. The assets are transferred to relevant category of property, plant and equipment when they are available for intended use.

5.2 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of land and buildings is recognised in other comprehensive income as surplus on revaluation of property, plant and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value.

Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings.

If an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in statement of comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in the unconsolidated statement of profit or loss. However, the decrease is recognised in the unconsolidated statement of other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. The decrease recognised in the unconsolidated statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in the unconsolidated statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in the unconsolidated statement of profit or loss. The revaluation reserve is not available for distribution to Company's shareholders.

5.3 Investment property

Properties held for long-term rental yields which are significantly rented out by the Company are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sale proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

5.4 Intangibles

Intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products / licenses controlled by the Company and that have probable economic benefit beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives as specified in note 8.2 to these unconsolidated financial statements.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in unconsolidated statement of profit or loss when the asset is derecognised.

5.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are initially recognised at cost. At subsequent reporting dates, such investments are stated at cost less accumulated impairment losses, if any.

5.6 Stores and spares

These are stated at lower of cost and net realisable value, less impairment, if any. Goods-in-transit are valued at cost plus other charges incurred thereon. Cost is determined as follows:

Fuel and medical inventories	first-in-first-out basis
Other stores and spares	moving weighted average cost

Provision against slow moving stores and spares is made in proportion to the estimated utilised life of the relevant category of the aircraft attained up to the reporting date.

5.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value (original invoice / ticket amount) plus directly attributable transaction costs (if any) and subsequently measured at amortised cost less provision for impairment. Impairment of trade debts and other receivables is described in 5.18.

5.8 Cash and cash equivalents

For the purposes of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks and term deposit receipts. These are carried at cost and also include running finance that are repayable on demand and form an integral part of the Company's cash management.

5.9 Trade and other payables

Liabilities for trade creditors and other amounts payable are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost.

5.10 Loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs, if any. Subsequently, these are measured at amortised cost using the effective interest method.

5.11 Employee benefits

Provident fund

The Company operates a defined contribution provident fund scheme for all its permanent employees. Equal monthly contributions are required to be made to the fund by the Company and the employees in accordance with the fund's rules. The Company's required contribution to the fund is charged to the unconsolidated statement of profit or loss.

Pension funds

For all the permanent employees, the Company operates a defined benefit pension scheme. Pension scheme is a final salary pension scheme and is invested through three funds namely Pakistan Airline Pilot Association (PALPA), Flight Engineering Association (FENA) and Employees' Pension Funds. Under the PALPA and FENA pension fund, employees



are entitled to basic salary and flight allowance whereas under Employees' Pension Fund, employees are entitled to basic salary and certain other allowances.

For UK-based permanent employees, the Company established a pension fund in 1986. However, in 2000 the fund was suspended and no new employee has been made a member since.

Contributions are made to the scheme at the advice of actuary. For all the permanent employees hired on or after July 1, 2008 in lieu of the pension funds as described above, the Company operates a defined contribution pension fund whereby a contribution of 5% of the pensionable benefits is made to the Fund in accordance with the relevant rules.

Actuarial valuation is carried out annually. Net interest expense, current service cost and any past service cost are recognised in consolidated statement of profit or loss whereas any actuarial gains/ losses are recognised immediately in consolidated statement of comprehensive income.

Post-retirement medical benefits

The Company operates an unfunded defined benefit medical scheme and provides medical allowances and free hospitalization benefits to all its retired employees and their spouses in accordance with their service regulations. The post-retirement medical benefit is accounted for on the basis of actuarial valuation that is carried out annually. Net interest expense, current service cost and any past service cost are recognised in consolidated statement of profit or loss and any actuarial gains/ (losses) are recognised immediately in consolidated statement of comprehensive income.

Compensated absences

The Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

5.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in statement of comprehensive income.

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any. It also includes any adjustment to tax payable in respect of prior years.

Deferred taxation

Deferred income tax is recognised using the balance sheet liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits or taxable temporary differences will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable timing differences will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset is reassessed at each reporting date and recognised

to the extent that it has become probable that future taxable profits or taxable temporary differences will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised directly in unconsolidated statement of comprehensive income is recognised in unconsolidated statement of comprehensive income and not in unconsolidated statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5.13 Revenue recognition

The Company principally earns revenue from the carriage of passengers, cargo, mail and excess baggage and provision of handling services to other airlines, engineering services, air charters and related activities.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

a. Type of product / service	Nature, timing of satisfaction of performance obligations, significant payment terms
b. Passenger Revenue	Revenue from passenger services includes air transportation services provided to the passengers. Coupon/sector on a ticket are considered to be a single performance obligation. The value of a coupon/sector on a ticket is considered to be transaction price in accordance with IFRS 15. Passenger revenue is recognized when the transportation service is provided. The value of unused tickets is included in current liabilities as 'advance against transportation (unearned Revenue)' until recognized as revenue.
c. Cargo Revenue	Cargo revenue is recognized when the transportation service is provided. The value of unused airway bills generated is included in current liabilities as 'advance against transportation (unearned Revenue)' until recognized as revenue.
d. Excess Baggage	This revenue is generated when passengers pay additional charges for carrying more than their allotted weight of luggage. The revenue is recognised at the point in time when the passengers pay the charges.
e. Charter Services	The charter revenue is generated on booking of entire plane by a customer. Revenue is recognised at the point of time when the services are provided to the customers.
f. Engineering Services	Revenue from engineering services include revenue generated from engineering and technical services provided by the company. Revenue is recognised at the point when the services are rendered.
g. Handling and related services	Handling services includes ground handling and cargo handling services. The revenue is recognised at the point of time when such services are rendered.



h.	Mail	This include Revenue from PO Mail services. Revenue is recognised when services are provided by the company.
i.	Cancellation Charges	Cancellation charges include revenue from charges deducted when a ticket is refunded by the customer. At the time of refund, the amount deducted at that time is recognised as revenue.
j.	Expired Tickets	Expired tickets revenue represents revenue earned on expiry of ticket on the unutilized period of last 12 months. Passenger tickets issued 12 months ago or earlier (if not extended) and are not utilized for transportation, are considered as expired tickets and unearned revenue relating to these expired tickets are recognised as revenue.
k.	Others	Others include revenue generated from other miscellaneous services provided by the company. Revenue is recognised at the point when such services are rendered.

5.14 Frequent flyer programme revenue

The Company operates loyalty programme. The airline's 'frequent flyer programme' allows frequent travellers to accumulate travel miles that entitle them to a choice of various awards, primarily free travel. The fair value attributed to the awarded mileage credits is deferred as a liability and recognised as revenue on redemption of the award credit miles by the participants to whom the award credit miles are issued, when the miles expire or when they are not expected to be redeemed.

In addition, award credit miles are sold to a commercial partner to use in promotional activity. The fair value of the miles sold is deferred and recognised as revenue on redemption of the award credit miles by the participants to whom the award credit miles are issued. The cost of redemption of award credit miles is recognised when award credit miles are redeemed. The estimates involved in recognising revenue from frequent flyer programme are disclosed in note 4.8 to these unconsolidated financial statements.

5.15 Interest / mark-up and dividend income

The Company recognises interest income / mark-up on short-term bank deposits, arrangement fees, interest bearing advances and FVOCI investments on time proportion basis using effective interest method. Dividend income is recognised when the Company's right to receive dividend is established.

5.16 Borrowing costs

The Company recognises the borrowing costs as an expense in the period in which these costs are incurred, except the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

5.17 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

5.18 Impairment

Financial assets

The Company recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Company uses default rates based on credit rating of credit customers, probability weighted cash flow projection for customers where credit rating is not available and provision matrix for large portfolio of customers which have similar characteristics, to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Company's historical observed default rates which is then adjusted for forward looking information.

Loss allowances for trade debts, deposits and other receivables (including lease receivables) and contract assets are always measured applying simplified approach at an amount equal to lifetime ECLs.

The Company considers a debt instrument to have a low credit risk when its credit risk rating is equivalent to an 'Investment grade' in an organized financial market. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the unconsolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.19 Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates using the average spot rate on the reporting date. Gains and losses on translation are taken to the unconsolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items, measured at fair value in a foreign currency, are translated using the exchange rates at the date when the fair value was determined.

5.20 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be.



Recognition and Initial measurement

Financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument except, trade receivables and debt instruments issued are initially recognised when they are originated.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability, is initially measured at fair value plus or minus respectively for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt instrument; FVOCI – equity instrument; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company measures all equity instruments at fair value through profit or loss, except where the Company's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Company's policy is to designate equity instruments as FVOCI when those instruments are held for purposes other than for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL



These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt instruments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity instruments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

Derivative financial instruments

Derivatives that do not qualify for hedge accounting recognised at estimated fair value with corresponding effect to unconsolidated statement of profit or loss. Derivatives financial instruments are carried as assets when fair value is positive and as liability when fair value is negative.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

5.21 Earnings per share

The Company presents basic and diluted earnings / (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

5.22 Dividend and reserves

Dividend and appropriation to / from reserves are recorded when approved. However, if these are approved after the reporting date but before the financial statements are authorised for issue, they are disclosed in notes to these unconsolidated financial statements.

6. PROPERTY, PLANT AND EQUIPMENT

		2021	2020
	Note	----- (Rupees in '000) -----	
Operating fixed assets			
- owned	6.1	73,418,994	76,583,735
- right of use asset	6.2	17,076,831	11,891,152
		90,495,825	88,474,887
Capital work-in-progress	6.6	534,293	2,154,337
		91,030,118	90,629,224

6.1 Operating fixed assets - owned

	2021				
	Land		Buildings on:		Workshops and hangars
	Leasehold (note 6.3)	Others (note 6.1, 1)	Leasehold land (note 6.3)	Other land	
(Rupees in '000)					
As at January 01, 2021					
Cost or revalued amount	9,284,588	29,896	13,663,161	1,809,446	1,063,842
Accumulated depreciation	-	-	(10,959,360)	(1,425,216)	(862,874)
Net book value	9,284,588	29,896	2,703,801	384,230	200,968
Year ended December 31, 2021			2,703,801		
Opening net book value	9,284,588	29,896	-	384,230	200,968
Additions	-	-	-	4,980	-
Transfers from CWIP	-	-	-	-	-
Cost or revalued amount	-	-	-	4,980	-
Accumulated depreciation	-	-	-	-	-
Revaluation	-	-	-	-	-
			(353,844)		
Transfer to investment property (note 7)			232,194		
Cost or revalued amount	(84,536)	-	(121,650)	-	-
Accumulated depreciation	-	-	-	-	-
	(84,536)	-	-	-	-
Disposals					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Write off / retirement					
Cost or revalued amount	-	-	-	(2,976)	-
Accumulated depreciation	-	-	(111,597)	2,976	-
	-	-	2,470,554	-	-
Depreciation charge for the year	-	-	-	(30,217)	(17,250)
Closing net book value	9,200,052	29,896	13,309,317	358,993	183,718
As at December 31, 2021					
Cost or revalued amount	9,200,052	29,896	-	1,811,450	1,063,842
Accumulated depreciation	-	-	(10,838,763)	(1,452,457)	(880,124)
Net book value	9,200,052	29,896	2,470,554	358,993	183,718
Annual depreciation rate (%)	-	-	2 - 2.5	2 - 2.5	5

6.1.1 Land classified as 'Others' are amenity plots licensed from Pakistan Civil Aviation Authority (CAA). These are non-transferable as these were allotted at below market price.

6.1.2 Aircraft fleet includes five engines (05) (2020: five (05) engines) held by a third party for overhauling purpose as of December 31, 2021. The carrying value of these engines at year end is Rs. 1,412,407 million (2020: Rs. 1,493,733 million).



2021

Aircraft fleet (note 6.1.2)	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
(Rupees in '000)							
120,261,958	3,415,254	2,042,231	2,820,905	996,403	2,109,552	7,688,042	165,185,278
(60,527,436)	(3,078,771)	(1,813,020)	(2,649,242)	(912,879)	(1,937,464)	(4,435,281)	(88,601,543)
<u>59,734,522</u>	<u>336,483</u>	<u>229,211</u>	<u>171,663</u>	<u>83,524</u>	<u>172,088</u>	<u>3,252,761</u>	<u>76,583,735</u>
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
3,727,677	91,348	10,526	-	3,569	28,991	229,636	4,096,727
-	6,840	6,033	-	-	859	-	13,732
<u>3,727,677</u>	<u>98,188</u>	<u>16,559</u>	<u>-</u>	<u>3,569</u>	<u>29,850</u>	<u>229,636</u>	<u>4,110,459</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	(438,380)
-	-	-	-	-	-	-	232,194
-	-	-	-	-	-	-	(206,186)
-	(2,455)	(5,004)	(23,647)	(3,402)	(3,092)	-	(37,600)
-	2,449	5,004	23,647	3,380	2,977	-	37,457
-	(6)	-	-	(22)	(115)	-	(143)
-	-	-	-	-	-	-	(2,976)
-	-	-	-	-	-	-	2,976
-	-	-	-	-	-	-	-
<u>(6,440,932)</u>	<u>(112,934)</u>	<u>(52,362)</u>	<u>(40,907)</u>	<u>(16,047)</u>	<u>(62,541)</u>	<u>(184,084)</u>	<u>(7,066,871)</u>
<u>57,021,267</u>	<u>321,731</u>	<u>193,408</u>	<u>130,756</u>	<u>71,024</u>	<u>139,282</u>	<u>3,298,313</u>	<u>73,418,994</u>
123,989,635	3,510,987	2,053,786	2,797,258	996,570	2,136,310	7,917,678	168,816,781
(66,968,368)	(3,189,256)	(1,860,378)	(2,666,502)	(925,546)	(1,997,028)	(4,619,365)	(95,397,787)
<u>57,021,267</u>	<u>321,731</u>	<u>193,408</u>	<u>130,756</u>	<u>71,024</u>	<u>139,282</u>	<u>3,298,313</u>	<u>73,418,994</u>
4 - 10	5 - 10	10 - 20	10 + 25	10	5 - 10	4 - 10	

Operating fixed assets - owned

	2020				
	Land		Buildings on:		Workshops and hangars
	Leasehold (note 6.3)	Others (note 6.1.1)	Leasehold land (note 6.3)	Other land	
----- (Rupees in '000) -----					
As at January 01, 2020					
Cost or revalued amount	8,692,600	24,400	10,318,449	1,809,538	913,604
Accumulated depreciation	-	-	(8,708,989)	(1,392,736)	(849,289)
Net book value	8,692,600	24,400	1,609,460	416,802	64,315
Year ended December 31, 2020					
Opening net book value	8,692,600	24,400	1,609,460	416,802	64,315
Additions	-	5,496	-	1,045	-
Transfers from CWP	-	-	-	984	150,238
	-	5,496	-	2,032	150,238
Cost or revalued amount	591,988	-	3,344,712	-	-
Accumulated depreciation	-	-	(2,017,019)	-	-
Revaluation	591,988	-	1,327,693	-	-
Transfer to investment property (note 7)					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Disposals					
Cost or revalued amount	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-
	-	-	-	-	-
Write off / retirement					
Cost or revalued amount	-	-	-	(2,124)	-
Accumulated depreciation	-	-	-	2,124	-
	-	-	-	-	-
Depreciation charge for the year	-	-	(233,352)	(34,604)	(13,585)
Closing net book value	9,284,588	29,896	2,703,801	384,230	200,968
As at December 31, 2020					
Cost or revalued amount	9,284,588	29,896	13,663,161	1,809,446	1,063,842
Accumulated depreciation	-	-	(10,959,360)	(1,425,216)	(862,874)
Net book value	9,284,588	29,896	2,703,801	384,230	200,968
Annual depreciation rate (%)	-	-	2 - 2.5	2 - 2.5	5

2020

Aircraft (feet) (note 6.1.2)	Equipment	Engineering equipment and tools	Vehicles	Furniture, fixtures and fittings	Computer and office automation	Capital spares	Total
(Rupees in '000)							
117,732,280	3,541,130	2,031,734	2,611,548	974,138	2,084,091	7,581,924	158,315,436
(55,654,486)	(2,951,192)	(1,761,175)	(2,562,296)	(897,225)	(1,871,172)	(4,298,284)	(80,946,844)
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
62,077,794	589,938	270,559	49,252	76,913	212,919	3,283,640	77,368,592
2,697,306	25,194	11,253	345	22,543	27,022	106,118	2,896,325
2,649,201	299	1,746	-	300	164	-	2,802,932
5,346,507	25,493	12,999	345	22,843	27,186	106,118	5,699,257
-	-	-	-	-	-	-	3,936,700
-	-	-	-	-	-	-	(2,017,019)
-	-	-	-	-	-	-	1,919,681
-	(150,935)	-	270,847	-	-	-	119,912
-	21,382	-	(129,212)	-	-	-	(107,830)
-	(129,553)	-	141,635	-	-	-	12,082
(2,215,079)	-	-	-	-	(170)	-	(2,215,249)
1,752,327	-	-	-	-	128	-	1,752,455
(462,752)	-	-	-	-	(42)	-	(462,794)
(601,750)	(434)	(2,502)	(61,835)	(578)	(1,555)	-	(670,778)
231,663	434	2,502	61,835	578	1,555	-	300,691
(370,087)	-	-	-	-	-	-	(370,087)
(6,856,940)	(149,395)	(54,347)	(19,569)	(15,232)	(67,975)	(136,997)	(7,582,996)
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
120,261,958	3,415,254	2,042,231	2,820,905	996,403	2,109,552	7,688,042	165,185,278
(60,527,436)	(5,078,771)	(1,813,020)	(2,649,242)	(912,879)	(1,937,464)	(4,435,281)	(88,601,543)
59,734,522	336,483	229,211	171,663	83,524	172,088	3,252,761	76,583,735
4 - 10	5 - 10	10 - 20	10 - 25	10	5 - 10	4 - 10	

6.2 Right of use asset

	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
Note	----- (Rupees in '000) -----			
As at January 01, 2020				
Cost	22,502,210	1,614,895	473,440	24,590,545
Accumulated depreciation	(7,256,801)	(399,216)	(154,453)	(7,810,470)
Net book value	15,245,409	1,215,679	318,987	16,780,075
Year ended December 31, 2020				
Opening net book value	15,245,409	1,215,679	318,987	16,780,075
Additions during the year				
Additions in Right of use asset	3,069,230	-	-	3,069,230
Transfer to owned fixed assets	3,069,230	-	-	3,069,230
Cost	-	-	(119,912)	(119,912)
Accumulated depreciation	-	-	107,829	107,829
	-	-	(12,083)	(12,083)
Disposals / write off				
Cost	(1,880,991)	-	-	(1,880,991)
Accumulated depreciation	1,133,955	-	-	1,133,955
	(747,036)	-	-	(747,036)
Depreciation charge for the year	(6,744,688)	(375,975)	(78,371)	(7,199,034)
Closing net book value	10,822,915	839,704	228,533	11,891,152
As at December 31, 2020				
Cost	23,690,449	1,614,895	353,528	25,658,872
Accumulated depreciation	(12,867,534)	(775,191)	(124,995)	(13,767,720)
Net book value	10,822,915	839,704	228,533	11,891,152
Year ended December 31, 2021				
Opening net book value	10,822,915	839,704	228,533	11,891,152
Additions during the year				
Additions in Right of use asset	7,656,565	111,863	8,474	7,776,902
	7,656,565	111,863	8,474	7,776,902
Adjustment				
Re-assessment of redelivery cost	2,681,333	-	-	2,681,333
Transfer to owned fixed assets				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Disposals / write off				
Cost	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Depreciation charge for the year	(4,858,918)	(346,868)	(66,770)	(5,272,556)
Closing net book value	16,301,895	604,699	170,237	17,076,831
As at December 31, 2021				
Cost	34,028,347	1,726,757	362,002	36,117,107
Accumulated depreciation	(17,726,452)	(1,122,058)	(191,765)	(19,040,275)
Net book value	16,301,895	604,699	170,237	17,076,831
Annual depreciation rate (%)	6.25-15	4.7-33.33	10	

6.2.1 This represents Rs. 7,656,565 million (2020: 3,069,230 million) against 2 aircraft obtained during the year by the Company under lease arrangements. The amount includes Rs. 1,252,232 million on account of sales tax paid on import basis.

6.3 The fair values of leasehold land and buildings on leasehold land were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of leasehold land and building on leasehold land falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

6.3.1 Had there been no revaluation, the written down value of the revalued assets in the statement of financial position would have been as follows:

	2021			2020		
	Cost	Accumulated Depreciation	Book value	Cost	Accumulated Depreciation	Book value
----- (Rupees in '000) -----						
Leasehold land	44,166	-	44,166	44,166	-	44,166
Buildings on leasehold land	256,185	164,787	93,361	258,148	155,604	102,544
	300,351	174,076	126,275	302,314	173,644	128,670

6.4 Depreciation charge for the year has been allocated as under:

	Note	2021	2020
		----- (Rupees in '000) -----	
Cost of services - others	32	12,318,104	14,751,179
Distribution costs	33	9,165	12,262
Administrative expenses	34	14,157	18,589
		12,341,426	14,782,030

6.5 Details of immovable fixed assets:

(a) The details of Immovable fixed assets (i.e Land & Other Land) for the year ended December 31, 2021 are as follows:

Description of Location	Addresses	Total Area of Land Square Yards
PIA Booking Office Rawalpindi	5th The Mall Road, Saddar, Rawalpindi.	4,328
PIA DFST Warehouse Islamabad	Warehouse, Sector I-I 1/4, (PI Wadhval) Islamabad.	7,200
PIA Sales Office Gwadar	Airport Road, Gwadar.	2,420
PIA Sales Office Multan	55 Ahmed Shah, Abdali Road, Multan.	6,528
PIA Sales Office Azad Kashmir	Chattri, Muzaffarabad, Azad Kashmir.	444
PIA Sales Office Peshawar	33-The Mall, Arbat Road, Peshawar.	9,931
PIA Sales Office Swat	Falzabad, Saidu Shateel, Mangora, Swat.	1,211
Land for PIA Staff Housing Colony Saidu Sharif	PIA Staff Housing Colony Saidu Sharif.	1,208
PIA Sales Office Skardu	Chashma Bazar, Skardu.	1,250
Airport Office Skardu	Tensi Gumba near old runway Skardu.	4,248
PIA Sales Office Turbat	Commissioner Road, Turbat.	18,295
PIA Sales Office Islamabad	Jinnah Avenue, 49 Blue Area, Islamabad.	1,200
PIA Sales Office Lahore	Opp. Punjab Assembly Near Wapda House, Lahore.	4,600
PIA Diagnostic Center Karachi	B-33, KDA Scheme 1, Karsaz, Karachi.	1,874
PIA Sales Office Karachi	Staco Centre, R.A Lines, Karachi.	3,935
PIA Air Crew Medical Center Karachi	C-1, KDA Scheme 1, Karsaz, Karachi.	1,120
PIA Sales Office Faisalabad	Block 16, 26/A, Civil Lines, Faisalabad.	1,974
PIA Sales Office Chitral	Pala Ground, Chitral.	3,666
PIA Sales Office Building Quetta	17 Sharda Hall, Cantonment, Quetta.	3,732
Land for Sales Office Ormara	PIA sales office, Ormara Baluchistan.	10,000
Land for Sales Office Sialkot	Plot situated opposite to Chamber of Commerce Pais Road, Sialkot.	1,278
Farm house Abbottabad	Nafila Gali Road Abbottabad.	18,166
Land for Sales Office Gilgit	Plot at PIA City Road near NU Shopping Centre, Gilgit.	525
Land for new sales office Sukkur	Minara Road near Jamia Masjid, Sukkur.	2,146
Land for Dera Ismail Khan	Survey No. 38 195.09 Sq. Meter D.I.Khan Cantt.	233
PIA housing colony (Water Tank) Karachi	PIA Housing Colony Water Tank Karachi.	1,667
Super Highway for Precision Engineering Complex Karachi	On Super Highway PEC Complex Karachi.	968,000
PIA hospital Karachi	Gulistan-e-Jauhar Karachi.	46,200
Land for PIA Boys Scouts Host & Training Centre Karachi	PIA Boy Scouts Training Centre Karachi.	1,226
Training Centre Nawabshah	Nawabshah training Centre Nawabshah.	1,778
PIA Sales Office Quetta	17th Sharda Hall Cantonment Quetta.	3,731
Airport Office Skardu	Airport Skardu.	2,420
Land for TGS Section Skardu	Chashma Bazar Skardu.	1,815
Land for Head Quarter of Islamabad	Plot no 57/F-7/7, blue area Islamabad.	4,608
G.D Samani Marg Cuffe Parade, Mumbai	Flat No. 32, 3rd Floor Jolly Marker-8 G.D Samani Marg, Cuffe Parade, Mumbai - 400 005.	193
Nargis Manzil, New Delhi	Nargis Manzil, 23 Barakhamba Road, New Delhi - 110001.	451
Shaykhontohur District, Tashkent	Shaykhontohur District Hakim Dustligr Street, Tashkent.	291
Residence No.55 New York	Saxon Woods Road Scarsdale, NY 10583-7812, New York.	492
Iedsestraat 17 Amsterdam	1017 NI Amsterdam The Netherlands, Amsterdam.	118
Van Nijemroedweg, 835 Amsterdam	1082 JM Amsterdam The Netherlands, Amsterdam.	309
Koningsvaren 109, Abcoude Amsterdam	Koningsvaren 109 Abcoude, Amsterdam.	300

(b) In addition to above, there are certain assets which are acquired on lease and classified as right of use assets.



6.6 Capital work-in-progress

	Aircraft Fleet including engines	Others	Total
	----- (Rupees in '000) -----		
Year ended December 31, 2021			
Balance at beginning of the year	1,784,069	370,268	2,154,337
Additions during the year	-	195,524	195,524
Transfer to operating fixed assets / Intangible asset	-	(31,207)	(31,207)
Adjustment	(1,784,069)	(292)	(1,784,361)
Balance at end of the year	-	534,293	534,293
Year ended December 31, 2020			
Balance at beginning of the year	4,433,270	446,286	4,879,556
Additions during the year	-	111,864	111,864
Transfer to operating fixed assets / Intangible asset	(2,649,201)	(186,209)	(2,835,410)
Adjustment	-	(1,673)	(1,673)
Balance at end of the year	1,784,069	370,268	2,154,337

7. INVESTMENT PROPERTY

	Land	Building	Total
	----- (Rupees in '000) -----		
Balance at beginning of the year			
Transfer from owner occupied property	84,536	121,650	206,186
Gain on revaluation	15,697	22,588	38,285
Balance at end of the year	100,233	144,238	244,471

7.1 The fair value of the investment property as at December 31, 2021 were performed by Accredited Appraisals Services Corp. NY who are independent valuers. The fair value was determined by using the cost approach.

7.2 Details of immovable investment property:

7.2.1 Forced sale value of the aforementioned investment property as of the reporting date is estimated to be Rs. 238,293 million.

7.2.2 Rental income earned during the year was Rs. 11.019 million per annum.

7.2.3 The fair values of investment property were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of investment property falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

	Note	2021 ----- (Rupees in '000) -----	2020
8. INTANGIBLES			
Computer softwares			
Cost	8.1	1,213,664	1,099,591
Accumulated amortisation	8.2	(941,637)	(782,327)
		<u>272,027</u>	<u>317,264</u>
8.1 Cost			
Opening balance		1,099,591	1,035,130
Additions during the year		96,598	31,985
Transfers from CWIP		17,475	32,476
Closing balance		<u>1,213,664</u>	<u>1,099,591</u>

		2021	2020
8.2	Accumulated amortisation	Note	----- (Rupees in '000) -----
	Opening balance		782,327 644,771
	Amortisation for the year	8.2.1	159,310 137,556
	Closing balance		941,637 782,327
	Useful life:		5 years 5 years
8.2.1	Amortisation charge for the year has been allocated as under:		
	Cost of services - others	32	12,745 11,004
	Administrative expenses	34	146,565 126,552
			159,310 137,556

9. LONG-TERM INVESTMENTS

Related parties

Subsidiaries	9.1	4,415,714	4,415,714
Associate	9.2	396	396
		4,416,110	4,416,110
Others			
Fair value through OCI	9.3	259,222	164,638
		4,675,332	4,580,748

		2021	2020
9.1	Subsidiaries	Note	----- (Rupees in '000) -----

PIA Investments Limited (PIAIL)

792,000 (2020: 792,000) fully paid ordinary shares of AED 100 each. Equity held 100% (2020: 100%). Break-up value of each ordinary share is Rs. 102,521 based on financial statements as at December 31, 2021.

9.1.1	4,415,712	4,415,712
-------	-----------	-----------

Skyrooms (Private) Limited

4,000,000 (2020: 4,000,000) fully paid ordinary shares of Rs. 10 each. Equity held 100% (2020: 100%). Break-up value of each ordinary share is negative Rs. 44 (2020: negative Rs. 9) based on the unaudited financial statements for the year ended December 31, 2020.

9.1.2	40,000	40,000
-------	--------	--------

Midway House (Private) Limited (under winding-up)

2,960,000 (2020: 2,960,000) fully paid ordinary shares of Rs. 10 each. Equity held 100% (2020: 100%). Break-up value of each ordinary share is Rs. Nil (2020: Rs. Nil). Financial statements are not available.

9.1.2	28,520	28,520
-------	--------	--------

Sabre Travel Network Pakistan (Private) Limited

446,551 (2020: 312,586) fully paid ordinary shares of Rs. 100 each. Equity held 70% (2020: 70%). Break-up value of each ordinary share of Rs. 611 (2020: Rs. 807) based on the unaudited (2019: unaudited) financial statements for the year ended December 31, 2020.

9.1.2	2	2
-------	---	---

Provision for diminution in value of investments

	68,522	68,522
	(68,520)	(68,520)
	2	2
	4,415,714	4,415,714

9.1.1 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. During 1986, PIAIL was registered in British Virgin Islands under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act 2012) as a company limited by shares. The principal activity of PIAIL is 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.



9.1.2 All other subsidiaries except PIACL are incorporated in Pakistan.

9.2 Associate

Minhal Incorporated - Sharjah

4,000 fully paid ordinary shares (2020: 1,600) of AED 100 each. Equity held 40% (2020: 40%). Break-up value of each ordinary share is Rs. 74,396.67 based on unaudited financial statements for the year ended December 31, 2020.

Note

2021

2020

----- (Rupees in '000) -----

9.2.1

396

396

9.2.1 Minhal Incorporated (Minhal), an Associate of PIACL, which 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 of and the managers of projects related to construction, development and operation of hotels, restaurants and clubs throughout the world. The PIACL interest in Minhal is 40% (2020: 40%). The break-up value of Minhal is based on unaudited financial statements for the year ended December 31, 2020.

9.3 A) Fair value through Other Comprehensive Income (FVOCI)

Quoted

Pakistan Services Limited

172,913 (2020: 172,913) ordinary shares of Rs. 10 each having market value per ordinary share of Rs. 1,497 (2020: Rs. 950) each

258,851

164,267

Unquoted

Pakistan Tourism Development Corporation Limited

10,000 (2020: 10,000) ordinary shares of Rs. 10 each

100

100

Duty Free Shops (Private) Limited

87,512 (2020: 87,512) ordinary shares of Rs. 3.10 each

271

271

259,222

164,638

10. LONG-TERM LOAN TO SUBSIDIARIES

Subsidiaries - considered good

PIA Investments Limited

10.1

779,343

-

Subsidiaries - considered doubtful

Skyrooms (Private) Limited

37,042

37,042

Midway House (Private) Limited

82,476

82,476

119,518

119,518

Provision for impairment against doubtful long-term advances

(119,518)

(119,518)

779,343

-

10.1 This represents advance to subsidiary of US\$ 4.5 million. The principal will be repaid in 60 equal monthly installments commencing from January 2024 whilst the markup will be received on monthly basis wherein the advance carries markup at the rate of 1 month KIBOR + 1.45% p.a.

11. LONG-TERM DEPOSITS

Deposits - other than related party

Considered good

Aircraft fleet lease deposits

3,879,201

2,547,327

Maintenance reserve (Airbus)

11.1

161,875

217,973

Engine maintenance

141,902

141,902

Deposit to service providers

13,096

12,071

Guarantee deposit

75,161

55,218

4,271,235

2,974,491

Considered doubtful

357,877

357,877

Less: Provision for impairment against doubtful deposits

(357,877)

(357,877)

4,271,235

2,974,491

- 11.1 This includes the remaining balance of maintenance reserve which was required to be kept by the Company with a lessor under the terms of the lease agreement that was terminated in the year 2012 which will be utilised / refunded.

		2021	2020
	Note	----- (Rupees in '000) -----	
12. STORES AND SPARES			
Stores		994,940	684,150
Spare parts		7,913,260	7,994,148
Inventory held for disposal - adjusted to net realisable value		252,859	252,859
		<u>9,161,059</u>	<u>8,931,157</u>
Provision for slow moving and obsolete spares	12.1	(6,245,068)	(5,982,193)
		<u>2,915,991</u>	<u>2,948,964</u>

12.1 Movement in provision is as follows:

Balance at beginning of the year		5,982,193	6,247,667
Provision / (reversal) for the year	35	262,875	(265,474)
Balance at end of the year		<u>6,245,068</u>	<u>5,982,193</u>

13. TRADE DEBTS

Considered good

Due from Government		3,941,966	4,515,651
Due from other customers		10,983,888	5,460,643
		<u>14,925,854</u>	<u>9,976,294</u>

Considered doubtful

Government related	13.1	337,109	337,109
Other customers	13.1	4,846,811	3,868,017
Less: Provision for impairment against doubtful debts	13.3	(5,183,920)	(4,205,126)
		<u>14,925,854</u>	<u>9,976,294</u>

13.1 The aging analysis of trade debts related to Government and other customers are as follows:

	2021					
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	----- (Rupees in '000) -----					
Current	464,861	-	464,861	7,147,675	116,069	7,263,744
Overdue less than or equal to 90 days	572,753	-	572,753	2,406,557	92,043	2,498,600
More than 90 days past due	378,636	-	378,636	789,156	157,058	946,214
More than 180 days past due	741,207	-	741,207	269,090	274,731	543,821
More than 360 days past due	1,784,509	337,109	2,121,618	371,410	4,206,909	4,578,319
	<u>3,941,966</u>	<u>337,109</u>	<u>4,279,075</u>	<u>10,983,888</u>	<u>4,846,811</u>	<u>15,830,698</u>

2020

	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	(Rupees in '000)					
Current	40,103	-	40,103	3,330,582	-	3,330,582
Overdue less than or equal to 90 days	573,082	-	573,082	963,904	26,922	990,826
More than 90 days past due	412,340	-	412,340	216,520	61	216,581
More than 180 days past due	976,363	-	976,363	557,993	181,240	739,233
More than 360 days past due	2,513,763	337,109	2,850,872	391,644	3,659,794	4,051,438
	4,515,651	337,109	4,852,760	5,460,643	3,868,017	9,328,660

- 13.2 Maximum aggregate gross amount due from Government at any month end was Rs. 6,724,020 million (2020: Rs. 5,143,796 million).

		2021	2020
	Note	----- (Rupees in '000) -----	
13.3 Movement in provision is as follows:			
Balance at the beginning of the year		4,205,126	4,035,446
Provision made during the year	35	978,794	169,680
Balance at the end of the year		5,183,920	4,205,126

14. ADVANCES

Considered good

Employees	14.1	98,785	118,779
Fuel suppliers		242,988	466,899
Engineering related suppliers	14.2	356,340	716,041
Other suppliers	14.3	2,353,596	2,350,524
		3,051,709	3,652,243

Considered doubtful

Subsidiary - Skyrooms (Private) Limited		174,146	174,146
Employees		-	102,890
Others - suppliers		820,580	820,580
		994,726	1,097,616
Provision for impairment against doubtful advances	14.4	(994,726)	(1,097,616)
		3,051,709	3,652,243

- 14.1 This includes advance of Rs. 2,112 million (2020: Rs. 21,563 million) paid to key management personnel.
- 14.2 This represents advance paid to M/s. Stella Aerospace-France and Jamco Aero Design and Engineering PTE Ltd-US amounting to EUR 2,231,600 and USD 929,000 (2020: EUR 5,331,600 and USD 929,000) respectively on account of seating and inflight entertainment system to be installed in Boeing 777.
- 14.3 This includes advances paid to different suppliers in respect of lease rentals and overhauling of engines, auxiliary power units, landing gears etc.

		2021	2020
	Note	----- (Rupees in '000) -----	
14.4 Movement in provision is as follows:			
Balance at beginning of the year		(1,097,616)	(1,097,616)
(Reversal) during the year		102,890	-
Balance at end of the year		<u>(994,726)</u>	<u>(1,097,616)</u>
15. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Trade deposits			
Considered good		4,259,294	3,157,472
Considered doubtful		44,507	44,816
Less: Provision for impairment against doubtful deposits	15.1	<u>(44,507)</u>	<u>(44,816)</u>
		4,259,294	3,157,472
Prepayments:		185,107	143,453
		<u>4,444,401</u>	<u>3,300,925</u>
15.1 Movement in provision is as follows:			
Balance at beginning of the year		44,816	44,816
(Reversal) during the year		(309)	-
Balance at end of the year		<u>44,507</u>	<u>44,816</u>
16. OTHER RECEIVABLES			
Considered good - Related party			
Receivable from NJCL		310,175	1,161,031
Excise duty	30.1.1 (a)	100,000	100,000
Sales tax receivable	16.1	4,745,637	4,745,637
Grant receivable from GoP - net	16.2	16,608	8,500,000
Receivable from GoP	16.3	117,112	-
PIA Investments Limited		2,023	-
		<u>5,291,555</u>	<u>14,506,668</u>
Other than related party			
Lessor		-	880,759
Others		1,948,445	1,466,664
		<u>1,948,445</u>	<u>2,347,423</u>
Considered doubtful		450,562	337,431
Less: Provision for impairment against doubtful other receivables	16.5	<u>(450,562)</u>	<u>(337,431)</u>
		<u>7,240,000</u>	<u>16,854,091</u>

16.1 This represents sales tax refundable aggregating Rs. 4,745.637 million (2020: Rs. 4,745.637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the Act). The Company has filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit (LTU) through a letter has interalia stated that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services in terms of Rule 41A(14) of the Federal Excise Rules, 2005 (see note 31.1.1 (d)).

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 576(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.

- 16.2** This represents amount receivable from Government in respect of VSS obligations as details disclosed in note 26.3.
- 16.3** This represents amount receivable from Government in respect of litigation fee paid on behalf of government.
- 16.4** The maximum aggregate amount due from related parties at the end of any month during the year were as follows:

		2021	2020
	Note	----- (Rupees in '000) -----	
National insurance company limited		1,161,031	1,437,138
Government of Pakistan		8,617,112	8,500,000
Federal board of revenue		4,845,637	4,845,637
PIA Investments Limited		2,023	-

16.5 Movement in provision is as follows:

Balance at beginning of the year		337,431	337,431
Provision made during the year	35	113,131	-
Balance at end of the year		450,562	337,431

17. SHORT-TERM INVESTMENTS

Fair value through other comprehensive income - unquoted
SITA INC N.V.

325,491 (2018: 325,491) ordinary shares

17.1	19,220	19,220
------	--------	--------

- 17.1** These shares are held by SITA INC. N.V. on behalf of the Company and are transferable subject to certain specified conditions.

18. CASH AND BANK BALANCES

Cash

In hand 1,483 8,658

With banks:

- in current accounts	18.1	10,346,921	4,602,648
- in deposit accounts	18.2 & 18.3	2,147,928	1,130,455
		12,494,849	5,733,103
		12,496,332	5,739,761

- 18.1** This has been adjusted by an aggregate amount of Rs. 504,244 million (2020: Rs. 871,405 million), representing bank overdrafts.
- 18.2** These carry interest ranging from 0.5% to 8.9% (2020: 0.1% to 7.5%) per annum.
- 18.3** This includes a bank balance of BDT 674,591 million (2020: BDT 673,069 million) equivalent to Rs. 1,390,803 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.

19. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021 (No. of shares)	2020		2021 ----- (Rupees in '000) -----	2020
Authorised capital				
Ordinary share capital				
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10 each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5 each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
Preference share capital				
50,000,000	50,000,000	Preference shares of Rs. 10 each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
Issued, subscribed and paid up share capital				
Ordinary share capital				
'A' class shares of Rs. 10 each				
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,956	49,988,956
		Issued for consideration other than cash		
931,028	931,028	- for acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,344	2,339,344
5,233,761,118	5,233,761,118		52,337,610	52,337,610
'B' class shares of Rs. 5 each				
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
		Issued for consideration other than cash		
2,625	2,625	- for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
5,235,261,117	5,235,261,117		52,345,110	52,345,110

- 19.1 At December 31, 2021, the CoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares respectively (2020: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

20. RESERVES	Note	2021 ----- (Rupees in '000) -----	2020
Capital reserves			
- Reserve for replacement of fixed assets	20.1	1,966,779	1,966,779
- Capital redemption reserve fund		250,000	250,000
- General capital reserve		284,259	284,259
		2,501,038	2,501,038
- Unrealised gain on remeasurement of investment through OCI		257,656	163,074
		2,758,694	2,664,112
Revenue reserve			
		1,779,674	1,779,674
		4,538,368	4,443,786

- 20.1 Up to June 1988, depreciation on fully depreciated aircraft was charged and credited to the reserve for replacement of fixed assets and excess of sale proceeds over cost of fixed assets disposed off was also credited to the aforesaid account. With effect from 1989-90, the Company changed this policy to comply with the requirements of IFRSs and the depreciation and excess proceeds over cost of relevant assets are recorded in the unconsolidated statement of profit or loss.



		2021	2020
		----- (Rupees in '000) -----	
21.	SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET		
	Surplus on revaluation at beginning of the year	11,774,152	10,078,966
	Surplus arising during the year on:		
	Land	-	591,987
	Buildings	-	1,327,693
		-	1,919,680
		<u>11,774,152</u>	<u>11,998,646</u>
	Less: transferred to accumulated losses:		
	- Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax	(77,533)	(159,391)
	Related deferred tax	(31,668)	(65,103)
		<u>(109,201)</u>	<u>(224,494)</u>
		<u>11,664,951</u>	<u>11,774,152</u>
	Related deferred tax liability (DTL):		
	- Balance at beginning of the year	(734,783)	(414,854)
	- Tax effect of surplus arising on revaluation of property, plant and equipment during the year	-	(385,031)
	- Tax effect of incremental depreciation charged during the year on related assets transferred to unconsolidated statement of profit or loss	31,668	65,102
	- Balance at end of the year	(703,115)	(734,783)
	Surplus on revaluation at end of the year	<u>10,961,836</u>	<u>11,039,369</u>
		2021	2020
22.	LONG-TERM FINANCING	----- (Rupees in '000) -----	
		Note	
	Borrowings	22.1	267,010,376
	Sukuk certificates	22.2	5,675,000
			<u>272,685,376</u>
22.1	Borrowings		
	Balance at beginning of the year	277,230,558	253,950,790
	Financing obtained during the year	80,145,433	43,819,771
	Repayments made during the year	(44,188,607)	(23,295,858)
	Exchange loss	5,460,034	2,755,855
		<u>318,647,418</u>	<u>277,230,558</u>
	Less: Current maturity	29	(51,637,042)
	Balance at end of the year	<u>267,010,376</u>	<u>214,644,605</u>

Financial	Note	Type of facility	Facility amount (million)	Repayment period	Revised Repayment period	Number of installment/ Mode	2021 (Rupees in '000)	2020
From Banking Companies - Secured								
- Related party								
National Bank of Pakistan	22.1.2 & 22.1.17	Term Finance	PKR 2,175	2018 - 2021	2018 - 2023	12 Quarterly	725,000	725,000
National Bank of Pakistan	22.1.2 & 22.1.17	Term Finance	PKR 2,825	2018 - 2021	2018 - 2023	12 Quarterly	1,177,083	1,177,083
National Bank of Pakistan - Bahrain	22.1.2 & 22.1.17 & 22.1.17	Syndicate Finance	US \$ 120	2013 - 2024	2013 - 2025	40 Quarterly	16,733,480	15,152,801
- Other than related party								
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 5,000	2016 - 2021	2016 - 2027	60 Monthly	1,000,000	1,000,000
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 5,000	2016 - 2021	2016 - 2028	60 Monthly	1,333,333	1,333,333
The Bank of Punjab	22.1.2 & 22.1.5 & 22.1.14 & 22.1.17	Demand Finance	PKR 50,000	2016 - 2020	2016 - 2025	84 Monthly	15,901,266	15,901,266
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 2,300	2017 - 2022	2017 - 2024	60 Monthly	1,375,000	1,375,000
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 3,000	2019 - 2024	2019 - 2026	60 Monthly	4,846,197	4,846,197
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 4,587	2019 - 2022	2019 - 2024	36 Monthly	3,058,331	3,058,331
The Bank of Punjab	22.1.2 & 22.1.14 & 22.1.17	Term Finance	PKR 6,000	2019 - 2024	2019 - 2026	60 Monthly	5,663,277	5,663,277
The Bank of Punjab	22.1.2 & 22.1.14	Term Finance	PKR 18,000	2022 - 2027	-	60 Monthly	18,000,000	18,000,000
The Bank of Punjab	22.1.2 & 22.1.14	Term Finance	PKR 5,000	2025 - 2028	-	60 Monthly	5,000,000	-
Azadi Bank Limited	22.1.2	Term Finance	PKR 5,000	2023 - 2026	-	36 Monthly	5,000,000	-
Azadi Bank Limited	22.1.2 & 22.1.17	Term Finance	PKR 6,000	2020 - 2023	2020 - 2025	48 Monthly	5,625,000	5,625,000
Azadi Bank Limited	22.1.2 & 22.1.17	Term Finance	PKR 10,000	2021 - 2023	2021 - 2026	36 Monthly	10,000,000	10,000,000
Al Baraka Bank (Pakistan) Limited	22.1.2 & 22.1.7 & 22.1.17	Islamic Finance	PKR 1,600	2018 - 2021	2018 - 2022	36 Monthly	1,125,000	1,125,000
Al Baraka Bank (Pakistan) Limited	22.1.7 & 22.1.8	Islamic Finance	PKR 2,500	2020 - 2022	2020 - 2023	36 Monthly	1,666,667	2,222,222
Al Baraka Bank (Pakistan) Limited	22.1.2 & 22.1.7 & 22.1.17	Islamic Finance	PKR 1,000	2021 - 2024	2021 - 2025	36 Monthly	1,000,000	1,000,000
Al Baraka Bank (Pakistan) Limited	22.1.2 & 22.1.17	Islamic Finance	PKR 2,600	2023 - 2026	-	36 Monthly	2,500,000	-
Al Baraka Bank (Pakistan) Limited	22.1.1 & 22.1.8	Islamic Finance	PKR 2,000	2023 - 2026	-	36 Monthly	2,000,000	-
Al Baraka Bank (Pakistan) Limited	22.1.2 & 22.1.13	Islamic Finance	PKR 1,000	2023 - 2026	-	36 Monthly	1,000,000	-
Fayval Bank Limited	22.1.2	Term Finance	PKR 4,000	2013 - 2020	-	14 Quarterly	-	557,143
Fayval Bank Limited	22.1.2 & 22.1.17	Islamic Finance	PKR 6,000	2019 - 2024	2019 - 2025	60 Monthly	4,999,500	4,999,500
Fayval Bank Limited	22.1.2 & 22.1.17	Islamic Finance	PKR 4,000	2019 - 2022	2019 - 2024	36 Monthly	3,111,111	3,111,111
Fayval Bank Limited	22.1.2 & 22.1.17	Islamic Finance	PKR 5,000	2020 - 2023	2020 - 2025	36 Monthly	5,000,000	5,000,000
Fayval Bank Limited	22.1.2 & 22.1.17	Islamic Finance	PKR 5,000	2020 - 2023	2020 - 2025	36 Monthly	5,000,000	5,000,000
Fayval Bank Limited	22.1.2	Islamic Finance	PKR 5,000	2020 - 2026	-	36 Monthly	5,000,000	5,000,000
Fayval Bank Limited	22.1.2	Islamic Finance	PKR 3,000	2023 - 2026	-	36 Monthly	3,000,000	-
Standard Chartered Bank (Pakistan) Limited	22.1.4 & 22.1.17	Consortium	US \$ 250	2020 - 2023	2020 - 2024	36 Monthly	35,547,858	38,548,639
JS Bank Limited	22.1.2 & 22.1.17	Term Finance	PKR 15,000	2017 - 2023	2017 - 2024	66 Monthly	6,136,364	6,187,818
JS Bank Limited	22.1.2 & 22.1.5	Term Finance	PKR 20,000	2020 - 2024	-	48 Monthly	-	19,166,667
JS Bank Limited	22.1.2 & 22.1.5	Term Finance	PKR 19,167	2021 - 2026	-	60 Monthly	18,927,413	-
Squire Bank Limited	22.1.2, 22.1.5 & 22.1.17	Term Finance	PKR 5,000	2019 - 2022	2019 - 2024	36 Monthly	4,166,667	4,166,667
Bank Islami Pakistan Limited	22.1.2 & 22.1.11	Islamic Finance	PKR 16,500	2021 - 2026	-	60 Monthly	16,500,000	16,500,000
Bank Islami Pakistan Limited	22.1.2 & 22.1.12	Islamic Finance	PKR 5,000	2021 - 2024	-	60 Monthly	-	3,500,000
Haji Bank	22.1.6 & 22.1.17	Consortium	USD 120	2019 - 2021	2019 - 2023	30 Monthly	7,648,918	10,122,845
Chaiti Bank	22.1.2	Term Finance	USD 115	2019 - 2021	-	24 Monthly	-	6,892,859
Habib Bank Limited	22.1.2	Term Finance	PKR 2,000	2021 - 2024	-	36 Monthly	1,722,222	2,000,000
Habib Bank Limited	22.1.2	Islamic Finance	PKR 1,000	2021 - 2024	-	36 Monthly	10,000,000	-
Habib Bank Limited	22.1.2	Term Finance	PKR 17,000	2023 - 2026	-	60 Monthly	7,000,000	-
Others - Unsecured								
- Related party								
Long term loan - GOR	22.1.15	Term Finance	PKR 8,000	2011 - 2020	-	16 half yearly	8,000,000	8,000,000
Loan from GOR against Markazi	22.1.16	Term Finance	PKR 6,016	2023 - 2030	-	-	72,157,728	61,579,296
							318,647,416	277,230,558
Current maturity shown under current liabilities							(51,637,642)	(62,585,953)
							267,010,376	214,644,605

- 22.1.1 Borrowings in PKR comprise of variable rate borrowings, except loan from GoP, which carry markup ranging from spread of 1.25% to 1.65% over 1 month KIBOR (2020: spread of 1.25% to 1.65% over 1 month KIBOR). Borrowings in US\$ comprise of variable rate borrowings carry markup ranging from spread of 3.10% over 1 month LIBOR to 3.75% over 3 month LIBOR (2020: 3.10% over 1 month LIBOR to 4.00% over 1 month LIBOR).
- Loan from GoP carries markup at the rate of 10% (2020: 10%).*
- 22.1.2 The financing is secured by way of unconditional and irrevocable GoP guarantee for an amount equivalent to the facility amount.
- 22.1.3 Following are the participating banks in this syndicated finance facility:
- National Bank of Pakistan (NBP) - Bahrain; and
 - Habiba Bank Limited (HBL).
- 22.1.4 The syndicate finance had been obtained from a syndicate of international banks and the lead arrangers are:
- Standard Chartered Bank - United Kingdom
 - Mashtaq Bank PSC - United Arab Emirates
- The finance is secured by first priority security over the collection account and facility service account; and legally enforceable assignments of tickets sales collection for the UK, SAR, Muscat and Kuala Lumpur sector through IATA with appropriate acknowledgments.
- 22.1.5 The finance is secured by way of lien over IATA routed sales of the Company, receivable or assignment.
- 22.1.6 The finance is secured by way of collection routed through the offshore bank account maintained with Emirates NBD Bank.
- 22.1.7 The finance is secured by way of:
- 1st exclusive hypothecation charge over five engines with 10% margin; and
 - Irrevocable assignment instruction from the Company to Bank of Punjab for transfer of funds to ABPL on fortnightly basis.
- 22.1.8 The finance is secured by way of hypothecation of Boeing 777-200 ER aircraft.
- 22.1.9 The finance is secured by way of hypothecation of engine bearing engine No. 900-432.
- 22.1.10 The finance is secured by way of hypothecation of engines bearing engine No. 900-431, 432 and 453.
- 22.1.11 The finance is secured by way of lien over musharakah asset amounting to Rs. 16,500 million and unconditional and irrevocable GoP guarantee for the facility amount.
- 22.1.12 The finance is secured by lien over Musharka Asset amounting to Rs. 5,000 million and unconditional and irrevocable GoP guarantee for the facility amount. The Company has fully paid the facility amount without incurring any penalty.
- 22.1.13 The finance is secured by way of hypothecation of two ATR 42-500 aircraft.
- 22.1.14 During the year, the Company has applied for the restructuring of these facilities for 10 years where-in the BoP principally agreed with that and all legal formalities are complied with and the agreement is at the advance stage of completion.
- 22.1.15 The Company has not paid any installment since due date of installment, i.e. October 28, 2011. The over due principal and markup as at December 31, 2021 is Rs 8,000 million (December 31, 2020: Rs.8,000 million) and Rs. 9,900 million (December 31, 2020: Rs. 9,100 million) respectively. The over due principal amount is included in the current maturity.
- 22.1.16 In a meeting held with GoP dated December 30, 2017, it was decided that markup support would be provided for the five years starting from July 2018. In this regard, GoP has started releasing markup, first disbursement was made on October 26, 2018 and subsequently on monthly basis. The loan amount represents the outstanding amount at any given point of time.
- 22.1.17 In line with SBP Circular No. 13/26 dated March 26, 2020, the Company applied for deferment of principal for one year. Henceforth, repayment period has been revised and same is shown in the aforementioned facilities. In addition, clause (v) of SBP circular also suggests to defer the principal for another period of one year with the consent of the financial institutions. The Company has opted for further deferment as presented in note 22 under revised repayment period.

22.2 SUKUK CERTIFICATES

TCC's SUKUKS

	Security	Repayment period	Number of installments	Mark-up (%)	2021 ----- (Rupees in '000) -----	2020
Secured						
- other than related party						
Sukuk certificates	GoP Guarantee	2023 to 2031	96 Monthly	1 month KIBOR +1.00%	5,675,000	-

22.3 During the year, the Company has issued Sukuk Certificates to the extent of Rs. 5,675 million where-in the Bank Islami Limited is acting as an issuing and investment agent.

	Note	2021 ----- (Rupees in '000) -----	2020
23. LEASE LIABILITIES			
Secured			
Present value of minimum lease payments			
- Aircraft fleet including engines	23.1	15,339,172	16,202,025
- Buildings	23.1	801,372	1,054,940
		16,140,544	17,256,965
Technical ground equipment	23.1 & 23.2	51,641	83,934
		16,192,185	17,340,899
Less: Current maturity	29	(5,843,802)	(9,024,825)
		10,348,383	8,316,074

23.1 During the year, the movement in lease liabilities is as follows:

	Note	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
Balance as at beginning of the year		16,202,025	1,054,940	83,934	17,340,899
Additions during the year					
Additions in lease liabilities		5,926,054	111,864	8,471	6,046,389
Adjustment					
Exchange loss		1,072,060	10,152	-	1,082,212
Repayments made during the year		(8,542,444)	(490,864)	(48,159)	(9,081,467)
Interest charged during the year	37	681,477	115,280	7,396	804,153
Balance at end of the year		15,339,172	801,372	51,642	16,192,186

	2021			2020		
	Minimum lease payments	Finance costs	Present value of minimum lease payments	Minimum lease payments	Finance costs	Present value of minimum lease payments
	----- (Rupees in '000) -----					
Not later than one year	6,488,214	644,412	5,843,802	9,800,897	776,072	9,024,825
Later than one year but not later than five years	9,101,511	1,020,171	8,081,340	8,184,677	650,570	7,534,107
Later than five years	2,412,101	145,058	2,267,043	805,566	23,598	781,967
	18,001,826	1,809,641	16,192,185	18,791,139	1,450,240	17,340,899



- 23.2 During 2016, the Company arranged a letter of credit (LC) limit of Rs. 500 million for the purpose of acquisition of technical ground equipment. On the maturity of LC, the amount of LC is converted into finance lease, having a limit of Rs. 500 million with lease period of 48 months. The lease arrangement is secured by GoP guarantee. The lease carries markup at the rate of 2% spread over one month KIBOR. The Company has utilised the LC balance of Rs. 372.726 million till date and converted it into finance lease.

		2021	2020
24.	ADVANCES FROM SUBSIDIARIES	Note	----- (Rupees in '000) -----
	PIA Investment Limited	24.1	7,084,407 6,414,987
	Sabre Travel Network Pakistan (Private) Limited	24.2	175,000 175,000
			<u>7,259,407 6,589,987</u>

- 24.1 The advance carries mark-up at the rate of 1 month LIBOR plus 1.75% per annum and the markup accrued thereon for the year is Rs. 127,160 million (2020: Rs. 154,789 million). This is adjustable against any future dividend to be declared by PIA Investment Limited.

- 24.2 During 2019, the Company received Rs. 175 million from Sabre Travel Network Pakistan (Private) Limited - (Sabre), a subsidiary.

25. DEFERRED LIABILITIES

Post retirement medical benefits	25.2	9,628,739	10,326,021
Pension funds' obligation	25.3	25,677,333	24,630,969
UK pension funds' obligation	25.4	618,559	1,083,505
Provision for redelivery cost	25.5	3,896,797	1,915,999
		<u>39,821,428</u>	<u>37,956,494</u>

- 25.1 General description of the type of defined benefit plans and accounting policy for remeasurement of the net defined benefit obligation / asset is disclosed in note 5.11 to these Unconsolidated financial statements.

25.2 Post retirement medical benefits

Liability recognised in the statement of financial position

Present value of defined benefit obligation	9,628,739	10,326,021
---	-----------	------------

Movement in liability during the year

Balance at beginning of the year	10,326,021	11,324,204
Expense recognised in statement of profit or loss	25.2.1 1,037,794	1,483,823
Total remeasurements recognised in Other Comprehensive Income	25.2.2 (1,064,299)	(1,160,062)
Reversal / Benefits due but not paid (payables)	29,347	(777,846)
Payments made during the year	(700,124)	(544,098)
Balance at end of the year	<u>9,628,739</u>	<u>10,326,021</u>

25.2.1 Expense recognised in statement of profit or loss

Current service cost	65,138	91,586
Gains and losses arising on plan settlements	-	205,970
Interest cost	972,656	1,186,267
Net actuarial loss recognised	<u>1,037,794</u>	<u>1,483,823</u>

25.2.2 Total remeasurements recognised in other comprehensive income

Actuarial (gain) / loss on liability arising on:		
- financial assumptions	193,994	600,183
- experience adjustments	(1,258,293)	(1,760,245)
	<u>(1,064,299)</u>	<u>(1,160,062)</u>

25.3 Pension obligation

The details of three different categories of plans are as follows:

	PALFA		FENA		MAIN PENSION		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
(Rupees in '000)								
Liability / (Asset) recognised								
Recent increase / decrease in liability / obligation	2,275,655	2,254,265	436,372	457,309	25,889,338	25,752,750	29,601,365	28,464,324
Fair value of plan assets	(1,943,094)	(1,730,789)	(991,203)	(965,286)	(989,735)	(1,137,300)	(3,924,032)	(3,853,355)
	332,561	523,476	(554,831)	(507,977)	25,899,603	24,615,450	25,677,333	24,610,969
Movement in liability / (asset) during the year								
Opening liability / (asset)	523,497	504,701	(507,977)	(493,808)	24,615,451	25,790,135	24,030,971	26,001,328
Expenses recognised in profit or loss	66,777	77,604	(49,722)	(55,184)	2,875,481	2,717,425	2,892,536	2,739,840
Benefits due but not paid (payable) (Note 27.3)	(115)	(21,630)	-	-	166,404	(2,497,805)	166,289	(2,618,859)
Actuarial gains/losses recognised in other comprehensive income	(216,399)	(23,574)	8,863	44,710	223,553	42,881	14,017	64,015
Employer contributions	(41,199)	(14,199)	(3,995)	(3,995)	(1,983,286)	(1,637,161)	(2,028,480)	(1,650,325)
Closing liability / (asset)	332,561	523,476	(554,831)	(507,977)	25,899,603	24,615,450	25,677,333	24,610,969
Movement in the defined benefit obligation								
Liability at beginning of the year	2,254,265	2,157,342	457,309	445,759	25,752,750	27,597,401	28,464,325	30,141,902
Current service cost	17,745	16,304	-	-	572,160	661,815	589,905	660,719
Post service cost	-	-	-	-	-	-	-	-
Interest cost	218,680	235,012	44,598	49,795	2,399,470	2,812,432	2,662,738	3,092,246
Benefits due but not paid (payable) (Note 27.3)	(115)	(21,634)	-	-	166,405	(2,497,805)	166,290	(2,618,859)
Benefit paid	(22,778)	(103,281)	-	-	(2,285,612)	(2,326,438)	(2,308,390)	(2,499,719)
Gains and losses due to actuarial settlements	-	4,734	-	-	-	(623,380)	-	(618,646)
Settlement loss (a)	-	-	-	-	-	-	-	-
Actuarial losses from change in financial assumptions	150,553	124,608	7,744	19,449	405,737	1,000,003	564,034	1,144,080
Experience adjustments	(342,696)	(161,637)	(73,269)	(58,714)	(123,572)	(811,278)	(539,537)	(1,031,819)
Closed at end of the year	2,275,655	2,254,265	436,372	457,309	25,889,338	25,752,750	29,601,365	28,464,324
Movement in fair value of plan assets								
Fair value at beginning of the year	1,730,789	1,653,041	965,286	943,262	1,137,300	1,547,771	3,833,355	4,140,672
Interest income	169,648	150,453	94,310	104,984	96,149	135,442	360,107	418,629
Employer contributions	41,199	14,199	3,995	3,995	1,983,286	1,637,161	2,028,480	1,650,325
Benefits paid	(22,778)	(103,281)	-	-	(2,285,612)	(2,326,438)	(2,308,390)	(2,499,719)
Return on plan assets excluding amount included in interest income	24,259	(13,643)	(72,388)	(83,955)	58,612	(145,844)	(10,480)	(48,245)
Fair value at end of the year	1,943,094	1,730,789	991,203	965,286	989,735	1,137,300	3,924,032	3,853,355
Expense recognised in statement of profit or loss								
Current service cost	17,745	16,304	-	-	572,160	661,815	589,905	660,719
Post service cost	-	-	-	-	-	-	-	-
Gains and losses arising on Plan settlements	-	4,734	-	-	-	(623,380)	-	(618,646)
Net interest expense / (income)	49,032	54,565	(49,722)	(55,184)	2,303,321	2,678,990	2,302,631	2,678,847
	66,777	77,604	(49,722)	(55,184)	2,875,481	2,717,425	2,892,536	2,739,840
Total remeasurements recognised in other comprehensive income								
Remeasurements on obligations arising on financial assumptions	150,553	124,608	7,744	19,449	405,737	1,000,003	564,034	1,144,080
Experience adjustments	(342,696)	(161,637)	(73,269)	(58,714)	(123,572)	(811,278)	(539,537)	(1,031,819)
	(192,143)	(37,029)	(65,525)	(39,265)	282,165	188,725	24,497	112,261
Volatility on plan assets								
Excluding amount included in interest income	(24,256)	13,643	72,388	83,955	(58,612)	(145,844)	(10,480)	(48,245)
	(216,399)	(23,574)	8,863	44,710	223,553	42,881	14,017	64,015
The plan assets comprise of:								
Debt instrument	1%	1%	0%	0%	1%	1%	1%	1%
Others (including cash and cash equivalents)	99%	99%	100%	100%	99%	99%	99%	99%
	100%	100%	100%	100%	100%	100%	100%	100%
Actual return on plan assets	193,906	166,610	21,922	21,029	154,761	209,286	370,587	467,125

- 25.3.1 Actuarial valuations of pension funds, post retirement medical benefit scheme and compensated absences (note 26.5) were carried out at December 31, 2021. The valuations have been carried out using Projected Unit Credit method and the following significant actuarial assumptions have been used:

	2021	2020
	----- (Percentage) -----	
Valuation discount rate	11.75%	9.75%
Salary increase rate	6.00%	8.75%
Pension indexation rate	6.00%	4.00%
Pre-retirement average cost indexation rate	6.25%	4.25%
Post-retirement average cost indexation rate	6.25%	4.25%
Mortality table	Adjusted SLIC 2001-2005 with one year age set back	Adjusted SLIC 2001-2005 with one year age set back
Withdrawal rates	Age - based Age 60	Age - based Age 60
Retirement assumption		

- 25.3.2 Number of employees covered by the various schemes are as follows:

	2021	2020
	----- (Number) -----	
Pension scheme		
Active employees	8,118	8,423
Beneficiaries	15,271	16,905
Post retirement medical benefit scheme	15,271	16,905

25.3.3 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		2021					
		Increase / (decrease) in defined benefit obligation of					
		PALPA Fund		FENA Fund		Main Pension Fund	
Change in assumption		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----							
Valuation discount rate	1%	(171,999)	200,150	(27,375)	30,928	(2,356,808)	2,793,801
Salary increase rate	1%	35,010	(31,570)	No change	No change	971,441	(872,830)
Medical inflation rate	1%	184,537	(162,266)	34,843	(31,166)	1,977,228	(1,720,273)

		Increase / (decrease) in defined benefit obligation of			
		Post retirement medical benefits		Compensated absences	
	Change in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----					
Valuation discount rate	1%	(829,993)	983,859	(373,577)	425,036
Salary increase rate	1%	No change	No change	419,655	(375,182)
Medical inflation rate	1%	915,401	(799,601)	N/A	N/A

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the unconsolidated statement of financial position.

25.3.4 The employee benefit plans expose the Company to the following risks:

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Investment risk: The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

25.3.5 The fair value of plan assets of pension funds includes investment in the Company's shares, amounting to Rs. 202,230 million (2020: Rs. 202,684 million).

25.3.6 The weighted average duration of the benefit obligations as at December 31, 2020 is as follows:

	Years
Post retirement medical benefits	9
PALPA fund	8
FENA fund	7
Main Pension fund	9.6
Compensated absences	7

25.3.7 The expected pension and medical expense for the next one year from January 01, 2022 amounts to Rs. 3,544,888 million and Rs. 1,192,849 million respectively. The expected amount of pension fund is the amount which the Company will have to contribute for the next one year.

25.3.8 The total expense relating to deferred liabilities has been allocated to cost of services, distribution costs and administrative expenses in the amount of Rs. 2,122,378 million (2020: Rs. 2,280,778 million), Rs. 1,100,492 million (2020: Rs. 1,182,626 million) and Rs. 707,459 million (2020: Rs. 760,259 million) respectively.

25.4 UK PENSION OBLIGATION

	2021	2020
	----- (Rupees in '000) -----	
Liability / (Asset) recognised		
Present value of defined benefit obligation	3,075,386	3,046,173
Fair Value of Plan Assets	(2,456,827)	(1,962,668)
Balance sheet liability	618,559	1,083,505
Change in defined benefit obligation	3,046,172	2,056,358
Opening liability	37,676	42,908
Interest expense	(170,497)	(148,475)
Benefits paid		
Remeasurements:		
- Actuarial gain from changes in demographic assumptions	(59,614)	285,904
- Actuarial gain from changes in financial assumptions	(34,338)	669,304
- Experience adjustments	(117,559)	47,792
Exchange loss	373,546	92,382
Present value of defined benefit obligation	3,075,386	3,046,173

	2021	2020
	----- (Rupees in '000) -----	
Change in Fair Value of Plan Assets		
Fair value at beginning of the year	1,962,669	2,137,873
Interest Income	24,084	42,444
Cash Flows		
- Contributions	57,606	36,853
- Benefit paid	(170,497)	(74,131)
- Administrative expenses paid	(19,077)	(10,344)
Return on plan assets (excluding interest income) - OCI	356,971	(266,150)
Exchange gain	245,071	96,122
Fair value of plan assets at end of year	<u>2,456,827</u>	<u>1,962,668</u>

Amounts recognized in the statement of financial position

Present value of defined benefit obligation	3,075,386	3,046,173
Fair value of plan assets	(2,456,827)	(1,962,668)
Funded status	<u>618,559</u>	<u>1,083,505</u>
Balance sheet liability	<u>618,559</u>	<u>1,083,505</u>

	2021	2020
	----- (Rupees in '000) -----	
Significant Actuarial Assumptions		
Weighted-average assumptions for defined benefit obligation		
Discount rate	1.80%	1.80%
Price inflation rate (RPI)	3.50%	3.50%
Price inflation rate (CPI)	2.95%	2.95%
Post-retirement mortality assumption	[†] S3PMA/S3PFA 1.25% p.a. [*]	[†] S3PMA/S3PFA 1.25% p.a. [*]
Assumed life expectancy on retirement at age 65		
- Retiring today (member age 65)	22.1 (M) / 23.8 (F)	22.1 (M) / 23.8 (F)
- Retiring in 20 years (member age 45 today)	23.4 (M) / 25.4 (F)	23.4 (M) / 25.4 (F)
- Duration (in years)	11	11

Sensitivity Analysis

Present value of defined benefit obligation		
Discount rate - 25 basis points	3,165,999	3,135,925
Price inflation rate + 25 basis points	3,083,493	3,054,202

	2021	2020
	----- (Number) -----	
Number of employees covered by the scheme:		
Vested deferred	20	20
Retirees	79	79
Annuitants	16	16

25.5 This amount represents the provision against maintenance / redelivery cost required to be incurred by the Company for returning the aircraft and engines under lease agreements on certain maintenance conditions. Movement in provision is as follows:

		2021	2020
	Note	----- (Rupees in '000) -----	
Balance at beginning of the year		1,915,999	1,907,634
(Reversal) / provision recognised during the year		(1,343,091)	137,690
Adjustments			
Lease additions / (terminations) during the year		478,281	(307,677)
Exchange loss recognised during the year		62,642	65,109
Re-assessment of redelivery cost		2,681,333	-
Interest charged during the year	37	81,633	113,443
		3,323,889	(129,325)
Balance at end of the year		3,896,797	1,915,999

26. TRADE AND OTHER PAYABLES

Trade creditors

Goods	26.1	22,853,666	23,013,305
Services		13,615,768	16,366,460
Airport related charges		44,746,336	42,114,934
		81,215,770	81,494,699
Accrued liabilities	26.2	12,136,774	13,912,905
Employees VSS obligations	26.3	12,215	6,445,294
Advance against transportation (unearned revenue)	26.4	11,261,014	6,224,862
Obligation for compensated absences	26.5	6,264,113	5,361,085
Undeemed frequent flyer liabilities	26.6	459,890	545,374
Advances from customers		2,238,816	1,646,925
Employees Provident Fund	26.7	2,916,046	7,816,364
Collection on behalf of others	26.8	58,894,804	54,812,515
Customs, federal excise duty and sales tax		2,865,423	2,424,312
Federal excise duty - International travel		11,694,263	10,718,453
Income tax deducted at source		1,673,081	1,492,558
Short term deposits		457,497	706,842
		192,089,706	193,602,208

- 26.1** This includes an amount of Rs. 17,602,967 million (2020: Rs. 16,730,047 million) payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is making all payments against the fuel invoices. Late payment surcharge (LPS), though accrued as per agreement, would be paid at a later stage. Contrarily, PSO applies a portion of payments against late payment surcharge (LPS).
- 26.2** This includes total management fee upto December 31, 2021 amounting to Rs. 186,096 million (2020: Rs. 173,989 million) payable to PIA Investments Limited, a subsidiary company.
- 26.3** The amount represents payable to employees under Voluntary Separation Scheme (the Scheme). On November 30, 2020, the Company announced the Scheme for its permanent employees. Under the scheme over 1,900 employees opted for separation effective from December 31, 2020. The GoP has approved a grant (refer note 16.2) to pay off the outgoing employees in this respect and for that purpose an assignment account has been opened in the National Bank of Pakistan. The amount payable to outgoing employees is estimated to be Rs. 12,215 million as at December 31, 2021 (2020: Rs. 6,445,294 million). In addition, the Government Grant also includes the amount of employer's contribution of Company's provident funds for the outgoing employees.

		2021	2020
	Note	----- (Rupees in '000) -----	
26.4	Advance against transportation (unearned revenue)		
	Balance at the beginning of the year	6,224,862	16,442,380
	Cash received in advance, recognised as unearned revenue	79,177,133	6,201,135
	Amount recognised as revenue during the year	(74,140,981)	(16,418,653)
	Balance at the end of the year	<u>11,261,014</u>	<u>6,224,862</u>
26.5	Obligation for compensated absences		
	Liability recognised in the statement of financial position		
	Balance at the beginning of the year	5,361,085	7,657,683
	Reversal / Expense recognised during the year	916,403	(1,542,503)
	Benefits paid during the year	(66,475)	(70,729)
	Transferred to VSS payable	-	(683,366)
	Balance at the end of the year	<u>53,100</u>	<u>-</u>
		<u>6,264,113</u>	<u>5,361,085</u>
26.6	The liability for frequent flyer programme is based on the valuation carried out by an independent professional valuer. Significant assumptions include:		
	• ticket inflation rate at the rate of 11.4% (2020: 8.3%);		
	• discount rate at the rate of 11.4% (2020: 8.3%);		
	• expiry of unvalued points after three years;		
	• accumulated points above 11,000 can be used for purchase of tickets. Points lower than 11,000 are valued on aggregate cost of redeemed points; and		
	• Unvalued points of Ministry do not have any expiry.		
26.7	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 the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 19, 2016 and thereafter based on 1 month KIBOR (refer note 27).		
26.8	This includes taxes payable at foreign stations and amount payable to Civil Aviation Authority (CAA) relating to embarkation, security and infrastructure charges.		
27.	ACCRUED INTEREST		
	Mark-up / profit payable on:		
	- long-term financing	27.1	11,482,403
	- mark-up reimbursement loan from GoP	27.2	10,188,427
	- sukuk certificates		8,816
	- short-term borrowings	27.3	705,261
	- provident fund	26.7	8,426,244
	- advance from PIAL		1,567,269
			<u>32,378,420</u>
			<u>25,804,384</u>
27.1	It includes Rs. 9,900 million (2020: Rs. 9,100 million) and Rs. 179,830 million (2020: 139,056 million) due to Government of Pakistan and National Bank of Pakistan respectively.		
27.2	It represents markup on GoP-markup arrangement loan due to the Government of Pakistan.		
27.3	It includes Rs. 704,207 million (2020: Rs. 662,568 million) due to the National Bank of Pakistan.		

		2021	2020
28. SHORT-TERM BORROWINGS - SECURED	Note	----- (Rupees in '000) -----	
Short-term loans	28.1	29,860,000	29,860,000
Running finance under mark-up arrangements	28.2	720,489	716,613
		30,580,489	30,576,613

28.1 SHORT-TERM LOANS - SECURED

Financier	Security	Facility amount (million)	Maturity date	2021	2020
				---(Rupees in '000)---	
Short-term loans - Related Parties:					
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 4,360	31-Dec-21	4,360,000	4,360,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,500	31-Dec-21	3,500,000	3,500,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,000	31-Dec-21	3,000,000	3,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-21	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-21	2,000,000	2,000,000
				29,860,000	29,860,000

28.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 months KIBOR (2020: spread of 1.5% over 3 months KIBOR). Further, the agreements of these borrowings are expired on December 31, 2021; however, subsequent to the year end, these have been renewed.

28.2 Running finance under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	2021	2020
---(Rupees in '000)---						
Secured						
Running finance - related party						
National Bank of Pakistan	First and pass hypothecation charge of Rs. 766,667 million on all present and future current assets with a margin of 25%; lien and specific right to set-off due receivables in connection with sales routed through collection account in NBP Asifpur Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 701 million payable on demand.	Rs. 525	Rs. 0.10	31-Dec-21	574,990	574,843
Running finance - others Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets or present and future receivables of the company for Rs. 2,800 million including 25% margin or as per SBP requirement whichever is higher.	Rs. 350	Rs. 204.51	18-Feb-22	145,499	141,770
					720,489	716,613

28.2.1 The borrowings in PKR carry mark-up with a spread of 2% over 1 month KIBOR (2020: 2% over 1 month KIBOR).

28.2.2 Unavailed credit represents the difference between the facility amount and the balance as per bank statement as at December 31, 2021.

28.2.3 The agreement of National Bank has expired on December 31, 2021; however, subsequent to the year end, it has been renewed. Further the agreement of Habib Bank Limited is expiring on February 18, 2022 for which for which the company has applied for renewal.

		2021	2020
29. CURRENT MATURITY OF NON-CURRENT LIABILITIES		----- (Rupees in '000) -----	
Long-term financing	22	51,637,042	62,585,953
Lease liabilities	23	5,843,802	9,024,825
		57,480,844	71,610,778

30. CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

30.1.1 Sales tax and Federal Excise Duty

a) The tax department had raised demand of Rs. 566.544 million (2020: Rs. 566.544 million) in December 30, 1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million (2020: Rs. 1 million) and additional duty of Rs. 2,923,005 million (2020: Rs. 2,923,005 million) on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the tax department. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

aj) The tax department had also raised demands of Rs. 5804 million (2020: Rs. 6,806 million) and Rs. 277,621 million (2020: Rs. 277,621 million) on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14,416 million (2020: Rs. 14,416 million) and additional duty / default surcharge of Rs. 17,91 million (2020: Rs. 17,91 million) during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million (2020: Rs. 25 million) in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the tax department both have filed appeals at the ATR which is remanded back however, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these unconsolidated financial statements in this regard.

ak) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2,065 million (2020: Rs. 2,065 million) and Rs. 1,319,103 million (2020: Rs. 1,319,103 million) as FED and sales tax respectively along with penalty of Rs. 66,058 million (2020: Rs. 66,058 million) and additional duty / default surcharge of Rs. 534,412 million (2020: Rs. 534,412 million) during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) (CIR (A)), which was decided in favor of the tax department. The Company had filed appeal against this at ATR and a rectification application with CIR (A). The Tribunal has disposed off the Company's appeal, vide appellate order STA No. 08/KB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further Tribunal has deleted the penalty. The remand back proceedings were initiated by the DCIR vide letter dated June 09, 2021. The said proceedings were concluded by the DCIR on an adhoc basis vide order dated December 12, 2021. Through the said order, the DCIR has maintained the actions taken in order in original T of 2010 dated Feb. 25, 2010. An appeal against the order has been filed by the company at CIR(A) which is pending for hearing.

al) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,877,351 million (2020: Rs. 5,877,351 million), Rs. 5,679,110 million (2020: Rs. 5,679,110 million) and Rs. 7,025,270 million (2020: Rs. 7,025,270 million), respectively on account of delayed payment of sales tax and FED for the tax periods of November to December 2008, January to March 2010 and November 2010 to January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 38.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Company filed application for waiver of penalty for the tax period of November to December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

The CIR (A) deleted the penalties of Rs. 5,679,110 million and Rs. 7,025,270 million, respectively, through its order dated September 19, 2011, however, default surcharge and 5% penalty on the unpaid FED and sales tax were maintained. The Company and the tax department have filed appeals with ATR, which were decided in favor of the Company. Further, for the tax periods of January to March 2010 and November 2010 to January 2011, the Company had filed an application for rectification, which was disposed off by ATR on July 22, 2016 while maintaining the default surcharge.

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs. 4,745,852 million (2020: Rs. 4,745,852 million) in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400,446 million (2020: Rs. 400,446 million). The Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Company filed an appeal against this at ATR. Trial Tribunal deleted the penalty but maintained default surcharge which was challenged by the Company in Sindh High Court, the decision is pending adjudication.

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

- e On February 22, 2016, DCIR issued a show cause notice on the same grounds as involved in sales tax refund (reference 16.1) which was contested by the Company before the Honorable High Court of Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747,669 million (2020: Rs. 6,747,669 million) under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603,502 million, Rs. 2,629,350 million and Rs. 1,514,818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 and remanded back the case to DCIR and accordingly the Company has withdrawn the appeal filed before SHC.

Later, the tax department has issued hearing notice in January 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings. The remand back proceedings were re-initiated vide notice dated June 23, 2021. These were concluded by DCIR on an adhoc basis vide order dated November 08, 2021 and passed it on export basis. Through the said order, the DCIR has maintained the findings of the order dated November 01, 2016. An appeal has been filed before the CIR(A).

- f DCIR passed orders dated March 04, 2015 and November 30, 2015 and raised demand of Rs. 24,086 million and Rs. 55,691 million respectively, while disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has claimed additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of option for revision of returns which is pending. Based on legal advice, the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in these Unconsolidated financial statements in this regard.
- g During the year 2017, DCIR passed orders dated September 07, 2016 and raised demand of Rs. 487,118 million for the short payment of Federal Excise Duty along with default surcharge and penalty regarding the services rendered in respect of travel within Pakistan for the tax periods July 2014 to June 2016. The Company filed an appeal with CIR(A) against the DCIR order. CIR(A) vide order dated August 07, 2018 deleted the levy of penalty, however maintained levy of default surcharge. The Company has filed an appeal against the CIR(A) order with ATR.
- h On August 19, 2020, the Sindh Revenue Board has raised the demand of Rs. 54.4 million along with penalty of Rs. 2.7 million due to default on account of non-deduction of Sindh Sales Tax at the time of making payment on services taxable under Sindh Sales Tax Act 2011 during the period from January 2016 to December 2018. An appeal has been filed against the order on September 16, 2020.
- i As per order dated October 28, 2020, the tax department has raised demand of Rs. 975,442 million against FED regarding services provided or rendered in respect of air travel by passengers in exempt zone, international cargo, international excess baggage, international meal (Pakistan Post) and chartered flights (UN & Pakistan Army) is recoverable for want of evidence. Additionally, FED is also levied on courier services taxable under the provincial law for want of evidence. An appeal has been filed at CIR(A) against the said order.
- j As per order dated June 07, 2021, the tax department has raised the demand of Rs. 311,866 million along with penalty of Rs. 145,626 million and default surcharge of Rs. 15,639 million against short paid FED on inland carriage of goods by air & chartered flights and short payment of FED on passengers travelled by air based on comparison of data with CAA. An appeal has been filed before the CIR(A) dated July 08, 2021. The hearing for the case was held on November 19, 2021 and was reserved for order.
- k As per order dated August 12, 2021, the tax department has raised demand of Rs. 100,456 million against short payment of withholding tax during the tax period January 2017, February 2017 and June 2017 to August 2018. An appeal has been filed against the said order. The hearing for the case has yet to be fixed.

30.1.2 OTHER CONTINGENCIES

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

b) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As at December 31, 2021 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 38,046,147 million (2020: Rs. 33,083,140 million) including late payment surcharge and interest thereon amounting to Rs. 32,324,693 million (2020: Rs. 27,453,831 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

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

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

The management, in a meeting held with the CAA and Aviation Division dated January 02, 2020, decided to reconcile the differences of non-aeronautical charges and, on payment of all outstanding dues after proper reconciliation, interest and surcharge payable to CAA will be waived.

c) During 2014, two travel agents (Times Travel UK Limited and Nottingham Travel Limited) (the claimants), specializing in travel to and from the United Kingdom to Pakistan, commenced proceeding against the Company on account of unpaid commission or remuneration from the Company on sale of airline tickets in the High Court of Justice - Business and Property Courts of England and Wales (the Court). In pursuance of above, the Court passed an order in the year 2017, in favor of the claimants and directed the parties to compute the amount of commission due on the basis of the agreements entered into between the claimants and the Company. During the year 2019, the Court awarded a judgement against the Company to pay GBP 5,171 million, equivalent to Rs. 1,333,063 million based on calculations made by the claimants. Conversely, the Company has recorded the provision of GBP 2,462 million, equivalent to Rs. 711,179 million against the said judgement based on the calculation carried out by the management, and for the remaining amount, the Company has filed the appeal, which management based on its consultation with its legal advisors, believes that will be decided in favor of the Company.

During the year 2021, cases were filed against Pakistan International Airlines Corporation Limited by ex-employees in regard to the clearance of their dues in respect of their full and final settlement, earned leaves and gratuity. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 6,496 million (2020: Nil). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialize.

d) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their remunerations aggregating to Rs. 5,228,712 million (2020: Rs. 3,901,481 million). The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 3,789,819 million (2020: Rs. 3,789,819 million). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialize.

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Plaintiff/Defendant(s)	Relief Sought
High Court of Sindh	Mandatory retirement from service	2020	Sikandar Sibtani Vs PIA/CI	Recovery of damages Rs. 88.433 million
High Court of Sindh	Issuance of show cause notice and termination from employment	2020	Captain Gohar Gulati Vs PIA/CI & Others	Recovery of damages Rs. 70 million
Sindh High Court	Counter Appeal filed against grant of less damages/compensation	2017	Munir F. Ansari Vs PIA Munir Ahmad Vs PIA Sikandar Sibtani Vs PIA Shahid Iqbal	Recovery of damages Rs. 1,072,598 million
Sindh High Court	Mr. Salihuddin booked two Mercedes however car arrived Karachi late due to alleged delay by PIA	2000	Salihuddin Razaq Vs PIA & Others	Recovery of damages Rs. 100 million
Sindh High Court	Shir Muhammad Zafar filed suit alleging his junior was promoted but he was not promoted	2006	Shir Muhammad Zafar Vs PIA	Recovery of damages Rs. 100 million
Sindh High Court	Akbar Rahman's father died during riding the horse wheel at B-737, prayed for recovery under Fatal Accident Act 1955	2007	Muhammad Akbar & others Vs PIA	Recovery of damages Rs. 65.5 million
Sindh High Court	Fard Ahmad Mughal filed suit for lost settlement of Rs. 56 million	2013	Fard Ahmad Mughal Vs PIA	Recovery of damages Rs. 56 million
Sindh High Court	Akbar Haidar Janvi filed suit as he was not granted rescheduling of simulator training and engaged in domestic affairs	2015	Akbar Haidar Janvi Vs PIA	Recovery of damages Rs. 52.07 million
Sindh High Court	Yaseen Aladin lost 25% of mind for police officers' killing in inconvenience, he was compulsively killed, prayed for recovery of salary	2006	Yaseen Aladin Vs PIA	Recovery of damages Rs. 50.6 million
Sindh High Court	M. Nasir filed suit for alleged wrongful mandatory retirement from service, prayed for reinstatement	2006	Nasir Ali Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Muhammad Aamir Malik prayed for recovery against show cause notice on account of false submission of medical certificate	2016	Muhammad Aamir Malik Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Sadia Sumra Butt & Aliwahid was detained in London and was found in possession unauthorized foreign currency and cell phones, she was terminated and the challenged termination	2016	Sadia Sumra Butt Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	M/s Airport Hotel issued plaintiff letter to vacate the Room No. D-025 allotted to him. He was issued show cause notice, suspended from duties with immediate effect. Prayed to restore.	2013	Lt. Colonel (R) Aftab Lateef Vs PIA & M/s Sky Room Ltd. Etc	Recovery of damages Rs. 50 million
Sindh High Court	Ahmed Hussain Khichi was called back from position of mandatory retirement on administrative grounds, prayed to declare the transfer letter as illegal	2014	Aftab Hussain Khichi Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Waqar Ahmed Khanani Assistant Manager PIA was issued show cause notice on account of releasing 10KG excess baggage without EBT, filed suit for declaration permanent and mandatory injunction.	2015	Waqar Ahmed Khanani Vs PIA & others	Recovery of damages Rs. 50 million
Sindh High Court	Noreen Durrani claimed that on account of her preexisting medical condition, she has been advised against coming in contact with electrical appliances emitting electro-magnetic waves. Therefore she was absolutely exempted from duty. Filed suit for injunction.	2019	Noreen Durrani Vs PIA/CI	Recovery of damages Rs. 50 million
Sindh High Court	HR Manager Flight Operations issued letter to Capt. Laila Farooq regarding settlement on medical grounds. He was permanently grounded on account of "Undiagnosed Diabetic Mellitus", prayed for guaranteed payments.	2019	M. Laila Farooq Vs PIA/CI	Recovery of damages Rs. 50 million
Sindh High Court	Muhammad Iqbal was terminated on account of manpower rationalization and right sizing. He alleged that no stigma or disciplinary grounds has been mentioned in termination letter except "manpower rationalization and right sizing" etc. He has prayed to set aside termination letter.	2019	Ashraf Iqbal Vs PIA/CI & Others	Recovery of damages Rs. 47.8 million
Sindh High Court	Captain Nadeem Ahmed Chowdhary removed from service on account of misconduct	2016	Nadeem Ahmed Chowdhary Vs PIA	Recovery of damages Rs. 323 million
High Court Sindh	Plaintiffs All Fayyaz Raja & 05 Others are legal heirs of Pao namely Mr. Asif Fayyaz Raja deceased who expired during a clash at Model Colony Karachi.	2021	All Fayyaz Raja & 05 others Vs PIA/CI	Recovery of damages Rs. 402,957 million
High Court Sindh	Plaintiff: M/s. Cosmos Enterprises has filed the instant suit against Federation of Pakistan, PIA through its Chairman, Director P&L, General manager, Supply Chain Management, Managing Director PIA and M/s. Mujahid Brothers on the alleged ground that defendant-PIA has deliberately & intentionally accepted the tender bid	2021	M/s Cosmos Enterprises Vs FOP & others	Recovery of damages Rs. 100 million
High Court Sindh	Plaintiffs Bilal Ahmed, P-32290 and Wameesh Lal, P-48423 (Flight Purser) were promoted from PG-VI to VII w.e.f. 07.05.2021, however, their promotion letters were cancelled through separate letters dated 10.08.2021 on the ground that during scrutiny of records	2021	Bilal Ahmed & Others Vs PIA & Others	Recovery of damages Rs. 100 million

- e) Outstanding letters of guarantee amounted to Rs. 275,836 million (2020: Rs. 224,365 million).
- f) Contingencies relating to income tax matters are disclosed in note 38.1 to these unconsolidated financial statements.

30.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 176,411 million (2020: Rs. 15,126 million).
- b) In 2012 the Company entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527,904 million equivalent to Rs. 269,695,683 million (2020: Rs. 244,211,619 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

		2021	2020
	Note	(Rupees in '000)	
31. REVENUE - NET			
Passenger		69,323,503	80,518,062
Cargo		4,817,478	4,631,146
Excess baggage		824,806	699,232
Charter services		6,045,980	3,153,594
Engineering services		729,372	1,129,577
Handling and related services		404,934	498,864
Mail		77,191	82,304
Cancellation charges		1,699,127	1,911,630
Expired tickets - fare		2,120,504	2,078,131
Others		142,499	286,831
		86,185,394	94,989,391
31.1 Revenue by geographical segments			
Revenue analysis			
USA & Canada		5,432,514	4,096,588
Europe & UK		4,673,253	9,758,366
Middle East & Africa		26,255,194	30,310,964
Asia (excluding Pakistan)		2,502,096	1,195,607
Pakistan		47,322,337	49,627,866
		86,185,394	94,989,391
31.2 Gross Revenue			
Revenue		95,022,229	103,644,689
Less:			
Commission and discount		(3,025,753)	(3,110,990)
Federal Excise Duty		(5,368,006)	(4,346,221)
Provincial sales tax		(32,301)	(48,970)
Foreign tax		(410,775)	(1,149,117)
Net Revenue		86,185,394	94,989,391
32. COST OF SERVICES - OTHERS			
Salaries, wages and allowances		10,037,112	11,241,974
Welfare and social security costs		1,590,017	1,552,877
Retirement benefits	32.1	2,347,155	2,528,862
Legal and professional charges		49,546	32,913
Stores and spares consumed		1,036,036	1,756,199
Maintenance and overhaul		8,589,088	12,660,308
Flight equipment rental	32.4	9,465,368	3,119,229
Landing and handling		9,955,778	12,989,032
Passenger services		1,008,869	2,395,457
Crew layover		924,428	1,475,660
Staff training		17,556	8,811
Utilities		37,132	39,200
Communication		1,524,983	1,653,976
Insurance		6,661,800	3,235,590
Rent, rates and taxes		769,786	695,036
Printing and stationery		186,314	271,216
Depreciation	6.4	12,318,104	14,751,179
Amortisation on intangibles	8.2.1	12,745	11,004
Others		5,259,599	966,331
		71,791,416	71,374,844

- 32.1 The Company's staff retirement benefits includes provident fund - a defined contribution plan. The Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited financial statements of the provident fund as at December 31, 2021 and December 31, 2020.

The information related to provident fund established by the Company is as follows:

	2021	2020
	----- (Rupees in '000) -----	
Size of provident fund	18,363,081	21,738,209
Cost of investments made	5,847,859	4,364,768
Percentage of investments made	31.92%	20.50%
Fair Value of Investment (Rupees)	5,861,026	4,456,945

The break-up of fair value of investments is as follows:

	2021	2020	2021	2020
	-----Percentage-----		----- (Rupees in '000) -----	
Term finance certificates	8.0%	3.7%	1,477,748	800,575
Islamic bonds	4.8%	1.6%	875,000	355,084
Mutual funds	18.1%	15.1%	3,318,062	3,282,498
Others	1.0%	0.1%	190,216	18,788
Total	31.92%	20.50%	5,861,026	4,456,945

- 32.2 The investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

32.3	Number of employees of the Company:	2021	2020
		(Number)	
	Average number of employees during the year	8,558	10,779
	Number of employees as at year end	8,312	10,549

- 32.4 This represents lease payments classified under IFRS 16 as short term leases.

33.	DISTRIBUTION COSTS	Note	2021	2020
			----- (Rupees in '000) -----	
	Salaries, wages and allowances		1,507,355	1,057,236
	Welfare and social security costs		198,934	194,288
	Retirement benefits		1,217,043	1,311,262
	Distribution and advertising expenses		1,400,688	1,215,419
	Legal and professional charges		88,082	58,512
	Insurance		10,446	74,659
	Printing and stationery		110,317	156,070
	Communication		200,170	193,375
	Staff training		7,473	4,305
	Rent, rates and taxes		141,804	141,136
	Utilities		18,566	19,600
	Depreciation	6.4	9,165	12,262
	Others		202,947	302,185
			5,112,990	4,740,309

		2021	2020
		----- (Rupees in '000) -----	
34. ADMINISTRATIVE EXPENSES	Note		
Salaries, wages and allowances		2,141,067	2,026,613
Welfare and social security costs		294,131	287,261
Retirement benefits		782,385	842,954
Legal and professional charges		412,883	274,275
Insurance		55,848	113,387
Printing and stationery		35,175	77,416
Staff training		50,324	42,132
Rent, rates and taxes		490,166	507,716
Utilities		872,613	921,207
Auditors' remuneration	34.1	22,362	20,900
Communication		55,768	61,169
Depreciation	6.4	14,157	18,589
Amortisation	8.2.1	146,565	126,552
Donations	34.2	4,200	3,973
Others		299,543	382,146
		5,677,187	5,706,290

34.1 Auditors' remuneration

	2021			2020		
	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total
	----- (Rupees in '000) -----					
Audit fee	7,500	7,500	15,000	6,464	6,464	12,928
Fee for review of interim financial information	2,200	2,200	4,400	1,878	1,878	3,756
Consolidated financial statements	256	256	512	961	961	1,922
Code of Corporate Governance	400	400	800	322	322	644
Out of pocket expenses	825	825	1,650	825	825	1,650
	11,181	11,181	22,362	10,450	10,450	20,900

- 34.2** Donations include payments aggregating Rs. 4.20 million (2020: Rs. 3.97 million) to its CSR setup viz Al-Shifa Trust, situated at Terminal 2, Road, Karachi Airport, Pakistan in which the Chief Executive Officer of the Company (Air Marshal Arshad Malik) acts as a Trustee / Chairman. Besides this, none of the directors or their spouses have any interest in the donee.

	2021	2020
	----- (Rupees in '000) -----	
35. OTHER PROVISIONS AND ADJUSTMENTS - net		
Provision for slow moving and obsolete spares	262,875	(265,474)
Provision for impairment against doubtful debts	978,794	169,680
Provision for doubtful other receivables	113,131	-
Provision for VSS employees	-	2,465,243
Late payment surcharge on fuel	896,114	1,024,531
Others	71,981	535,930
	2,322,895	3,929,910

		2021	2020
	Note	----- (Rupees in '000) -----	
36. OTHER INCOME			
Income from financial assets			
Profit on bank deposits		73,826	101,209
Income from assets other than financial assets			
Gain on disposal of property, plant and equipment		23,072	830,827
Expired tickets income		463,908	293,074
Gain on lease termination		-	615,694
VSS - grant from GoP		-	8,500,000
Valuation gain on airframes & engines		3,727,677	-
Fair value gain on investment property		38,285	-
Others		2,222,021	894,352
		6,474,963	11,133,947
		6,548,789	11,235,155
37. FINANCE COSTS			
Mark-up on:			
- long-term financing		17,668,805	19,504,726
- interest on loan from GoP against markup		4,587,189	3,504,597
- term finance certificates		-	226,704
- short-term borrowings		2,752,798	3,434,627
- advance from a subsidiary		127,160	154,789
		25,135,952	26,825,443
Profit on sukuk certificates		223,244	94,461
Lease liabilities	23.1 & 25.5	885,786	1,441,901
Discounting on deposits		84,104	(60,539)
Interest on provident fund	26.7	520,380	850,045
Arrangement, agency and commitment fee		488,446	504,790
Amortisation of prepaid exposure fee		-	5,658
Bank charges, guarantee commission		52,371	62,753
		27,390,283	29,724,512
38. TAXATION			
Current tax			
- For the year	38.1	646,390	10,587
Deferred tax (income)		(308,647)	(721,449)
		337,743	(710,862)

38.1 Current

38.1.1 Upto the half year ended 30 June 2021, the Company was not recognising income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance 2001, based on the management's interpretation that Section 113 is not to be levied on the Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these do not fall under the ambit of 'gross fees for rendering of services' as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation

was in line with the recent decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Trib.) 416, in case of another airline company, holding that the above mentioned revenues generated by the Company do not fall under the ambit of turnover as defined in section 113 of Income Tax Ordinance, 2001.

- 38.1.2** Accordingly, the management, based on consultation with its tax advisor was confident that this minimum tax levied under Section 113 is not applicable to the Company. The Company has revised its Income tax returns for tax years 2015 to 2019. Similarly, the return for the tax years 2020 and 2021 filed without recognizing minimum tax. Further CIR(A) confirmed the orders of ACIR for tax year 2018 till 2020. The Company has filed appeals at ATIR against the CIR(A) order received for FY 2015 to FY 2020 and are pending for hearing. Further ACIR has issued an order for FY 2021 dated December 21, 2021 and raised a demand of PKR 595 million. Company has filed an appeal against the said order of CIR(A) and hearing on companies appeal is pending.

No numeric tax rate reconciliation is given as the deferred tax asset has been recognized to the extent of deferred tax liability (refer note 38.2.1).

- 38.1.3** The Company has filed tax returns for tax years up to tax year 2021. The tax returns from tax years 2003 to 2021 have been filed under self assessment scheme. All assessments for tax years 1991 to 2002 have been finalized by the tax department. The minimum tax liability under section 80D of the ITO, 2001 (had been levied) by the department from assessment year 1991-92 to assessment year 2002-03 after adding 10% of net turnover on estimated basis. The Company had filed appeal against the above demands which had been decided in favor of the Company at ATIR level. The tax department had filed appeal against the decision before Sindh High Court which was decided on certain technical grounds in favor of the Company. Thereafter, the tax department has filed an appeal against the decision of Sindh High Court before Supreme Court which is pending to date. Based on consultation with legal advisor, the management believes that this issue will be decided in favor of the Company without any additional tax liability.

- 38.1.4** As per Order dated March 13, 2011 a demand of Rs. 898,177 million (2020: Rs. 896,177 million) was raised by the Deputy Commissioner Inland Revenue (DCIR) by issuing an amended order in relation to the tax year 2005. The main contention among others was disallowance of depreciation claimed on leased aircrafts. The Company claimed the depreciation on those aircrafts which were obtained under hire purchase arrangement which has been approved by the Ministry of Finance as a financing arrangement. The tax department did not accept the Company's standing and disallowed depreciation expense as inadmissible. An amount of Rs. 46,235 million was also recovered by FBR in this respect.

The Company filed an appeal at CIR (A) level which was decided partially in favor of the Company. Being further aggrieved, the Company has filed appeal at Income Tax Appellate Tribunal (ITAT) level which partially heard on September 27, 2016. Based on consultation with legal advisor, the management is confident that this issue will ultimately be decided in its favor of the Company and the amount will be recovered.

Further, the ACIR has issued orders dated June 27, 2012 and June 25, 2013 under section 122 (5A) of the ITO, 2001 in respect of tax years 2006 and 2007 disallowing the depreciation claimed on leased aircraft and other provisions amounting to Rs. 3,480,442 million and Rs. 20,462,797 million, respectively. The Company has filed an appeal to CIR (A) against the said orders. CIR(A) in its Appellate order dated September 10, 2015 disposed off the appeal and maintain partial disallowance of depreciation and deleted other provision amount. The Company has filed an appeal to ATIR against the decision of CIR(A), however, the matter is still pending for adjudication.

- 38.1.5** ACIR had issued an order dated June 30, 2014 in respect of tax year 2008 on account of disallowance of depreciation on leased aircraft and other provisions amounting to Rs. 18,892,227 million. Subsequently, CIR(A) vide its order dated January 17, 2018 had annulled the ACIR's order as it was time barred. ACIR has filed an appeal before ATIR against the above order.

ACIR has passed an order dated December 19, 2016 under section 124(22 (5A) of the ITO, 2001 in respect of tax year 2009 and raised a demand of Rs. 109,428 million while maintaining the disallowance of depreciation, exchange loss and tax credit amounting to Rs. 17,069,822 million, Rs. 6,030 million and Rs. 168,744 million respectively, demanded in the earlier order dated June 15, 2015. The Company filed an appeal before CIR(A) and CIR(A) vide its order dated February 14, 2018 maintained the disallowance of depreciation, deleted the disallowance of exchange loss and demanded back the short allowed tax credit under various sections. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order dated February 14, 2018.



ACIR issued an order dated June 30, 2016 under section 122 (5A) of the ITO, 2001 in respect of tax year 2010 and raised a demand of Rs. 143,075 million, disallowing depreciation claimed on leased aircrafts and other provisions amounting to Rs. 12,810 million. The Company filed a rectification application against the above order and ACIR vide its order dated December 12, 2017 maintained the disallowance of depreciation and other provisions but allowed certain tax credits and revised a tax demand of Rs. 109,663 million. The Company filed an appeal before CIR(A) against these above order whereas CIR(A) vide its order dated January 01, 2018 upheld the matter related to disallowance of depreciation and remanded back disallowance of other provisions and tax credits. The Company has filed an appeal before ATIR against the said order.

The CIR(A) disposed off Company's appeal and issue Combined appellate order dated October 30, 2015 through which CIR(A) maintained disallowance depreciation and deleted other provisions. The Company has filed an appeal against the CIR(A) decision at ATIR, however, the matter is still pending for adjudication and the management is confident that this issue will ultimately be decided in favour of the Company. The ACIR issued an order dated June 20, 2015 for tax year 2011, and raised a demand of Rs. 327,535 million by applying 1% minimum tax rate against the Company's contention of 0.5% in addition to disallowing depreciation claimed on leased aircraft and other provisions amounting to Rs. 7,692,992 million. The Company has filed an appeal before CIR(A) against the said orders whereas CIR(A) vide its order dated October 30, 2015 upheld the matter related to minimum tax and disallowance of depreciation and remanded back disallowance of other provisions and tax credits. However, Company on the advice of its tax consultant has made the provision of Rs. 537,657 million being the difference of 0.5% and 1% minimum tax for tax year 2011. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order which is pending for hearing.

The ACIR has issued the orders dated June 30, 2016 and January 05, 2017 under section 122(5A) of the ITO, 2001 in respect of tax years 2012 and 2014 and disallowed depreciation on leased aircrafts and other provisions amounting to Rs. 9,725,915 million and Rs. 11,007,920 million respectively. The Company has filed an appeal before CIR(A) against these said orders. Subsequently, CIR(A) issued Appellate order dated December 26, 2017 and February 14, 2018 in respect of tax years 2012 and 2014 respectively and disposed the appeal by deleting the demand of tax years 2014 while maintaining the disallowed depreciation on leased aircrafts and other provisions for tax years 2012 and 2014. The Company has filed an appeal to ATIR against the decision of CIR(A), however, the matter is still pending for adjudication.

However, if the above matters are decided against the Company, it may erode the benefit of tax depreciation, which remains available for an indefinite period, compared to business losses.

- 38.1.6 The tax department has also issued order dated December 31, 2012 under section 161/205 of the ITO, 2001 pertaining to tax year 2011 and raised a demand of Rs. 324,319 million. The Company has filed an appeal against the order before CIR(A) which are pending adjudication.
- 38.1.7 The tax department has also issued a showcase notice under section 161 /205 of the Income Tax Ordinance, 2001 pertaining to tax year 2016 to provide reconciliations under rule 44(4) of the Income Tax Rules, 2002, of the amounts shown in the statement of accounts and amounts reflected in the monthly/annual statements filed under section 165 of the ITO, 2001. The Company has responded the showcase notice.
- 38.1.8 The tax department has also issued an order under section 161/205 of the Income Tax Ordinance, 2001 dated May 05, 2021 for the month of January 2020 to December 2020 raising demand of Rs. 317,327 million along with default surcharge of Rs. 37,804 million and penalty of Rs. 31,732 million. An appeal has been filed before the CIR(A) for default surcharge and penalty. No hearing has been fixed till date.

38.2 Deferred taxation

2021 2020
----- (Rupees in '000) -----

Deferred tax credits:

Accelerated tax depreciation	14,257,515	14,179,380
Surplus on revaluation of property, plant and equipment	703,114	734,782
Right of use asset	4,952,281	3,448,444
	19,912,910	18,362,606

Deferred tax debits:

Unused tax losses	(2,887,850)	(2,345,535)
Provisions for liabilities and to write down other assets	(12,329,326)	(10,988,210)
Lease liability	(4,695,734)	(5,028,861)
	(19,912,910)	(18,362,606)

38.2.1 In accordance with the accounting policy of the Company (see note 5.12), deferred tax asset of Rs. 115,400,925 million (2020: Rs. 122,911,350 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of sufficient future taxable profits. It includes Rs. 83,125,348 million (2020: 71,594,605 million) and Rs. 52,188,487 million (2020: Rs. 51,316,745 million) pertaining to unused tax losses and unabsorbed depreciation respectively.

	Balance as at January 01, 2020	Recognised in statement of profit or loss	Recognised in equity	Balance as at December 31, 2020	Recognised in statement of profit or loss	Recognised in equity	Balance as at December 31, 2021
----- (Rupees in '000) -----							
Deferred tax credits:							
Accelerated tax depreciation	15,366,707	(1,187,327)	-	14,179,380	78,135	-	14,257,515
Surplus on revaluation of property, plant and equipment	414,854	(65,103)	385,031	734,782	(31,668)	-	703,114
Right of use asset	4,866,221	(1,417,777)	-	3,448,444	1,503,837	-	4,952,281
	20,647,782	(2,670,207)	385,031	18,362,606	1,550,304	-	19,912,910
Deferred tax debits:							
Unused tax losses	(3,061,806)	716,270	-	(2,345,536)	(542,314)	-	(2,887,850)
Provisions for liabilities and to write down other assets	(9,820,274)	(1,504,353)	336,418	(10,988,209)	(1,649,764)	308,647	(12,329,326)
Lease liabilities	(7,765,702)	2,736,841	-	(5,028,861)	333,127	-	(4,695,734)
	(20,647,782)	1,948,758	336,418	(18,362,606)	(1,858,951)	308,647	(19,912,910)
	-	(721,449)	721,449	-	(308,647)	308,647	-

39. LOSS PER SHARE - BASIC AND DILUTED

2021 2020
----- (Rupees in '000) -----

Loss for the year	(50,101,491)	(34,642,811)
Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
Loss per share attributable to:		
'A' class ordinary share (Rupees)	(9.57)	(6.62)
'B' class ordinary share (Rupees)	(4.79)	(3.31)

40. CASH GENERATED FROM OPERATIONS
2021 2020
----- (Rupees in '000) -----

Loss before taxation	(49,763,748)	(35,353,673)
Adjustments for:		
Depreciation	12,341,426	14,782,030
Gain on disposal of property, plant and equipment - net	(23,072)	(830,827)
Gain on valuation of Airframes & Engines	(3,727,677)	-
Fair value gain on Investment Property	(38,285)	-
Gain on lease termination	-	(615,694)
Amortisation of Intangibles	159,310	137,556
Provision for slow moving and obsolete spares	262,875	(265,474)
Provision for impairment against doubtful debts	978,794	169,680
Reversal of provision against advances	(102,890)	-
Reversal of provision against trade deposit and prepayments	(309)	-
Provision against other receivables	(113,131)	-
Provision for employee benefits	3,962,999	2,681,160
Finance cost	26,901,837	29,724,512
Unrealised exchange loss	7,568,847	3,737,369
Profit on bank deposits	(73,826)	(101,209)
	(1,666,850)	14,065,430
Working capital changes		
Decrease / (increase) in stores and spares	(229,902)	846,773
Decrease / (increase) in trade debts	(5,928,354)	8,462,788
Decrease in advances	703,424	143,954
Decrease / (increase) in trade deposits and prepayments	(1,143,167)	1,985,485
Increase in other receivables	9,727,222	(8,230,954)
Increase in trade and other payables	469,495	6,688,011
	3,598,718	9,896,057
	1,931,868	23,961,487

40.1 Reconciliation of movements of liabilities to cash flows arising from financing activities.

	2021				
	Liabilities				
	Short term borrowing (including accrued markup)	Long Term Financing (including accrued markup)	TFC's and Sukuk (including accrued markup)	Lease liabilities	Total
	----- (Rupees in '000) -----				
Balance as at January 01, 2021	30,523,843	293,171,191	-	17,340,899	341,035,933
Changes from financing cash flows					
Proceeds from loans and borrowings	-	85,620,433	-	-	85,620,433
Repayment of loans and borrowings	-	(44,188,607)	-	-	(44,188,607)
Payment of finance lease liabilities	-	-	-	(10,424,559)	(10,424,559)
Total changes from financing cash flows	-	41,631,826	-	(10,424,559)	31,207,267
Other changes - liability related	-	5,460,034	-	7,932,754	13,392,788
Interest expense	2,752,798	22,255,994	223,244	885,787	26,117,822
Interest paid	(2,711,380)	(16,525,800)	(214,428)	(885,787)	(20,337,394)
Total liability - related other changes	41,418	11,190,228	8,816	7,932,754	19,173,216
Total equity - related other changes	-	-	-	-	-
Balance as at December 31, 2021	30,565,261	345,993,245	8,816	14,849,094	391,416,416

41. REMUNERATION OF CHIEF EXECUTIVE, HEAD OF DEPARTMENTS AND EXECUTIVES

(Key Management Personnel)

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	10,961	9,425	125,646	134,272	1,687,030	1,595,569
Corporation's contribution to provident fund	-	-	2,618	1,518	52,441	83,802
Other perquisites	-	-	26,185	10,822	434,568	652,475
	10,961	9,425	154,449	146,612	2,174,039	2,331,846
Number	1	1	14	17	680	501

- 41.1 Aggregate amount charged in these unconsolidated financial statements for fee to directors was Rs. 0.133 million (2020: Rs. 0.283 million).

42. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Company's senior management carries out financial risk management under governance approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks, wherever necessary.

42.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk, interest rate risk, currency risk and other price risk, such as fuel price and equity price risk. Financial instruments affected by market risk include loans and borrowings, bank deposits and investments at FVOCI.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company's revenue streams are denominated in a number of foreign currencies resulting in exposure to foreign exchange rate fluctuations. In addition, the Company has substantial foreign currency borrowings and lease liabilities that are primarily denominated in US Dollar (USD), Saudi Riyal (SAR), United Arab Emirates Dirham (AED) and Great Britain Pound (GBP). The Company can experience adverse or beneficial effects arising from foreign exchange rate movements. The Company manages some of its currency risk by utilising its foreign currency receipts to satisfy its foreign currency obligations. The following table demonstrates the sensitivity of financial instruments to a reasonable possible change in the foreign currency exchange rates, with all other variables held constant, on financial performance of the company at the end of the reporting period:

	2021	2020	2021	2020
	(Rupees in '000)			
	+5%		-5%	
Change in USD rate (Increase) / Decrease in loss	(3,263,447)	(3,840,050)	3,263,447	3,840,050
before tax Change in SAR rate (Increase) / Decrease in loss	22,510	2,060	(22,510)	(2,060)
before tax Change in AED rate (Increase) / Decrease in loss	21,682	16,211	(21,682)	(16,211)
Change in GBP rate before tax (Increase) / Decrease in loss before tax	12,794	13,998	(12,794)	(13,998)



b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the following:

	2021	2020
	----- (Rupees in '000) -----	
Variable rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	310,647,418	269,230,558
Lease liabilities	16,192,185	17,340,899
Advance from a subsidiary	7,084,407	6,414,987
Short-term borrowings	30,580,489	30,576,613
	<u>364,504,499</u>	<u>323,563,057</u>
Financial assets		
Long-term deposits	(161,875)	(217,973)
Advance to subsidiary	(779,343)	-
	<u>363,563,281</u>	<u>323,345,084</u>
Fixed rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	8,000,000	8,000,000
Financial assets		
Bank deposits	(2,147,928)	(1,130,455)
	<u>5,852,072</u>	<u>6,869,545</u>

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect unconsolidated statement of profit or loss account.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Company's financial performance at the end of the reporting period:

	KIBOR		LIBOR	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Change in interest rate:	+1%		+0.25%	
Increase in loss before tax	(2,869,288)	(2,288,725)	(170,199)	(193,581)
Change in interest rate:	-1%		-0.25%	
Decrease in loss before tax	2,869,288	2,288,725	170,199	193,581

c) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not significantly exposed to equity securities price risk as majority of its investments are in subsidiaries and associated companies which are stated at cost.

d) Fuel price risk

The Company's earnings are affected by changes in price of aircraft fuel. The Company hedges fuel prices to a limited extent through use of derivative contracts. There were no derivative contracts during the financial period and outstanding at the end of the reporting period.

42.2 Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset. The Company manages its liquidity risk by maintaining sufficient cash and cash equivalents, financing facilities and through support of GoP either in the form of capital / loans or in the form of guarantee to obtain financing from lenders (refer note 1.3).

The following table shows the Company's remaining contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
(Rupees in '000)					
2021					
Long-term financing	318,647,418	458,021,728	78,388,405	265,830,803	113,802,520
Term finance and sukuk certificates	5,675,000	9,243,295	643,545	5,552,813	3,046,937
Lease liabilities	16,192,185	18,001,827	6,488,214	9,101,512	2,412,101
Trade and other payables	152,704,845	152,704,845	152,704,845	-	-
Accrued interest / mark-up / profit	23,952,176	23,952,176	23,952,176	-	-
Short-term borrowings	30,580,489	30,580,489	30,580,489	-	-
	547,752,113	692,504,360	292,757,674	280,485,128	119,261,558
(Rupees in '000)					
2020					
Long-term financing	277,230,558	346,424,043	85,517,055	201,634,871	59,272,117
Term finance and sukuk certificates	-	-	-	-	-
Lease liabilities	17,340,899	18,791,139	9,800,897	8,184,677	805,565
Trade and other payables	150,926,961	150,926,961	150,926,961	-	-
Accrued interest / mark-up / profit	17,898,519	17,898,519	17,898,519	-	-
Short-term borrowings	30,576,613	30,562,429	30,562,429	-	-
	493,973,550	564,603,091	294,705,861	209,819,548	60,077,682

42.3 Credit risk

Credit risk is the risk that the Company as a party to a financial instrument will suffer a financial loss by the other party due to failing to discharge an obligation. All financial assets comprising debt instruments are subject to credit risk. The carrying amount of such financial assets as at December 31, 2021 represents the maximum credit exposure, which is as follows:

	2021	2020
	----- (Rupees in '000) -----	
Long-term deposits	4,271,235	2,974,491
Trade debts	10,983,888	5,460,643
Advances	2,952,924	3,533,464
Trade deposits	4,259,294	3,157,472
Other receivables	2,258,620	2,627,695
Bank balances	12,494,849	5,733,103
	<u>37,220,810</u>	<u>23,486,868</u>

Trade debts

The Company has a credit policy in place for customers and the exposure to credit risk is monitored on an on-going basis. The Company normally grants a credit term of 30 to 60 days to customers and in certain circumstances such exposure is partially protected by bank guarantees. Trade debtors mainly represent passenger and freight sales due from agents and government organizations. The majority of the agents are connected to the settlement systems operated by the International Air Transport Association ("IATA") who is responsible for checking the credit worthiness of such agents and collecting bank guarantees or other monetary collaterals according to local industry practice. In most cases amounts due from airlines are settled on net basis via an IATA clearing house. The credit risk with regard to individual agents and airlines is relatively low.

Ageing of trade debts is disclosed in note 13.1 to these unconsolidated financial statements.

Other financial assets

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably good credit rating i.e. at least 'A3' or equivalent for short term and 'BBB' or equivalent for long term.

There is no credit risk on aircraft lease deposits because they are secured against the finance lease obligation. Other deposits are not significantly exposed to credit risk as they have been paid as security deposits to receive future services.

There is no significant credit risk against other receivables as majority of the receivables are from GoP.

42.4 Capital management

The Company's objective when managing capital is to safeguard its ability to continue as a going concern. The Company has incurred losses in recent years and the disclosure in respect of the Company's ability to continue as a going concern is disclosed in note 1.3 to these unconsolidated financial statements.

43 FAIR VALUES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2021						
	Carrying amount			Fair value			
	Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3
(Rupees in '000)							
Financial assets measured at fair value							
Long-term investments	258,851	-	-	258,851	258,851	-	-
Financial assets not measured at fair value							
Non current assets							
Investments in unquoted securities	-	-	371	371	-	-	371
Long-term deposits	-	4,271,235	-	4,271,235	-	-	-
Current assets							
Trade debts	-	14,925,854	-	14,925,854	-	-	-
Advances	-	3,051,709	-	3,051,709	-	-	-
Trade deposits	-	4,259,294	-	4,259,294	-	-	-
Other receivables	-	2,258,620	-	2,258,620	-	-	-
Short-term investment	19,220	-	-	19,220	-	-	19,220
Cash and bank balances	-	12,494,849	1,463	12,496,332	-	-	-
	278,071	41,261,561	1,854	41,541,486	258,851	-	19,591

	2021						
	Carrying amount			Fair value			
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)							
Financial liabilities not measured at fair value							
Long-term financing	-	318,647,418	318,647,418	-	-	-	-
Term finance and sukuk certificates	-	5,675,000	5,675,000	-	-	-	-
Lease liabilities	-	16,192,185	16,192,185	-	-	-	-
Advances from subsidiary	-	7,084,407	7,084,407	-	-	-	-
Trade and other payables	-	152,704,845	152,704,845	-	-	-	-
Accrued interest	-	23,952,176	23,952,176	-	-	-	-
Short-term borrowings	-	30,580,489	30,580,489	-	-	-	-
		554,836,520	554,836,520				

	2020						
	Carrying amount			Fair value			
	Fair Value Through OCI	Loans and receivables (Amortised Cost)	Other financial assets (Amortised Cost)	Total	Level 1	Level 2	Level 3
(Rupees in '000)							
Financial assets measured at fair value							
Long-term investments	164,267	-	-	164,267	164,267	-	-
Financial assets not measured at fair value							
Non current assets							
Investments in unquoted securities	-	-	371	371	-	-	371
Long-term deposits	-	2,974,491	-	2,974,491	-	-	-
Current assets							
Trade debts	-	9,976,294	-	9,976,294	-	-	-
Advances	-	3,652,243	-	3,652,243	-	-	-
Trade deposits	-	3,157,472	-	3,157,472	-	-	-
Other receivables	-	2,627,695	-	2,627,695	-	-	-
Short-term investment	19,220	-	-	19,220	-	-	19,220
Cash and bank balances	-	5,733,103	6,658	5,739,761	-	-	-
	183,487	28,121,298	7,029	28,311,814	164,267	-	19,591

2020

	Carrying amount			Fair value		
	Fair value through profit or loss	Amortized cost	Total	Level 1	Level 2	Level 3
(Rupees in '000)						
Financial liabilities not measured at fair value						
Long-term financing	-	277,230,558	277,230,558	-	-	-
Term finance and lease certificates	-	-	-	-	-	-
Lease liabilities	-	17,340,899	17,340,899	-	-	-
Advances from subsidiary	-	6,414,987	6,414,987	-	-	-
Trade and other payables	-	150,926,961	150,926,961	-	-	-
Accrued interest	-	17,898,519	17,898,519	-	-	-
Short-term borrowings	-	30,576,613	30,576,613	-	-	-
	-	500,388,537	500,388,537	-	-	-

44. TRANSACTIONS WITH RELATED PARTIES

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Minhal France S.A	-	Sub - Subsidiary
Al-Shifa Trust	-	CSR Setup
Post Retirement Benefits		
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PALPA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	Post Retirement Benefits
Profit oriented state controlled entities		
UK Pension Fund	-	Post Retirement Benefits
Profit oriented state controlled entities		
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	Key management personnel
Air Cdre Aamer Altaf	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Amos Nadeem	-	Key management personnel
Air Marshal Arshad Malik	-	Key management personnel
Profit oriented state controlled entities	-	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
Khalidullah Shakh	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Mahsin Ausaf Khan	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Dr. Muhammad Atif Tahir	-	Key management personnel

Name of Related Parties	Direct Shareholding	Relationship
Muhammad Shuaib	-	Key management personnel
Air Cdre Shahid Gadir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel
Syed Asif Gilani	-	Key management personnel
Younus M Khan	-	Key management personnel

- 44.2** The related parties 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 according to the terms of employment / regulations and those not mentioned elsewhere in these unconsolidated financial statements are as follows:

Name of Related Parties	Nature of Transaction	2021	2020
		----- (Rupees in '000) -----	
Skyrooms (Private) Limited – Subsidiary	Payments made against in-transit passengers	48,315	77,546
	Services hired	576,402	865,609
PIA Investments Limited - Subsidiary	Management fee expense	12,107	26,681
	Finance cost on advance	127,160	154,789
	Advance from Subsidiary	7,084,407	6,414,987
Minhaj Finance S.A. - Sub-subsidiary	Management fee income	12,745	24,513
Sabre Travel Network Pakistan (Private) Limited - (Sabre)	Charges in respect of courier services	-	116
	Advance from Subsidiary	175,000	175,000
Retirement benefit funds	Contribution to provident fund and others	1,950,815	1,729,941
	Interest on overdue balances of provident fund	520,380	850,045

Related party by virtue of GoP holdings

The Federal Government of Pakistan directly holds 92% of the Company's issued share capital and is entitled to appoint Directors under the PIA Act 2016, for the management of the affairs of the Company. The Company, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties. The Company has availed exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Company considers are significant:

Profit oriented state-controlled entities - common ownership	Nature of Transaction	2021	2020
		----- (Rupees in '000) -----	
Pakistan State Oil (PSO)	Purchase of fuel	13,244,940	12,152,807
	Late Payment Interest	896,114	1,024,531
Civil Aviation Authority (CAA)	Airport related charges	8,496,460	8,386,940
National Insurance Company (NICL)	Insurance premium	802,656	2,981,798
National Bank of Pakistan (NBP)	Finance costs	3,483,409	4,387,883
GoP - Major shareholder	Finance cost	5,391,832	4,304,597

44.3 Transactions with the directors, chief executive and key management personnel have been disclosed in note 42 to these unaudited financial statements.

44.4 Details of balances held with the aforementioned related parties excluding profit oriented state-controlled entities have been disclosed in respective notes.

44.5 During the reporting period, the Company's sales of transportation services to subsidiaries, associates and directors are not determinable. The issuance of ticket at concessional rates to Key Management Personnel amounts to Rs. 0.75 million (2020: Rs. 0.6 million).

45. 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.

It was assumed that after introduction of vaccines, operations will start to normalize by the end of first quarter of 2021, however third wave of COVID-19 and stricter border closures/quarantine conditions have put airline industry into more jeopardy. As per IATA forecast, airline industry is expected to recover to its pre-COVID levels gradually by 2024. Accordingly, PIA is also under strain with limited operations as compared to pre-COVID levels. All the key routes including Saudi Arabia, Gulf, Malaysia, UK and Canada have been affected.

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 40.1% due to lower passenger capacity and traffic. However, during COVID-19 period, charter revenue of the Company increased by 106.9% due to special charter flights operated by the Company.

- Aircraft fuel remained single largest element of total cost at 21.2%, and, during the period, fuel cost decreased by 42.9% 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 55.4%.

46. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched the BESOS for employees of certain State Owned Enterprises (SOEs) including the Company and Non-State Owned Enterprises (Non-SOEs) where GoP holds significant investments. BESOS is applicable to permanent and contractual employees who were in employment of these entities on its launch date, subject to completion of five years' vesting period by all contractual employees and by permanent employees in certain instances.

BESOS provides for a cash payment to employees on retirement or termination based on the price of shares of the Company. Under the scheme, Pakistan Employees Empowerment Trust (PEET) was formed and 12% of the shares held by the Ministry of Defence were transferred to the Trust. The eligible employees have been allotted units by PEET in proportion to their respective length of service and on retirement or termination, such employees would be entitled to receive such amounts from PEET in exchange for the surrendered units as would be determined based on market price of shares of the Company. The shares relating to the surrendered units would be transferred back to GoP.

BESOS also provides that 50% of dividend related to shares transferred to PEET would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by PEET to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in PEET to meet the repurchase commitment would be met by GoP.

BESOS which has been developed in compliance with the policy of the GoP for empowerment of employees of SOEs needs to be accounted for by the covered entities, including the Company, under the provisions of the IFRS 2. However, keeping in view the difficulties that may be faced by the entities covered under BESOS, the Securities and Exchange Commission of Pakistan on receiving representations from some of entities covered under BESOS and after having consulted the Institute of Chartered Accountants of Pakistan has granted exemption to such entities from the application of IFRS 2 in respect of BESOS vide SRO 587 (I) 2011 dated June 07, 2011.

Had the exemption not been granted, the accumulated losses as at December 31, 2021 would have been higher by Rs. 725.707 million (2020: Rs. 725.707 million).

47. GENERAL

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

48. CORRESPONDING FIGURES

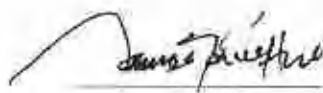
Corresponding figures have been rearranged and regrouped, wherever necessary for the purpose of comparison and for better presentation.

49. AUTHORISATION OF FINANCIAL STATEMENTS

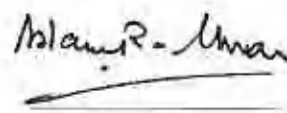
These unconsolidated financial statements were authorised for issue by the Board of Directors in their meeting held on March 10th, 2022.



Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director

CONSOLIDATED
FINANCIAL
STATEMENTS



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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Pakistan International Airlines Corporation Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the annexed consolidated financial statements of Pakistan International Airlines Corporation Limited (the Holding Company) and its subsidiaries (together as 'the Group'), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2021, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Qualified Opinion

1. As disclosed in note 11 to the consolidated financial statements, receivable from Centre Hotel comprises of the share of joint venture's net current asset amounting to Rs. 1,333.42 million (\$7.554 million) as at April 21, 1997, the date when joint venture period expired. The share has been incorporated based on the joint venture's management accounts as at April 21, 1997. The arbitration proceedings concluded during the year 2012, and the arbitrator ordered Sholkh Khalifa to pay PIA Investments Limited a sum of Rs. 1,121,743 million (\$6.355 million) along with interest at the rate of six percent from the date of issuance of judgment. The said order was ratified by Abu Dhabi Commercial Court during the year 2013. However, because the eventual outcome / resolution of the certain matters as stated in the said note are pending to date, it is not possible to determine with reasonable certainty, the amount which would be recovered.
2. As disclosed in note 13 & 1 to the consolidated financial statements, during the year ended December 31, 2013, the Group recognized long term prepayment in respect of a lease amounting to Rs. 124.169 million (\$ 0.712 million) representing consideration paid to Pakistan Cricket Board (PCB), by the way of settlement of amounts due from PCB, for acquiring the rights to use a parcel of land for sixty-six years, for which right is vested

through execution of sub-lease deed in favour of Avants Hotels (Private) Limited (Avant). The Group and PCB agreed to settle the outstanding amounts against sub-lease of the aforementioned parcel of land. The process of carrying out an independent exercise to ascertain the fair value of the subject right to use the land remains to be completed. Based on the fair value to be determined, Avant will evaluate the recognition of the transaction in accordance with accounting framework. However, we were unable to determine, with reasonable certainty, the carrying value that should have been recognized in respect of the asset and its corresponding effects on consolidated equity of the Group.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a Basis for our Qualified Opinion.



Emphasis of Matter

We draw attention to the following:

- i) Note 1.3 to the consolidated financial statements which inter-alia states that in view of the financial position of the Holding Company and business disruptions due to COVID-19, the Government of Pakistan has confirmed to extend necessary financial support to the Holding Company to maintain its going concern status. Hence, the sustainability of the future operations of the Holding Company is dependent on the said support.
- ii) Notes 29 and 30 to the consolidated financial statements which state that an aggregate amount of Rs. 11,376,908 was payable to the Pakistan International Airlines Corporation Provident Fund (the Provident Fund) representing Rs. 2,950,664 million on account of the Holding Company and employees' contributions and Rs. 8,426,244 million being markup payable thereon. However, the said amount was not deposited within the stipulated time of fifteen days to the Provident Fund as required under Section 218 of the Companies Act, 2017.
- iii) Notes 33.1 and 41.1 to the consolidated financial statements which states that the Holding Company is exposed to various tax and other contingencies, the ultimate outcome of which cannot presently be determined and, accordingly, no provision has been made by the management in respect of these contingencies in the consolidated financial statements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

S. No.	Key audit matters	How the matter was addressed in our audit
1	Revenue recognition (Refer note 6.13 to the consolidated financial statements) Upon booking of a flight, revenue receipt is measured based on the sales price. Revenue receipt is initially deferred and subsequently revenue is recognized in profit or loss when service is provided to customers. Determination of the amount of revenue to be recognized for each flight requires complex IT systems integration and involves various internal and external sources. Further, revenue is presumed and identified as an area involving risk of material misstatement due to fraud hence, significant risk for the audit. We considered this a key audit matter as a result of complexity of related IT systems, their integration and level of judgment required by management in determining existence of revenue mainly with reference to timing of recognition of unused revenue receipts.	Our audit procedures included the following: - We obtained an understanding of key IT systems, including interfaces involve in recording of revenue along with the IT general controls. - We tested the operating effectiveness of the key controls to obtain sufficient, appropriate evidence that they operated throughout the year as intended. - We performed tests of details over revenue and tested manual journal entries posted into relevant revenue accounts in the sub-ledgers and general ledger. - We obtained data in respect of unused revenue documents and tested the accuracy of historical expiry data and compared this data to that used by the Company in their calculation of the amount of revenue to recognize from unused revenue documents. - We assessed the adequacy of the related disclosures in the consolidated financial statements in accordance with the applicable financial reporting standards.

S. No.	Key audit matters	How the matter was addressed in our audit
2	Retirement benefits plans (Refer note 27 to the consolidated financial statements) The Group operates a number of defined benefit plans. The Group's obligation in respect of these plans as at December 31, 2021 amounted to Rs. 39,278.686 million. The valuation of these plans requires significant level of judgment and technical expertise to select appropriate valuation assumptions. Changes in the key assumptions (discount rate, salary increase and retirement age etc.) may have a material impact on the calculation of these obligations, under the plans. We identified this area as a key audit matter because of significant management judgment relating to valuation assumptions that are inherently complex and require specialist actuarial input.	Our audit procedures included the following: We assessed the competence and objectivity of the actuaries engaged by the Group to value the defined benefit obligations and reviewed the actuarial valuation reports to understand the basis and methodology used for such valuation. - We tested data provided by the Group to actuaries for the purpose of valuation. We reviewed the adequacy of the related disclosures in the consolidated financial statements in accordance with applicable financial reporting standards.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the consolidated financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

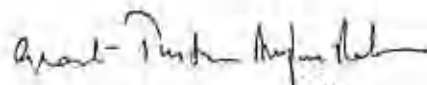
The engagement partners on the audit resulting in this independent auditor's report are Zulfikar Causel (BDO Ebrahim & Co.) and Muhammad Khalid Aziz (Grant Thornton Anjum Rahman).



BDO Ebrahim & Co.
Chartered Accountants

UDIN AR202110067C1d95e1H

Date: April 26, 2022
Place: Karachi



Grant Thornton Anjum Rahman
Chartered Accountants

UDIN AR202110154n7QDgmMh8

Date: April 26, 2022
Place: Karachi

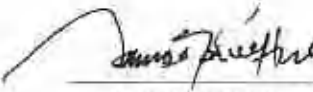
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

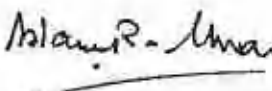
As at December 31, 2021

		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		(Rupees in '000)		(US\$ in '000)	
	Note				
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	7	146,161,724	138,955,041	828,048	869,367
Investment property	8	78,928,594	71,249,108	447,153	446,768
Intangibles	9	6,022,904	5,525,671	34,121	34,571
Long-term investments	10	371,199	266,128	2,103	1,665
Receivable in respect of Centre Hotel	11	1,333,420	1,207,423	7,554	7,554
Long-term loans and advances	12	603	603	4	4
Long-term deposits and prepayments	13	4,542,740	3,225,696	25,736	20,181
Total non-current assets		237,361,184	220,429,670	1,344,719	1,379,110
CURRENT ASSETS					
Stores and spares	14	2,949,352	2,978,524	16,709	18,635
Trade debts	15	15,174,240	10,082,763	85,966	63,082
Short-term loans and advances	16	3,091,218	3,652,265	17,513	22,850
Trade deposits and short-term prepayments	17	5,624,535	4,726,771	31,865	29,573
Other receivables	18	7,325,667	17,050,741	41,502	106,678
Short-term investment	19	19,220	19,220	109	120
Cash and bank balances	20	14,011,292	7,539,584	79,378	47,171
Total current assets		48,195,524	46,049,866	273,042	288,109
TOTAL ASSETS		285,556,708	266,479,528	1,617,760	1,667,219

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Amos Nadeem
Chief Financial Officer


Aslam R. Khan
Director

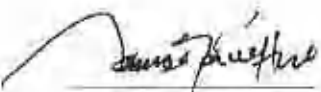
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

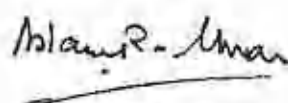
As at December 31, 2021

		December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
		----- (Rupees in '000) -----		----- (US\$ in '000) -----	
EQUITY AND LIABILITIES	Note				
SHARE CAPITAL AND RESERVES					
Issued, subscribed and paid-up share capital	21	52,345,110	52,345,110	296,550	327,496
Reserves	22	13,704,339	12,840,399	77,639	80,336
Surplus on revaluation of property, plant and equipment - net	23	80,985,363	71,962,639	458,805	450,232
Accumulated losses		(565,421,057)	(513,742,625)	(3,203,274)	(3,214,218)
Attributable to the Holding Company's shareholders		(418,386,245)	(376,594,477)	(2,370,280)	(2,356,154)
Non-controlling interest		3,605,833	3,151,484	20,428	19,717
TOTAL EQUITY		(414,780,412)	(373,442,993)	(2,349,852)	(2,336,437)
NON-CURRENT LIABILITIES					
Long-term financing	24	302,573,060	235,194,473	1,714,164	1,471,488
Lease liabilities	25	10,348,383	8,316,074	58,627	52,029
Long-term advances and deposits		125,913	108,771	713	681
Derivative		87,498	150,839	496	944
Deferred taxation	26	27,510,930	25,030,834	155,857	156,601
Deferred liabilities	27	43,485,209	41,594,051	246,356	260,232
Total non-current liabilities		384,130,993	310,395,042	2,176,213	1,941,975
CURRENT LIABILITIES					
Trade and other payables	28	195,760,073	196,305,265	1,109,037	1,228,179
Unclaimed dividend - preference shares		3,297	3,297	19	21
Accrued interest	29	30,843,526	24,549,804	174,737	153,595
Provision for taxation - net		1,182,293	655,598	6,698	4,102
Short-term borrowings	30	30,580,489	30,576,613	173,248	191,302
Current maturities of:					
- Long-term financing	24	51,992,647	68,412,077	294,553	428,018
- Lease liabilities	25	5,843,802	9,024,825	33,107	56,464
Total current liabilities		316,206,127	329,527,479	1,791,399	2,061,681
TOTAL LIABILITIES		700,337,120	639,922,521	3,967,612	4,003,656
TOTAL EQUITY AND LIABILITIES		285,556,708	266,479,528	1,617,760	1,667,219
Contingencies and commitments	31				

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Amos Nadeem
Chief Financial Officer


Aslam R. Khan
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

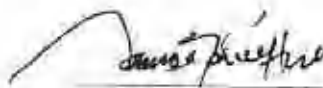
For the year ended December 31, 2021

	Note	December 31, 2021 ----- (Rupees in '000) -----	December 31, 2020 ----- (Rupees in '000) -----	December 31, 2021 ----- (US\$ in '000) -----	December 31, 2020 ----- (US\$ in '000) -----
Revenue - net	32	88,089,164	99,196,542	523,798	620,621
Cost of services					
Aircraft fuel		(22,856,726)	(21,153,507)	(135,911)	(132,346)
Others	33	(73,695,756)	(76,823,073)	(438,211)	(480,642)
		(96,552,482)	(97,976,580)	(574,122)	(612,988)
Gross (loss) / profit		(8,463,318)	1,219,962	(50,324)	7,633
Distribution costs	34	(5,352,965)	(5,146,786)	(31,830)	(32,201)
Administrative expenses	35	(8,923,704)	(10,178,950)	(53,062)	(63,684)
Other provisions and adjustments	36	(2,578,084)	(9,531,992)	(15,330)	(59,637)
Other income	37	6,897,985	11,461,554	41,019	71,711
		(9,956,768)	(13,396,174)	(59,203)	(83,811)
Loss from operations		(18,420,086)	(12,176,212)	(109,527)	(76,178)
Exchange loss - net	-	(7,349,131)	(4,942,414)	(43,702)	(30,924)
Loss before interest and taxation		(25,769,217)	(17,118,626)	(153,229)	(107,102)
Finance costs	38	(28,582,246)	(30,813,572)	(169,956)	(192,784)
Share of profit / (loss) in an associate	10.1	917	(978)	5	(6)
Loss before taxation		(54,350,546)	(47,933,176)	(323,180)	(299,892)
Taxation	39	867,053	4,183,600	5,156	26,175
Loss for the year		(53,483,493)	(43,749,576)	(318,024)	(273,717)
Attributable to:					
Equity holders of the Holding Company		(53,374,481)	(43,554,719)	(317,376)	(272,498)
Non-controlling interest		(109,012)	(194,857)	(648)	(1,219)
		(53,483,493)	(43,749,576)	(318,024)	(273,717)
Loss per share - basic and diluted		----- (Rupees) -----	----- (Rupees) -----	----- (US\$) -----	----- (US\$) -----
Loss attributable to:					
'A' class Ordinary shares of Rs. 10 each	40	(10.22)	(8.36)	(0.10)	(0.08)
'B' class Ordinary shares of Rs. 5 each	40	(5.11)	(4.18)	(0.05)	(0.04)

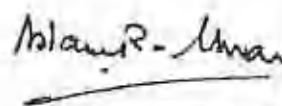
The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.



Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director



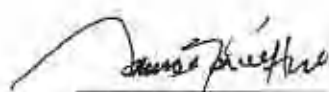
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

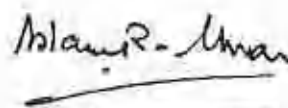
For the year ended December 31, 2021

	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	----- (Rupees in '000) -----		----- (US\$ in '000) -----	
Loss for the year	(53,483,493)	(43,749,576)	(318,024)	(273,717)
Other comprehensive income				
Items that will be reclassified subsequently to consolidated statement of profit or loss				
Loss on re-measurement of derivative - net of tax	(62,075)	20,881	(352)	131
Exchange differences on translation of foreign operations	1,106,355	1,399,737	6,268	8,757
	1,044,280	1,420,618	5,916	8,888
Items that will not be reclassified subsequently to consolidated statement of profit or loss				
Unrealised gain on remeasurement of investment at fair value through other comprehensive income (2020: Available for sale)	94,584	(8,646)	536	(54)
Surplus on revaluation of property, plant and equipment	4,488,976	(17,111,003)	25,431	(107,055)
Related deferred tax	(1,135,731)	5,615,312	(6,434)	39,132
Adjustment due to change in tax rate	-	(22,529)	-	(141)
	3,353,245	(11,518,220)	18,997	(72,064)
Remeasurement of post retirement defined benefits obligation	1,618,764	1,105,505	9,171	6,917
Effect of deferred tax	(308,647)	(336,418)	(1,749)	(2,105)
	1,310,117	769,087	7,422	4,812
Total comprehensive loss for the year	(47,681,267)	(53,086,737)	(285,153)	(332,135)
Attributable to:				
Equity holders of the Holding Company	(48,135,616)	(52,811,425)	(287,727)	(330,413)
Non-controlling interest	454,349	(275,311)	2,574	(1,722)
	(47,681,267)	(53,086,737)	(285,153)	(332,135)

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.


Air Marshal Arshad Malik
Chief Executive Officer


Amos Nadeem
Chief Financial Officer


Aslam R. Khan
Director

CONSOLIDATED STATEMENT OF CASH FLOWS

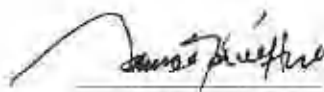
For the year ended December 31, 2021

		December 31, 2021	2020	2021	2020
Note		(Rupees in '000)		(US\$ in '000)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations	41	1,446,191	11,548,656	8,193	72,254
Profit on bank deposits received		73,826	65,553	415	410
Finance costs paid		(20,930,744)	(18,869,550)	(118,576)	(118,057)
Taxes paid		(129,896)	(88,583)	(737)	(554)
Staff retirement benefits paid		(2,800,119)	(5,820,297)	(15,863)	(36,415)
Long-term deposits and prepayments - net		(1,205,014)	1,657,560	(6,827)	10,370
Net cash used in operating activities		(23,545,756)	(11,506,661)	(133,395)	(71,992)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(2,012,488)	(2,956,569)	(11,401)	(18,498)
Purchase of intangibles		(96,598)	105,139	(547)	658
Proceeds from sale of property, plant and equipment		21,509	(254,504)	122	(1,592)
Net cash used in investing activities		(2,087,577)	(3,105,934)	(11,826)	(19,432)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayments of long-term financing	41.1	(44,389,549)	(23,295,858)	(251,480)	(145,750)
Proceeds from long-term financing	41.1	86,630,649	49,489,286	490,788	309,629
Repayment of term finance certificates	41.1	-	(7,199,272)	-	(45,042)
Repayment of short term loan		-	(13,240,307)	-	(82,838)
Repayments of lease liabilities		(10,424,559)	(321,794)	(59,058)	(2,013)
Net cash generated from financing activities		31,816,541	5,432,055	180,250	33,986
Increase / (decrease) in cash and cash equivalents		6,183,208	(9,180,540)	35,029	(57,438)
Cash and cash equivalents at beginning of the year		6,822,971	16,051,973	38,654	100,429
Effects of exchange rate changes on cash and cash equivalents		303,844	(48,462)	1,721	(303)
Cash and cash equivalents at end of the year		13,310,023	6,822,971	75,404	42,688
Cash and cash equivalents					
Cash and bank balances	20	14,011,292	7,539,584	79,378	47,171
Running finance under mark-up arrangements	30.2	(720,489)	(716,613)	(4,082)	(4,483)
Short Term Investments		19,220	-	108	-
		13,310,023	6,822,971	75,404	42,688

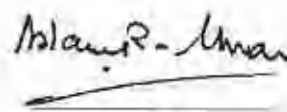
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Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director



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ANNUAL REPORT 2021



PAKISTAN
International Airlines
(Incorporated in Pakistan)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2021

	Issued, subscribed, and paid-up capital	Surplus on Revaluation of Property, plant and equipment	Attributable to the Holding Company's shareholders							Accumulated losses	Non-controlling interest	Total
			Capital reserves	Revenue reserves	Hedging Reserve	Reserves		Legal reserve	Subtotal			
						Unrealised gain on re-measurement of investment	Foreign currency translation reserves					
(Rupees in '000)												
Balance as at January 1, 2020	52,345,110	81,382,497	2,501,038	1,779,674	280,168	177,280	7,397,585	52,788	11,542,877	(471,823,878)	5,323,482	(22,124,197)
Inter-company income for the year ended December 31, 2020												
Loss for the year	-	-	-	-	18,764	-	-	-	-	(4,354,798)	(194,657)	(43,149,578)
Other comprehensive income	-	-	-	-	-	-	-	-	18,764	-	2,117	20,881
Currency translation differences	-	-	-	-	-	-	1,286,656	-	1,286,656	-	(13,093)	(1,299,757)
Reclassification of post retirement defined benefits obligation, net of tax	-	-	-	-	-	-	-	-	-	769,098	-	259,086
Surplus arising on property, plant and equipment during the year, net of tax	-	(11,322,636)	-	-	-	-	-	-	-	-	(1,161,553)	(11,167,879)
Unrealised gain on re-measurement of investment	-	-	-	-	-	(8,444)	-	-	(8,444)	-	-	(8,444)
Total comprehensive income/(loss) for the year	-	(11,322,636)	-	-	18,764	(8,444)	1,286,656	-	1,286,714	(427,755,221)	(270,337)	(43,045,736)
General transaction differences	-	2,253,591	-	-	260	-	-	1,416	1,886	-	16,318	2,315,972
Surplus/(loss) on disposal of property, plant and equipment issued during the year on account of revaluation depreciation charged thereon, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(loss) on disposal of property, plant and equipment issued during the year on account of revaluation depreciation charged thereon, net of tax	-	(556,881)	-	-	-	-	-	-	-	184,583	-	(4,000)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	52,345,110	71,462,819	2,501,038	1,779,674	(19,062)	168,836	8,354,201	84,454	12,445,399	(513,740,521)	2,111,484	(375,643,090)
Balance as at January 01, 2021												
52,345,110	71,462,819	2,501,038	1,779,674	(19,062)	168,836	8,354,201	84,454	12,445,399	(513,740,521)	2,111,484	(375,643,090)	
Inter-company income for the year ended December 31, 2021												
Loss for the year	-	-	-	-	155,393	-	-	-	-	(21,314,481)	(109,015)	(53,488,493)
Other comprehensive income	-	-	-	-	155,393	-	-	-	155,393	-	(6,483)	161,078
Currency translation differences	-	-	-	-	-	-	623,280	-	623,280	-	383,073	1,306,353
Surplus arising on property, plant and equipment during the year, net of tax	-	2,022,874	-	-	-	-	-	-	-	-	286,771	2,309,645
Reclassification of post retirement defined benefits obligation, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Unrealised gain on re-measurement of investment	-	-	-	-	-	54,584	-	-	54,584	1,310,117	-	1,310,117
Total comprehensive income/(loss) for the year	-	2,022,874	-	-	155,393	54,584	623,280	-	662,274	(52,044,394)	454,349	(47,661,267)
General transaction differences	-	4,340,147	-	-	(4,016)	-	-	3,483	1,896	-	-	6,342,846
Surplus/(loss) on disposal of property, plant and equipment issued during the year on account of revaluation depreciation charged thereon, net of tax	-	(385,913)	-	-	-	-	-	-	-	385,913	-	-
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at December 31, 2021	52,345,110	69,999,962	2,501,038	1,779,674	(17,670)	223,420	8,977,481	87,937	13,254,319	(565,421,257)	2,628,833	(418,191,171)

The annexed notes from 1 to 52 form an integral part of these consolidated financial statements.

Air Marshal Arshad Malik
Chief Executive Officer

Amos Nadeem
Chief Financial Officer

Aslam R. Khan
Director

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

AS AT DECEMBER 31, 2021

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 Corporation Limited - 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 (previously the Corporation) 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, licenses, privileges and benefits of which the Holding Company (previously the Corporation) was entitled were transferred to the Holding Company and the Holding Company has assumed all liabilities and obligations of the Holding Company (previously the Corporation). 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. The head office of the Holding Company is situated at PIA Building, Jinnah International Airport, Karachi.

1.2 Business Unit

Head Office

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

Subsidiaries

PIA Investments Limited (PIAL) was incorporated on September 10, 1977 in Sharjah, United Arab Emirates as a limited liability Holding Company under a decree issued by H. H. The Ruler of Sharjah. During 1986, PIAL was registered in British Virgin Islands under International Business Companies Ordinance, 1984 (now BVI Business Companies (Amendment) Act, 2012) as a Holding Company limited by shares. The principal activity of PIAL is 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 PIAL is 100% (2020: 100%). The registered office of PIAL is situated at Citicor Building, Wickham Cay, Road Town, Tortola, British Virgin Islands. During the year, the High Court of British Virgin Islands (BVI) retracted its previous order to attach assets of PIAL in Reko Diq case against the Government of Pakistan and removed the receiver appointed earlier to manage the affair of PIAL. As a result, the management has regained control over all the assets of PIAL.

Following are the details of PIAL's subsidiaries:

Subsidiaries	Place of incorporation	Nature of business	Effective ownership and voting power of PIAL (%)	Audited By
Roosevelt Hotel Corporation N.V.	Netherlands - Aruba	See note 1.2.1 below	100.00	PKF O'Connor Davies
RHS Operating LLC	State of Delaware, USA	Owner of Roosevelt	100.00	PKF O'Connor
Mithra France S.A. (MFS)	Luxembourg	Hotel, New York See note 1.2.2	100.00	Davies Unaudited
Mithra France B.V.	Netherlands	See note 1.2.2 below	100.00	Unaudited
PIA Hotels Limited	British Virgin Islands	See note 1.2.2 below	100.00	Unaudited
PIA Aviation Limited (PAL)	British Virgin Islands	See note 1.2.2 below	100.00	Unaudited
Mithra France S.A. (MPSA)	France	See note 1.2.4 below	90.00	KPMG France
Aviation Horse (Private) Limited	Pakistan	See note 1.2.3 below	62.50	PKF F.R.A.N.T.S. Pakistan



- 1.2.1 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 their outstanding loans, RHC transferred the net operating assets of the Roosevelt Hotel to RHC Operating LLC.
- 1.2.2 These companies are intermediary holding companies except PIA Hotels Limited and PAL which are dominant companies.
- 1.2.3 Avanti Hotels (Private) Limited (Avanti) is a joint venture between PIAL and Pakistan Cricket Board (PCB) being subscribers to 62.5% and 37.5% respectively of Avanti's shares. However, Avanti is at its planning phase and has not started its commercial activities.
- 1.2.4 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 Holding Company.

PIAL has been consolidated in these consolidated financial statements on the basis of its audited consolidated financial statements for the year ended December 31, 2021.

Skyrooms (Private) Limited (SRL) was incorporated on May 20, 1975 in Pakistan as a private limited Holding Company under the Companies Act, 1973 (now Companies Act, 2017). SRL owns and manages Airport Hotel, Karachi. SRL is a wholly owned subsidiary of the Holding Company. SRL has been consolidated on the basis of its unaudited management accounts for the year ended December 31, 2021 as the same is not considered to be material to these consolidated financial statements.

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 IN 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 controlling interest in Sabre is 70%. Sabre has been consolidated on the basis of its unaudited financial statements for the year ended December 31, 2021 as the same is not considered material to these consolidated financial statements.

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

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

Associate

Minhal Incorporated (Minhal), Sharjah was incorporated on January 1, 1977 in Sharjah, United Arab Emirates as a limited liability Holding Company and is currently registered in British Virgin Islands. The principal activities of Minhal are to carry on business as promoters and the managers of projects related to construction, development and operation of hotels, restaurants and clubs throughout the world. The Holding Company interest in Minhal is 40%.

- 1.3 During the year 2021, the Holding Company faced significant issues in terms of optimising its operational footprints and tapping into new potential business opportunities, including new flight operations and reprioritising international routes in order to meet the dynamics of traffic patterns to different parts of the globe. Consequently, the Company incurred gross loss during the year 2021, against gross profit in 2020.

In addition, the management of the Group is actively working towards further optimising its operations and implementing various cost cutting measures which are expected to generate positive cashflows in the long term.

However, during the year the Group incurred a net loss of Rs. 53,483,493 million (2020: Rs. 43,749,576 million) resulting in accumulated losses of Rs. 565,421,057 million as of December 31, 2021 (2020: Rs. 513,742,625 million). Further, as of December 31, 2021, current liabilities of the Group exceeded its current assets by Rs. 268,010,603 million (2020: Rs. 283,477,621 million).

The outbreak of COVID-19 since January 2020 has resulted in a challenging operational environment for Airlines around the globe. The Holding Company has also been impacted by the evolving situation surrounding COVID-19 coupled with suspension imposed by European Union Air Safety Agency (EASA) effective from July 1, 2020, as a result of which the Holding Company's operations have slowed down. However, the Holding Company is closely monitoring the situation and, to counter the above adverse impacts, the Holding Company has taken several cost cutting measures including rationalization of capacity and greater focus on cargo/charter operations during COVID-19. The partial re-opening of key routes in the last quarter showed significant improvement in numbers as compared to previous nine months ended September 30, 2021.

In view of the situation described above, the management has made an assessment of the Group's ability to continue as a going concern and based on the below mitigating factors as well as mitigating factors mentioned in note 47, the management believes that, though, the sustainability of the future operations of the Holding Company is materially dependent on the support of the Government of Pakistan, no material uncertainty exist and going concern assumption is appropriate. Accordingly, the consolidated financial statements are prepared on a going concern basis.

- a) Government of Pakistan (GoP), being the major shareholder of the Holding Company, through its finance division's letter dated September 02, 2008 communicated that it would extend all maximum support to maintain the Holding Company's going concern status. Accordingly, since then it has been extending support to the Holding Company through the 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.
 - reimbursement of financial charges on term finance and sukuk certificates.
- b) On December 30, 2017 in a meeting with the GoP, it was agreed that mark-up support would be provided for the five years starting from July 2018 and short-term loans would be converted to long-term with a possibility of grace period. Accordingly, during the fiscal years 2018-19, 2019-20, 2020-21 and 2021-22 (till December 2021), Rs. 16,768 million, Rs. 28,263 million, Rs. 19,072 million and Rs. 8,054 million respectively have been provided by the GoP in respect of markup support.
- c) On April 4, 2019 in a meeting with the GoP, the Holding Company presented its strategic business plan 2019-23 which was approved and during that meeting GoP assured full support to the Holding Company in terms of provision of funds / equity in order to increase its potential to compete in the aviation market.
- d) Further, through a letter dated March 04, 2020, GoP through ministry of finance has re-iterated its maximum support to maintain the Holding Company as going concern in the foreseeable future, and extended its further support through letter dated April 24, 2020 for the situation arising due to COVID-19.

2 Basis of Consolidation

These consolidated financial statements comprise the financial statements of the Holding Company and its subsidiaries and its associate as at and for the year ended December 31, 2021.

2.1 Subsidiaries

Subsidiaries are those entities over which the Group has the power to govern the financial and operating policies generally by holding Companying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which the control is transferred to the Group. They are derecognised from the date control ceases.



The purchase method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred for the acquisition is the fair value of the assets transferred, equity instruments issued and liabilities incurred or assumed at the date of exchange. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

The excess of the consideration transferred and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in case of a bargain purchase, the difference is recognised in consolidated statement of profit or loss.

The assets and liabilities of subsidiary companies have been consolidated on a line by line basis and the carrying value of investments held by the Holding Company is eliminated against the subsidiaries' shareholders' equity in the consolidated financial statements. All material intra-group transactions and balances are eliminated in full.

The financial statements of the subsidiaries are not prepared for the same reporting year as the Holding Company. The accounting policies for subsidiary companies have been changed to ensure consistency with the policies adopted by the Holding Company, where necessary.

Non-controlling interests represent the portion of profit or loss and net assets that is not held by the Group and are presented separately in the consolidated statement of profit or loss and within equity in the consolidated statement of financial position, separately from Holding Company shareholders' equity. Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions—that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

2.2 Associates

Associated companies are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights of another entity.

The associate of the Group is accounted for using the equity method (equity accounted investees) and is recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment loss. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align with the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of loss exceeds its interest in an equity accounted investee, the carrying amount of that interest (including any long term investments) is reduced to nil and the recognition of further loss is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The carrying amount of investment in associate is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investment is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to the consolidated statement of profit or loss. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of carrying amount that would have been determined if no impairment loss had been recognized. A reversal of impairment loss is recognized in the consolidated statement of profit or loss.

3. BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of measurement

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

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

3.3 Functional and presentation currency

Items included in the consolidated financial statements relating to each entity of the Group are measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Pakistani Rupees, which is the Holding Company functional and presentation currency.

The US Dollar amounts reported in the unconsolidated statement of financial position, unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows are stated as additional information, solely for the convenience of the users of these unconsolidated financial statements. The US Dollar amounts in the unconsolidated statement of financial position have been translated into US Dollar at the rate of Rs. 176.5135 = US\$ 1 (2020: Rs. 159.8344 = US\$ 1) and in the unconsolidated statement of profit or loss, unconsolidated statement of comprehensive income and unconsolidated statement of cash flows have been translated into US Dollar at the rate of Rs. 166.9491 = US\$ 1 (2020: Rs. 157.3847 = US\$ 1).

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards / amendments that are effective in current year and relevant to the Group

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 consolidated financial statements.

4.2 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)
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
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Classification of Liabilities as Current or Non-current - Amendments to IAS 1	January 01, 2023
Sale or Contribution of Assets between an investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28	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:

IFRS-1 - First time adoption of IFRSs

January 01, 2023

IFRS-17 - Insurance Contracts

January 01, 2023

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

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these consolidated financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management has made the following estimates and judgments which are significant to these consolidated financial statements:

5.1 Property, plant and equipment

The Group reviews appropriateness of the rates of depreciation / useful lives and residual values used in the calculation of depreciation at each financial year end. Further, the Group estimates revalued amounts and useful life of leasehold land, buildings and hotel property based on the annual and periodic valuations carried out by independent professional valuers. Any change in estimate in future might affect the carrying amounts of the respective item of property, plant and equipment with a corresponding effect on the depreciation charge and impairment surplus on revaluation and annual transfer of incremental / decremental effect of depreciation from surplus on revaluation of property, plant and equipment account to accumulated loss in equity directly.

5.2 Investment property

The Holding Company revalues the investment property at fair value on each reporting date. Fair values are based on active market prices, adjusted, if necessary, for any differences in nature, location or condition of the specified assets.

5.3 Intangible asset

Intangible assets with finite lives are amortized on straight line basis over their estimated useful lives as specified in note 7 to these unconsolidated financial statements.

5.4 Stores and spares

The Group at each reporting date reviews the net realisable values of stores and spares to assess any diminution in their respective carrying values. Due to the complex nature and huge quantum of the items of stores and spares, the net realisable value is arrived at by estimating the provision against slow moving stores and spares, which is made in proportion to the estimated useful life of the relevant category of the aircraft attained up to the reporting date.

5.5 Trade debts

Trade debts and other receivables are recognized and carried at original invoiced amount which is the fair value of the consideration to be received in future for goods sold less provision for impairment. Provision for impairment against financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

5.6 Employee benefits

The liabilities relating to defined benefit plans are determined through actuarial valuation using the Projected Unit Credit Method. The method involves making assumptions about discount rates, future salary increases, mortality rates, future increase in medical costs and future pension increases. Due to the long-term nature of these benefits, such estimates are subject to certain uncertainties. Significant assumptions used to carry out the actuarial valuation have been disclosed in note 26 to these consolidated financial statements.

5.7 Taxation

In making estimate for income tax payable by the Group, the Group takes into account the applicable tax laws. Deferred tax asset is recognised for unused tax losses and available credits to the extent that it is probable that sufficient taxable temporary differences and taxable profits will be available against which such losses and credits can be utilised. Significant judgment is exercised to determine the amount of deferred tax asset / liability to be recognised.

5.8 Liability on account of frequent flyer programme

The Holding Company operates a frequent flyer programme that provides travel awards to members of the programme based on cumulative mileage. The Holding Company accounts for award credits as separately identifiable component of the sales transaction in the period in which they are granted. The consideration received as sale proceed is allocated to award credits based on their fair value and is accounted for as a liability in these consolidated financial statements.

Fair value of awarded credits is estimated with reference to fair value of services against which the award credits may be redeemed. Determination of fair value of award credit involves estimations, based on the average of air fares, the value of each award credit assuming a 100% redemption rate, and estimating the expected award credit redemption rate. These estimates are reviewed as and when a significant change in underlying assumptions is observed and the liability is adjusted annually as appropriate. The provision for frequent flyer programme is determined based on the valuation carried out by an independent professional valuer.

5.9 Provision for cost of redelivery

The Holding Company has several operating leases for the aircrafts and engines that include certain maintenance cost to be incurred at the time of redelivery of asset at the end of the lease term. The amount of maintenance cost is discounted at the incremental borrowing rate and accounted for as a deferred liability in these consolidated financial statements. Significant assumptions and estimates are used to determine the amount of the maintenance cost that will be incurred by the Holding Company at the time of redelivery of the asset under these arrangements.

5.10 Goodwill

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the consolidated profit and loss account.

6. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below are consistently applied for all periods presented in these consolidated financial statements.

6.1 Fixed assets

Property, plant and equipment

Operating fixed assets - owned

Land classified as 'others' in note 7.1 are stated at cost, whereas buildings classified as 'others' in the aforesaid note and aircraft fleet are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Leasehold land and buildings thereon and hotel properties are initially recognised at cost and are subsequently measured at revalued amounts, which are the fair values at the date of revaluation less accumulated depreciation and impairment, if any.

Other items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Aircraft and related equipment acquired on an exchange basis are stated at amounts paid plus the fair value of the fixed asset traded in.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of property, plant and equipment is capitalised and the asset so replaced is derecognised.

Major renewals, improvements and major overhauls to aircraft are capitalised and depreciated over the period to the next major overhaul. All other repairs and maintenance including cost incurred under 'power-by-the-hour' contracts in relation to aircraft are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is charged to the consolidated profit and loss account, applying the straight-line method whereby the cost or revalued amount of assets, less their residual values, is written down over their expected useful lives. The rates of depreciation are disclosed in note 7.1 to these consolidated financial statements.

In respect of additions and disposals of assets, depreciation is charged from the month in which the asset is available for use until it is derecognised, i.e. up to the month preceding the disposal.

Useful lives (except for aircraft fleet, hotel property and building at revaluation model) are determined by the management based on expected usage of asset, expected physical wear and tear, technical and commercial obsolescence and other similar factors. The useful lives of aircraft fleet, hotel property and building at revaluation model are determined by management based on the appraisal of an independent valuer. The asset's residual values, useful lives and methods are reviewed, and adjusted, if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss in the year the asset is derecognised.

Gains or losses on disposal of assets are taken to the consolidated statement of profit or loss. When revalued assets are sold or retired from operation, the relevant remaining deficit and surplus is transferred to consolidated statement of profit or loss to retained earnings, respectively.

Right of use assets

The Group mainly leases aircrafts, engines, local and international sales offices, and counters at various airports. At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease terms are negotiated on individual basis and contain a wide range of different terms and conditions. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset is initially measured at the commencement date of lease based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset, less any lease incentive received. The right-of-use asset is subsequently depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
 - the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early;
 - variable lease payment that are based on an index or a rate or amounts expected to be payable by the lessee under residual value guarantees;
- less any lease incentives receivable

The extension and termination options are included in Group's determination of lease term only when the Group is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in fixed lease payments or an index or rate, change in the Group estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of right-of-use asset has been reduced to zero.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unaconsolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the consolidated statement of profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in the statement of financial position.

Capital spares

Rotable and repairable stores are stated at cost and treated as property, plant and equipment and are depreciated based on the average remaining useful life of the related aircraft. Capital spares which are not useable are treated as scrap and charged to the consolidated statement of profit or loss.

Capital work-in-progress

These are stated at cost less impairment, if any, and consist of expenditure incurred and advances made in respect of assets in the course of their acquisition, construction and installation. The assets are transferred to relevant category of property, plant and equipment when they are available for intended use.

6.2 Surplus on revaluation of property, plant and equipment

Surplus on revaluation of land and buildings is recognised in other comprehensive income and credited to the surplus on revaluation of property, plant and equipment which is presented as separate component within equity. Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from the fair value. Cost / revalued amount at the date of the revaluation is adjusted / eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. To the extent of the incremental depreciation charged on the revalued assets, the related surplus on revaluation of property, plant and equipment (net of deferred taxation) is transferred directly to retained earnings; if an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in statement of comprehensive income and accumulated in equity under the heading of revaluation surplus. If an asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is 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 statement of comprehensive income reduces the amount accumulated in equity under the heading of revaluation surplus. However, the increase is recognised in statement of profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in statement of profit or loss. The revaluation reserve is not available for distribution to Group's shareholders.

6.3 Investment property

Properties held for long-term rental yields which are significantly rented out by the Holding Company are classified as investment properties.

Investment properties are measured initially at cost, including related transaction costs directly attributable to acquisition. After initial recognition at cost, investment properties are carried at their fair values based on market value determined by professional independent valuers with sufficient regularity. Fair values are based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific assets. Gain or loss arising as a result of fair valuation is charged to profit or loss.

Additions to investment properties consist of costs of a capital nature. The profit on disposal is determined as the difference between the sale proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

6.4 Intangibles

Goodwill

Goodwill represents the difference between the consideration paid for acquiring interests in a Holding Company and the value of the Group's share of its net assets at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The impairment loss, if any, resulting from such review is charged to the consolidated statement of profit or loss. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

Other intangible assets

Other intangible assets are measured on initial recognition at cost. Costs that are directly associated with identifiable software products / licenses controlled by the Group and that have probable economic benefit beyond one year are recognised as intangible assets. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Intangible assets with finite lives are amortised on a straight line basis over their estimated useful lives as specified in note 9 to these consolidated financial statements.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is derecognised.

6.5 Stores and spares

These are stated at lower of cost and net realisable value, less impairment, if any. Goods-in-transit are valued at cost plus other charges incurred thereon. Cost is determined as follows:

- | | |
|--|------------------------------------|
| - Fuel and medical inventories | first-in-first-out basis |
| - Other stores and spares including food and beverages | weighted moving average cost basis |

Provision against slow moving stores and spares related to aircraft fleet is made in proportion to the estimated useful life of the relevant category of the aircraft attained up to the reporting date.

6.6 Investments in subsidiaries and associates

Investments in subsidiaries and associates are initially recognised at cost. At subsequent reporting dates, such investments are stated at cost less accumulated impairment losses, if any.

6.7 Trade debts and other receivables

Trade debts and other receivables are recognised initially at fair value (original invoice / ticket amount) plus directly attributable transaction costs (if any) and subsequently measured at amortised cost less provision for impairment. Provision for impairment against financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable

expectations of recovering a financial asset in its entirety or a portion thereof. Impairment of trade debts and other receivables is described in 5.5.

6.8 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise of cash in hand and balances with banks. Cash and cash equivalents also include running finance that are repayable on demand and form an integral part of the Group's cash management.

6.9 Trade and other payables

Liabilities for trade creditors and other amounts payable are recognised initially at fair value plus directly attributable transaction cost, if any, and subsequently measured at amortised cost.

6.10 Loans and borrowings

Loans and borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs, if any. Subsequently, these are measured at amortised cost using the effective interest method.

6.11 Employee benefits

6.11.1 The Holding Company

Provident fund

The Holding Company operates a defined contribution provident fund scheme for all its permanent employees. Equal monthly contributions are required to be made to the Fund by the Holding Company and the employees in accordance with the Fund's Rules. The Holding Company required contribution to the Fund is charged to these consolidated statement of profit or loss.

Pension funds

For all the permanent employees hired prior to July 1, 2008, the Holding Company operates a funded benefit pension scheme for its three categories of employees. Pension scheme is a final salary pension scheme and is invested through three funds namely Pakistan Airline Pilot Association (PALPA), Flight Engineering Association (FEHA) and Employees' Pension Funds. Under The PALPA and FEHA pension fund, employees are entitled to basic salary and flight allowance whereas under Employees' Pension Fund, employees are entitled to basic salary and certain other allowances. Contributions are made to the scheme at the advice of actuary. For all the permanent employees hired on or after July 1, 2008 in lieu of the pension funds as described above, the Holding Company operates a defined contribution pension fund whereby a contribution of 5% of the pensionable benefits is made to the Fund in accordance with the relevant rules.

Actuarial valuation that is carried out annually. Net interest expense, current service cost and any past service cost are recognised in consolidated statement of profit or loss whereas any actuarial gains / losses and the return on plan assets (excluding interest) are recognised immediately in statement of comprehensive income.

Post-retirement medical benefits

The Holding Company operates an unfunded defined benefit medical scheme and provides medical allowances and free hospitalisation benefits to all its retired employees and their spouses in accordance with their service regulations. The post-retirement medical benefit is accounted for on the basis of actuarial valuation that is carried out annually. Net interest expense and current service cost and past service cost are recognised in consolidated statement of profit or loss and any actuarial gains / (losses) are recognised immediately in consolidated statement of comprehensive income.

Compensated absences

The Holding Company accounts for all accumulated compensated absences when the employees render service that increases their entitlement to future compensated absences on the basis of actuarial valuation that is carried out annually.

6.11.2 Skyrooms (Private) Limited (SRL)

Defined benefit plan - gratuity

SRL operates an unfunded defined benefit gratuity scheme for all its permanent employees who have completed the prescribed qualifying period of service. Provision for gratuity is made in accordance with actuarial valuation to cover obligation under the scheme in respect of employees who have completed the minimum qualifying period.



Defined contribution plan - provident fund

SRL also operates a recognised provident fund scheme for its employees. Equal monthly contributions are made, both by SRL and employees, in accordance with Fund's rules.

6.11.3 PIA Investments Limited (PIAL)

Gratuity fund scheme

PIAL operates a funded gratuity scheme for its permanent employees who have completed one year of service. An accrual is made for maximum benefit that is payable to employees based on their number of years of service as at reporting date, as the management of PIAL believes that the liability amount is not material in the overall context of PIAL's consolidated financial statements.

Provident fund scheme

PIAL also operates a provident fund scheme as a contribution plan for its permanent employees. Equal contributions are made, both by PIAL and the employees to the provident fund at the rate of 10% of basic salary.

6.11.4 Roosevelt Hotel Corporation N.V. (RHC)

Defined contribution retirement benefit plan

The RHC was a party to the industrywide Collective Bargaining Agreement between the New York Hotel Trades Council (Union) and the Hotel Association of New York City, Inc., which provides for a Union sponsored multiemployer defined benefit plan (the Plan) for the RHC's Union employees and includes participation in the Union and Hotel Association of New York City, Inc.'s Pension and Health Benefit Funds. As a result of the closure of the Hotel on December 18, 2020, the RHC triggered a withdrawal liability for the Union's multiemployer pension plan. The Union's actuary had calculated an estimate of the withdrawal liability as of December 31, 2020 of \$24,560,579 payable to the Union pension plan payable in 45 quarterly installments of \$754,147 and a final payment of \$540,578. The estimated withdrawal liability is based on (1) a 7.25% interest rate and (2) Union Pension unfunded vested benefit liabilities as of 2020, the total amount of contributing employers as of December 31, 2020 and the RHC's annual contributions beginning with the 2000 calendar year and ending December 31, 2020. RHC has not made any quarterly installments to fund the withdrawal liability and is currently in negotiations with the union regarding the settlement of this liability. The interest rate and unfunded vested benefit liabilities comprise various estimates and assumptions that are subject to and require varying degrees of judgment. Because of the inherent uncertainty of valuations, the estimated liability may differ significantly from the actual and final amount that will be calculated by the Union's actuary and that difference could be material.

The risks of participating in a multiemployer plan are different from a single-employer plan in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If an employer chooses to stop participating in some of its multiemployer plans, the employer may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

The RHC's participation in the Plan for the year ended December 31, 2020 and 2019 is outlined in the table below. The "EIN Number" column provides the Employer Identification Number (EIN). The most recent Pension Protection Act (PPA) zone status available in 2020 is for the Plan's year-end at December 31, 2020. The zone status is based on information that Holding Company received from the Plan and is certified by the actuaries of the Plan. Among other factors, pension plans in the red zone are generally less than 65% funded, pension plans in the yellow zone are less than 80% funded, and pension plans in the green zone are at least 80% funded. The "RP/RP Status Pending/implemented" column indicates pension plans for which a financial improvement plan (FIP) or a rehabilitation plan (RP) is pending or has been implemented.

Operating's contributions to the Plan did not exceed 5% of the Plan's total contributions for the years ended December 31, 2020 and 2019.

Certain management employees who operated the Hotel were represented by the Union and were subject to collective bargaining agreements. Such amounts paid on behalf of these employees are reflected in contributions presented above.

Investment securities held by the funds presented above (the "Funds"), in general, are exposed to various risks, such as interest rate, credit and overall market volatility. As a result of the COVID-19 outbreak, significant declines in the values of investment securities held by the Funds are presumed to have and may continue to fluctuate in response to changing market conditions and such changes may have a material impact on Operating's required future contributions to the Funds.

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation and bonuses), are recognized in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognized as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognized as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

6.11.5 Minhal France S.A. (MFSA)

Employees pension plan

On retirement, MFSA's employees are entitled to an indemnity under the law and in accordance with hotel industry labor agreements. Provision is made for the liability at the reporting date in accordance with the agreements.

6.11.6 Sabre Travel Network Pakistan (Pvt) Limited (Sabre)

Provident fund

Sabre operates an approved contributory provident fund for its employees. Equal monthly contributions are made, both by Abacus and the employees, to the provident fund at the rate of 10% of basic salary. Sabre's contribution is charged to consolidated statement of profit or loss.

6.12 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account tax credits and rebates available, if any, or minimum tax on turnover basis, whichever is higher, it also includes any adjustment to tax payable in respect of prior years.

Deferred taxation

Deferred income tax is recognised using the balance sheet liability method on temporary differences at the reporting date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax asset is recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profits or taxable temporary differences will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit or taxable timing differences will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax asset is reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits or taxable temporary differences will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.



Deferred tax relating to items recognised directly in other comprehensive income is recognised in other comprehensive income and not in statement of profit or loss.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relates to the same taxable entity and the same taxation authority.

6.13 Revenue recognition

The Group principally earns revenue from the carriage of passengers, cargo, mail and excess baggage, provision of handling services to other airlines, engineering services, air charters, hotel operations, distribution of a computer reservation system and related activities.

Passenger and cargo revenue

Revenue from passenger tickets and cargo airway bills revenue is recognised when the transportation service is provided. The value of unused tickets and airway bills is included in current liabilities as 'advance against transportation' until recognised as revenue.

Room, food and beverages

Revenue from room and shop, food, beverages and other related services is recognised as and when services are rendered.

Income from shop rentals is recognised on a straight line basis over the lease term.

Engineering and other services

Revenue from repair and maintenance and overhaul services of engine and component to other airlines is recognised when such services are rendered.

Frequent flyer programme revenue

The Holding Company operates two principal loyalty programmes. The airline's 'frequent flyer programme' allows frequent travelers to accumulate travel miles that entitle them to a choice of various awards, primarily free travel. The fair value attributed to the awarded mileage credits is deferred as a liability and recognised as revenue on redemption of the miles by the participants to whom the miles are issued, when the miles expire or when they are not expected to be redeemed.

In addition, miles are sold to commercial partner to use in promotional activity. The fair value of the miles sold is deferred and recognised as revenue on redemption of the miles by the participants to whom the miles are issued. The cost of redemption of miles is recognised when miles are redeemed. The estimates involved in recognizing revenue from frequent flyer programme are disclosed in note 3.6 to these consolidated financial statements.

Interest / mark-up and dividend income

The Group recognises interest income / mark-up on short-term bank deposits, interest bearing advances and held to maturity investments on a time proportion basis using effective interest method.

Dividend income is recognised when the Group's right to receive dividend is established.

6.14 Borrowing Costs

The Group recognises the borrowing costs as an expense in the period in which these costs are incurred, except the borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset.

6.15 Provisions

Provisions are recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are reviewed at each reporting date and adjusted to reflect current best estimate.

6.16 Impairment

Impairment of financial assets covered under IFRS 9

The Group recognises an allowance for expected credit losses (ECL) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group uses default rates based on credit rating of customers from which receivables are due, probability weighted cash flow projection for customers for which credit rating is not available and provision matrix for large portfolio of customer which have similar characteristics to calculate expected credit losses (ECL) for trade receivables and other receivables.

The default rates are benchmarked and adjusted for forward looking information and the rates in provision matrix are based on days past due for various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates which is then adjusted for forward looking information.

Loss allowances for trade debts, deposits and other receivables (including lease receivables) and contract assets are always measured applying simplified approach at an amount equal to lifetime ECLs.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment of financial assets covered under IAS 39

A financial asset is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of the asset which can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the consolidated statement of profit or loss. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the consolidated statement of profit or loss.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised, as an expense in the consolidated statement of profit or loss, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

6.17 Foreign currency

Foreign currency transactions

Foreign currency transactions are recorded at the exchange rates approximating those ruling on the date of the transactions. Monetary assets and liabilities in foreign currencies are translated at the rates using the average spot rate on the reporting date. Gains and losses on translation are taken to consolidated statement of profit or loss currently.



Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Foreign operations

Assets including goodwill and liabilities of foreign entities are translated into Pakistan Rupees at reporting date exchange rates. Income and expense items are translated at exchange rates approximating the rates of exchange of the dates of the transactions. Items of equity are carried at their historical values. Differences in exchange rates are recognised as foreign currency translation reserve and are included in other comprehensive income.

6.18 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value and subsequently at fair value or amortised cost as the case may be. Financial assets are de-recognised at the time when the Group loses control of the contractual rights that comprise the financial assets. Financial liabilities are de-recognised at the time when they are extinguished, that is, when the obligation specified in the contract is discharged, cancelled, or expired. Any gains or losses on de-recognition of the financial assets and financial liabilities are taken to the consolidated statement of profit or loss immediately.

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets - Classification and measurement

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI – debt investment, FVOCI – equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group measures all equity investments at fair value through profit or loss, except where the Group's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The Group's policy is to designate equity investments as FVOCI when those investments are held for purposes other than for trading.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets (see Note 32(A)). On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

6.19 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position only when there is a legally enforceable right to set-off the recognised amounts and the Group intends either to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

6.20 Earnings per share

The Group presents basic and diluted earnings / (loss) per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

6.21 Derivative financial instruments

Derivatives that do not qualify for hedge accounting are recognised at estimated fair value with corresponding effect to the consolidated statement of profit or loss. Derivative financial instruments are carried as assets when fair value is positive and as liabilities when fair value is negative.

6.22 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is CEO, who is responsible for allocating resources and assessing performance of the operating segments. The Holding Company prepares financial statement on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker of the Holding Company.

6.23 Dividend and reserves

Derivatives that do not qualify for hedge accounting are recognised at estimated fair value with corresponding effect to consolidated statement of profit or loss. Derivatives financial instruments are carried as assets when fair value is positive and as liability when fair value is negative.

		2021	2020
7. PROPERTY, PLANT AND EQUIPMENT	Note	----- (Rupees in '000) -----	
Operating fixed assets			
- owned	7.1	128,536,714	124,895,666
- right of use asset	7.2	17,090,717	11,905,038
		<u>145,627,431</u>	<u>136,800,704</u>
Capital work-in-progress	7.7	534,293	2,154,337
		<u>146,161,724</u>	<u>138,955,041</u>

7.1 Operating fixed assets

	2021						
	Land		Buildings on:		Hotel property (note 7.5)	Workshops and hangars	Aircraft fleet (notes 7.1.3, 7.4 and 7.6)*
	Leasehold (notes 7.1.1 and 7.3)	Others (note 7.1.1)	Leasehold land (notes 7.1.1 and 7.3)	Other land			
(Rupees in '000)							
As at December 31, 2020							
Cost or revalued amount	9,284,588	29,896	11,677,303	1,811,570	71,568,568	1,063,842	120,261,958
Accumulated depreciation	-	-	(8,947,697)	(1,427,340)	(28,913,477)	(862,874)	(60,510,329)
Net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629
Year ended December 31, 2021							
Opening net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629
Additions / transfers	-	-	-	4,980	-	-	3,727,677
Surplus on revaluation	-	-	-	-	4,542,925	-	-
	-	-	-	4,980	4,542,925	-	3,727,677
Translation adjustments							
Cost or revalued amount	-	-	-	-	3,630,835	-	-
Accumulated depreciation	-	-	-	-	(580,857)	-	-
	-	-	-	-	3,049,978	-	-
Transfer to Investment Property							
Cost or revalued amount	(84,536)	-	(353,844)	-	-	-	-
Accumulated depreciation	-	-	232,194	-	-	-	-
	(84,536)	-	(121,650)	-	-	-	-
Disposals							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Write off / retirement							
Cost or revalued amount	-	-	-	(2,976)	-	-	-
Accumulated depreciation	-	-	-	2,976	-	-	-
	-	-	-	-	-	-	-
Depreciation charge for the year	-	-	(114,275)	(30,217)	(858,899)	(17,250)	(6,440,932)
Closing net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374
As at December 31, 2021							
Cost or revalued amount	9,200,052	29,896	11,323,459	1,813,574	79,742,328	1,063,842	123,989,635
Accumulated depreciation	-	-	(8,829,778)	(1,454,581)	(30,353,233)	(880,124)	(66,951,261)
Net book value	9,200,052	29,896	2,493,681	358,993	49,389,095	183,718	57,038,374

7.1.1 Land classified as 'Others' are amenity plots licensed from Pakistan Civil Aviation Authority (CAA). These are non-transferable as these were allotted at below market price.

7.1.2 Aircraft fleet includes five engines (05) (2020: five (05) engines) held by a third party for overhauling purpose as at December 31, 2021. The carrying value of these engines at year end is Rs. 1,412,407 million (2020: Rs. 1,493,733 million)

2021

Equipment	Engineering equipment and tools	Vehicle	Furniture, fixtures and fittings	Computer and office automation	Heat ventilation and air conditioning	Kitchen and bar equipment	Television / dish / stand	Capital spares	Total
(Rupees in '000)									
3,458,694 (3,109,096)	2,037,386 (1,606,175)	2,832,118 (2,657,468)	16,343,365 (10,691,044)	2,317,050 (2,121,903)	22,185 (17,711)	7,417 (5,921)	12 (12)	7,688,042 (4,435,281)	250,403,994 (125,508,327)
349,598	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,666
349,598	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,666
91,348	10,526	3,820	196,298	28,991	-	-	-	229,636	4,293,276
6,840	6,033	-	-	859	-	-	-	-	4,556,657
98,183	16,559	3,820	196,298	29,850	-	-	-	229,636	8,849,933
-	-	-	776,729 (223,006)	-	-	-	-	-	4,407,564 (803,663)
-	-	-	553,723	-	-	-	-	-	3,603,701
-	-	-	-	-	-	-	-	-	(438,380)
-	-	-	-	-	-	-	-	-	232,194
-	-	-	-	-	-	-	-	-	(206,186)
(2,455)	(5,004)	(25,606)	(1,100)	(3,092)	-	-	-	-	(37,257)
2,449	5,004	24,663	3,927	2,977	-	-	-	-	38,820
(6)	-	(1,143)	2,827	(115)	-	-	-	-	1,563
-	-	-	-	-	-	-	-	-	(2,976)
-	-	-	-	-	-	-	-	-	2,976
(123,286)	(52,362)	(42,855)	(681,263)	(62,541)	-	-	-	(184,084)	(8,607,964)
324,494	193,408	134,473	5,723,906	162,341	4,474	1,496	-	3,298,313	128,535,714
3,554,427 (3,229,933)	2,048,941 (1,855,533)	2,810,332 (2,675,869)	17,315,292 (11,591,386)	2,343,808 (2,181,467)	22,185 (17,711)	7,417 (5,921)	12 (12)	7,917,678 (4,619,345)	263,182,878 (134,646,164)
324,495	193,408	134,473	5,723,906	162,341	4,474	1,496	-	3,298,313	128,537,714

Owned fixed assets

2020

	Land		Buildings on:		Hotel property (note 7.5)	Workshops and hangars	Aircraft fleet (notes 7.1.3, 7.4 and 7.6)
	Leasehold (notes 7.1.1 and 7.3)	Others (note 7.1.1)	Leasehold land (notes 7.1.1 and 7.3)	Other land			
(Rupees in '000)							
As at December 31, 2019							
Cost or revalued amount	8,692,600	24,400	10,349,610	1,809,538	155,229,815	913,604	117,732,280
Accumulated depreciation	-	-	(8,711,667)	(1,392,736)	(27,676,373)	(849,289)	(55,637,379)
Net book value	8,692,600	24,400	1,637,943	416,802	127,553,442	64,315	62,094,901
Year ended December 31, 2020							
Opening net book value	8,692,600	24,400	1,637,943	416,802	127,553,442	64,315	62,094,901
Additions / transfers	-	5,496	-	1,046	-	-	2,697,306
Reclassification to investment property - Net	-	-	-	-	(86,852,839)	-	-
Revaluation reclassification to Investment Property	-	-	-	-	16,646,706	-	-
Transfer from CWIP	-	-	-	984	-	150,238	2,649,201
Revaluation							
Revaluation for the year	591,988	-	1,327,693	-	(18,686,127)	-	-
	591,988	-	1,327,693	-	(18,686,127)	-	-
Translation adjustments							
Cost or revalued amount	-	-	-	-	5,231,014	-	-
Accumulated depreciation	-	-	-	-	(592,666)	-	-
	-	-	-	-	4,638,348	-	-
Adjustments / transfer							
Cost or revalued amount	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Disposals							
Cost or revalued amount	-	-	-	-	-	-	(2,215,079)
Accumulated depreciation	-	-	-	-	-	-	1,752,327
	-	-	-	-	-	-	(462,752)
Write off / retirement							
Cost or revalued amount	-	-	-	-	-	-	(601,750)
Accumulated depreciation	-	-	-	-	-	-	231,663
	-	-	-	-	-	-	(370,087)
Depreciation charge for the year	-	-	(236,030)	(34,604)	(644,438)	(13,585)	(6,856,940)
Closing net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629
As at December 31, 2020							
Cost or revalued amount	9,284,588	29,896	11,677,303	1,811,570	71,568,568	1,063,842	120,261,958
Accumulated depreciation	-	-	(8,947,697)	(1,427,340)	(28,913,477)	(862,874)	(60,510,329)
Net book value	9,284,588	29,896	2,729,606	384,230	42,655,091	200,968	59,751,629



2020

Equipment	Engineering equipment and tools*	Vehicle	Furniture, fixtures and fittings*	Computer and office automation*	Heat ventilation and air conditioning	Kitchen and bar equipment	Television / dish / stand	Capital spares	Total
(Rupees in '000)									
3,584,319	2,026,889	2,626,028	14,447,604	2,284,987	22,185	7,417	12	7,581,924	327,333,213
(2,979,234)	(1,756,330)	(2,572,188)	(9,733,948)	(2,052,230)	(17,711)	(5,921)	(12)	(4,298,284)	(117,683,302)
605,085	270,559	53,840	4,713,656	232,757	4,474	1,496	-	3,283,640	209,649,910
605,085	270,559	53,840	4,713,656	232,757	4,474	1,496	-	3,283,640	209,649,910
25,445	11,253	345	3,046,381	33,677	-	-	-	106,118	5,927,069
-	-	-	-	-	-	-	-	-	(86,852,839)
-	-	-	-	-	-	-	-	-	16,646,706
299	1,746	-	300	164	-	-	-	-	2,802,932
-	-	-	-	-	-	-	-	-	(61,476,133)
-	-	-	(681,562)	-	-	-	-	-	(17,448,009)
-	-	-	(681,562)	-	-	-	-	-	(17,448,009)
-	-	-	627,604	-	-	-	-	-	5,858,618
-	-	-	(260,771)	-	-	-	-	-	(853,437)
-	-	-	366,833	-	-	-	-	-	5,005,181
(150,935)	-	270,847	-	-	-	-	-	-	119,912
21,382	-	(129,212)	-	-	-	-	-	-	(107,830)
(129,553)	-	141,635	-	-	-	-	-	-	12,082
-	-	(3,267)	(1,096,384)	(223)	-	-	-	-	(3,314,953)
-	-	3,267	962,412	223	-	-	-	-	2,715,229
-	-	-	(133,972)	-	-	-	-	-	(596,724)
(434)	(2,502)	(61,835)	(578)	(1,555)	-	-	-	-	(668,654)
434	2,502	61,835	578	1,555	-	-	-	-	298,567
-	-	-	-	-	-	-	-	-	(370,087)
(151,678)	(54,347)	(21,170)	(1,659,315)	(71,451)	-	-	-	(136,997)	(9,880,555)
349,599	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,666
3,498,694	2,037,386	2,832,118	16,343,365	2,317,050	22,185	7,417	12	7,688,042	250,403,994
(3,109,096)	(1,808,175)	(2,657,468)	(10,691,044)	(2,121,903)	(17,711)	(5,921)	(12)	(4,435,281)	(125,508,327)
349,599	229,211	174,650	5,652,321	195,147	4,474	1,496	-	3,252,761	124,895,666

7.2 Right of use assets

	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
	----- (Rupees in '000) -----			
As at January 01, 2020				
Cost or revalued amount	22,502,210	1,614,895	473,440	24,590,545
Accumulated depreciation	(7,256,801)	(399,216)	(154,453)	(7,810,470)
Net book value	15,245,409	1,215,679	318,987	16,780,075
Year ended December 31, 2020				
Opening net book value	15,245,409	1,215,679	318,987	16,780,075
Additions during the year				
Additions in Right of use asset	3,083,116	-	-	3,083,116
	3,083,116	-	-	3,083,116
Transfer to owned fixed assets				
Cost	-	-	(119,912)	(119,912)
Accumulated depreciation	-	-	107,829	107,829
	-	-	(12,083)	(12,083)
Disposals / write off				
Cost	(1,880,991)	-	-	(1,880,991)
Accumulated depreciation	1,133,955	-	-	1,133,955
	(747,036)	-	-	(747,036)
Depreciation charge for the year	(6,744,688)	(375,975)	(78,371)	(7,199,034)
Closing net book value	10,836,801	839,704	228,533	11,905,038
As at December 31, 2020				
Cost or revalued amount	23,704,335	1,614,895	353,528	25,672,758
Accumulated depreciation	(12,867,534)	(775,191)	(124,995)	(13,767,720)
Net book value	10,836,801	839,704	228,533	11,905,038
Year ended December 31, 2021				
Opening net book value	10,836,801	839,704	228,533	11,905,038
Addition / transfer during the year				
Addition in Right of use assets	7,656,565	111,863	8,474	7,776,902
	7,656,565	111,863	8,474	7,776,902
Adjustment				
Re-assessment of redelivery cost	2,681,333	-	-	2,681,333
Transfer to owned fixed assets				
Cost or revalued amount	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Disposals / write-off				
Cost or revalued amount	-	-	-	-
Accumulated depreciation	-	-	-	-
	-	-	-	-
Depreciation charge for the year	(4,858,918)	(346,868)	(66,770)	(5,272,556)
Closing net book value	16,315,781	604,699	170,237	17,090,717
As at December 31, 2021				
Cost or revalued amount	34,042,233	1,726,758	362,002	36,130,993
Accumulated depreciation	(177,264,52)	(1,122,059)	(191,765)	(19,040,276)
Net book value	16,315,781	604,699	170,237	17,090,717
Annual depreciation rate (%)	6.25-15	4.7-33.33	10	



7.2.1 This represents Rs. 7,656,565 million (2020: 3,059,230 million) against 2 aircraft obtained during the year by the Company under lease arrangements. The amount includes Rs. 1,252,232 million on account of sales tax paid on import basis.

7.2.2 The fair values of leasehold land and buildings on leasehold land were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of leasehold land and building on leasehold land falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

7.2.3 Hotel properties

Roosevelt Hotel Corporation N.V. (R.H.C)

Upon the closing of the hotel on December 18, 2020, the property was classified as investment property as it is not held for sale and the future use is currently unknown. The investment property is recorded at its revalued amount.

RHC engaged Metropolitan Valuation Services, Inc. ("MVS") to perform a valuation of the property as of December 31, 2020 & 2021. MVS concluded that the highest and best use of the property would be as a commercial redevelopment site.

The 2020 & 2021 highest and best use determination was based on MVS' evaluation of comparable sales for mixed use Class "A" office and retail development in the midtown area of New York City. In connection with the valuation, MVS concluded a value to be \$750 per square foot of developed area, or \$475 million at December 31, 2020 & 2021. The concluded value incorporated an estimated cost of \$11,964,960 to demolish the existing improvements. Management used their estimate of additional demolition costs of \$41,196,659 in the estimate of fair value at December 31, 2020 & 2021.

Minhal France S.A.

Due to renovation of Scribe Hotel, valuation was carried out as at 31 December 2021 by an independent appraiser. The appraiser determined that the market value of the freehold interest in Scribe Hotel as at 31 December 2021 amounted to Euro 275,400,000 (US \$ 311,918,040) using Discounted Cash flow (DCF) method with an exit cap of 3% and discount rate of 4.3% which is higher than their alternative and recorded accordingly. This valuation includes lands, buildings and improvements and furniture and equipment. However, fair value of furniture and equipment approximates its carrying value resulting in the entire revaluation surplus allocated to lands, buildings and improvements. Before revaluation the carrying value of lands, buildings and improvements at 31 December 2021 amounted to US \$ 275,512,703 and accordingly during the year 2021, a surplus of US \$ 25,736,981 was credited to 'surplus on revaluation of operating fixed assets'.

7.3 Depreciation charge for the year has been allocated as under:

		2021	2020
	Note	----- (Rupees in '000) -----	
Cost of services - others	33	13,855,689	15,643,576
Distribution costs	34	10,473	18,859
Administrative expenses	35	14,358	1,417,154
		<u>13,880,520</u>	<u>17,079,589</u>

- 7.4 Had there been no revaluation, the written down value of the revalued assets in the consolidated financial statement would have been as follows:

	2021			2020		
	Cost	Accumulated depreciation	Book value	Cost	Accumulated depreciation	Book value
	(Rupees in '000)					
Leasehold land	44,166		44,166	44,166		44,166
Buildings on leasehold land	256,185	174,076	82,109	258,148	173,644	84,504
Hotel Properties	56,416,886	25,645,505	30,771,381	52,724,376	23,132,924	29,591,452
	56,717,237	25,819,581	30,897,656	53,026,690	23,306,568	29,720,122

- 7.5 Following operating fixed assets were disposed off during the year:

Description	Method of disposal	Cost	Accumulated	Net	Sale	Gain/loss on disposal
		(Rupees in '000)				
Furniture and equipment	Straight Line	1,239,285	(1,087,851)	151,434	151,434	-
Motor Vehicle		3,693	(3,693)	-	-	-
	2021	1,242,978	(1,091,544)	151,434	151,434	-
Aggregate value of items where NBV is above Rs. 500,000 + various vendors						
	2020	1,091,153	(958,216)	132,937	132,937	-

Sale of Operating fixed assets is made through a disposal committee in accordance with the prescribed procedures.

7.6 For the year ended Decemobr 31, 2021

The details of Immovable fixed assets (i.e Land & Other Land) are as follows:

Description of Location	Addresses	Total Area of Land Sqaure Yards
PIA Booking Office Rawalpindi	5th Tlie Mall Road, Saddar, Rawalpindi	4,328
PIA DFSL Warehouse Islamabad	Warehouse, Sector I-I 1/4, (Pir Wadhai) Islamabad	7,200
PIA Sales Office Gawadar	Airport Road, Gawadar	2,420
PIA Sales Office Multan	65 Ahmed Shahn, Abdali Road, Multan	6,528
PIA Sales Office Azad Kashmir	Chattar, Muzaffarabad, Azad Kashmir	444
PIA Sales Office Peshawar	33-The Mall, Arbad Road, Peshawar	9,931
PIA Sales Office Sawat	Falzarabad, Saidu Shareef, Malingora, Sawat	1,211
Land for PIA Staff Housing Colony Saidu Sharif	PIA Staff Housing Colony Saidu Sharif	1,208
PIA Sales Office Skardu	Chashma Bazar, Skardu	1,250
Airport Office Skardu	Tehsil Gumbaz near old runway Skardu	4,248
PIA Sales Office Turbat	Commissioner Road, Turbat	18,295
PIA Sales Office Islamabad	Jinnah Avenue, 49 Blue Area, Islamabad	1,200
PIA Sales Office Lahore	Opp. Punjab Assembly Near Wapda House, Lahore	4,600
PIA Diagnostic Center Karachi	B-33, KDA Scheme 1, Karsaz, Karachi	1,874

Description of Location	Addresses	Total Area of Land Square Yards
PIA Air Crew Medical Center Karachi	C-1, KDA Scheme-I, Karsaz, Karachi	1,120
PIA Sales Office Faisalabad	Block 16, 26/6, Civil Lines, Faisalabad	1,974
PIA Sales Office Chittol	Polo Ground, Chittol	3,666
PIA Sales Office Building Quetta	17 Shahid Hall, Cantonment, Quetta	3,732
Land for Sales Officer Ormara	PIA sales office, Ormara Baluchistan	10,000
Land for Sales Officer Sialkot	Plot situated opposite to Chamber of Commerce Park Road, Sialkot	1,778
Farm house Abbottabad	Nathia Gali Road Abbottabad	18,166
Land for Sales Office Gilgit	Plot of PIA City Road near Nil Shopping Centre, Gilgit	525
Land for new sales office Sukkur	Minara Road near Jamia Masjid, Sukkur	2,146
Land for Qasim Iqbal Khan	Survey No. 3A 195.09 Sq. Meter D.L.Khan Cantt	233
PIA housing colony (Water Tank) Karachi	PIA Housing Colony Water Tank Karachi	1,667
Super Highway for Precision Engineering Complex Karachi	On Super Highway PEC Complex Karachi	968,000
PIA hospital Karachi	Gulistan-e-Jauhar Karachi	48,200
Land for PIA Boys Scouts Host & Training Centre Karachi	PIA Boy Scouts Training Centre Karachi	1,226
Training Centre Nawabshah	Nawabshah training Centre Nawabshah	1,778
PIA Sales Office Quetta	17th Shahid Hall, Cantonment Quetta	3,731
Airport Office Skardu	Airport Skardu	2,420
Land for TGS Section Skardu	Chishima Bazar Skardu	1,815
Land for Head Quarter of Islamabad	Plot no 57/F-7-7, blue area Islamabad	4,608
G.D Somani Marg Cuttè Parade, Mumbai	Flat No. 32, 3rd Floor Jolly Market-3 G.D Somani Marg, Cuttè Parade, Mumbai - 400 005	193
Narain Manzil, New Delhi	Narain Manzil, 23 Barakhamba Road, New Delhi - 110001	451
Shaykhonahur District Tashkent	Shaykhonahur District Halkar Dastligi Street, Tashkent	291
Residence No 66 New York	Saxon Woods Road Scarsdale, NY 10583-7812, New York	492
Leidselaar 17 Amsterdam	1017 NT Amsterdam The Netherlands, Amsterdam	116
Van Nisrodeweg 635 Amsterdam	1082 JM Amsterdam The Netherlands, Amsterdam	309
Koningsvaren 109 Abcoude Amsterdam	Koningsvaren 109 Abcoude, Amsterdam	500

(b) In addition to above, there are certain assets which are acquired on lease and classified in fixed assets on Right of Used (ROU) basis.

7.7 Capital work-in-progress

Year ended December 31, 2021

	Aircraft fleet	Others	Total
	(Rupees in '000)		
Balance at beginning of the year	1,784,069	370,268	2,154,337
Additions during the year	-	195,524	195,524
Transfer to operating assets	-	(31,207)	(31,207)
Adjustment	(1,784,069)	(292)	(1,784,361)
Balance at end of the year	-	534,293	534,293

Year ended December 31, 2020

	Aircraft fleet	Others	Total
Balance at beginning of the year	4,433,270	446,286	4,879,556
Adjustment	-	(1,673)	(1,673)
Additions during the year	(2,649,201)	111,864	(2,537,337)
Transfer to operating assets	-	(186,209)	(186,209)
Balance at end of the year	1,784,069	370,268	2,154,337

8 INVESTMENT PROPERTY

Lands, buildings and improvements	Furniture and equipment	Total
----- (Rupees in '000) -----		

Year ended 31 December 2020

Balance as at beginning of the year	-	-	-
Acquisitions	142,122	-	142,122
Reclassification from Property, plant & equipment	88,204,708	692,171	88,896,879
Change in Fair Value	(16,905,813)	-	(16,905,813)
Depreciation Charged till Reclassification Date	(679,531)	(20,45,49)	(884,080)
Balance as at end of the year	70,761,486	487,622	71,249,108

Year ended 31 December 2021

Balance as at beginning of the year	70,761,486	487,622	71,249,108
Acquisitions	-	-	-
Reclassification from Property, Plant & Equipment	206,186	-	206,186
Gain on revaluation	38,285	-	38,285
Currency translation	7,384,127	50,889	7,435,014
Balance as at end of the year	78,390,085	538,510	78,928,594

8.1 The fair value of the investment property as at December 31, 2021, were performed by Accredited Appraisals Services Corp. NY who are independent valuers. The fair value was determined by using the cost approach.

8.2 Details of immovable investment property:

8.2.1 Forced sale value of the aforementioned investment property as of the reporting date is estimated to be Rs. 238,293 million.

8.2.2 Rental income earned during the year was Rs. 11.019 million per annum.

8.2.3 The fair values of investment property were determined with reference to market based evidence, based on active market prices and relevant enquiries and information as considered necessary, and adjusted for any difference in nature, location or condition of the specific properties. The fair value of investment property falls under level 2 of fair value hierarchy (i.e. significant observable inputs).

9 INTANGIBLES

Computer software	Goodwill	Total
----- (Rupees in '000) -----		

Computer softwares

Balance as at beginning of the year	407,762	5,031,637	5,439,399
Addition during the year	33,018	-	33,018
Translation adjustment	-	159,009	159,009
Amortisation for the year	(137,893)	-	(137,893)
Transfer from CWP	32,138	-	32,138
Balance as at end of the year	335,025	5,190,646	5,525,671

As at December 31, 2020

Cost	1,150,063	4,670,674	5,820,737
Less: Accumulated amortisation	(815,038)	519,972	(295,066)
	335,025	5,190,646	5,525,671



	Computer software	Goodwill	Total
	----- (Rupees in '000) -----		
As at December 31, 2021			
Balance as at beginning of the year	335,025	5,190,646	5,525,671
Addition during the year	96,937	-	96,937
Translation adjustment	-	541,664	541,664
Amortisation for the year	(159,310)	-	(159,310)
Transfer from CWIP	17,942	-	17,942
Balance as at end of the year	290,594	5,732,310	6,022,904
Cost	1,264,942	5,212,338	6,477,280
Less: Accumulated amortisation	(974,348)	519,972	(454,376)
	290,594	5,732,310	6,022,904
Useful life	5 years		

9.1	Amortisation for the year has been allocated as under:	Note	2021	2020
			----- (Rupees in '000) -----	
	Cost of services - others	33	12,745	11,030
	Administrative expenses	35	146,565	126,863
			159,310	137,893

10 LONG - TERM INVESTMENTS

Investment in related party Unquoted - at cost

Associate	10.1 & 10.2	111,977	101,490
Investment in other than related party			
Other investments	10.3	259,222	164,638
		371,199	266,128

10.1 Movement in investment in an Associate - unquoted

Balance at beginning of the year	101,490	98,621
Share of profit during the year	917	(978)
	102,407	97,643
Translation adjustment	9,570	3,847
Balance at end of the year	111,977	101,490

10.2 Associate - unquoted

Summarised financial information of the associate along with the Group's respective share is as follows:

	Name of associate	Country of incorporation	Total assets	Total liabilities	Revenue	Loss	Interest held by the Group
			----- (Rupees in '000) -----				(%)
2021	Minhal Incorporated	British Virgin Islands	301,519	4,920	-	917	40%
2020	Minhal Incorporated	British Virgin Islands	273,877	5,158	-	(978)	40%

		2021	2020
	Note	----- (Rupees in '000) -----	
10.3 Other investments			
Fair value through other comprehensive income	10.3.1	259,222	164,638
10.3.1 Fair value through other comprehensive income			
Quoted			
<i>Pakistan Services Limited</i>			
172,913 (2020: 172,913) ordinary shares of Rs. 10 each			
having market value per ordinary share of Rs. 1,497			
(2020: Rs. 950) each		258,851	164,267
Unquoted			
<i>Pakistan Tourism Development Corporation Limited</i>			
10,000 (2020: 10,000) ordinary shares of Rs. 10 each		100	100
<i>Duty Free Shops (Private) Limited - Pakistan</i>			
87,512 (2020: 87,512) ordinary shares of Rs. 3,10 each		271	271
		259,222	164,638
		2021	2020
		----- (Rupees in '000) -----	
11. RECEIVABLE IN RESPECT OF CENTRE HOTEL			
Receivable in respect of Centre Hotel	11.1	1,333,420	1,207,423

11.1 This represents PIAL's share of net assets of Centre Hotel, Abu Dhabi, a joint venture between PIAL and H. H. Sheikh Hamdan Bin Mohammed Al Nahyan. The parties entered into a Partnership Agreement on June 08, 1977 and simultaneously entered in a Joint Venture Agreement on the same day to construct and operate a hotel on a land owned by Sheikh Hamdan, to be known as Centre Hotel. Subsequently, under a Supplemental Agreement dated January 12, 1978 the rights and obligations of Sheikh Hamdan and PIAL under both the agreements were assigned to Sheikh Khalifa and PIAL respectively, however, the assignment to PIAL was not registered.

The joint venture was for a period of 17½ years, which expired on April 21, 1997. In accordance with the terms of the agreement, net current assets of the joint venture at the end of the term were to be distributed to joint venture partners in the ratio of their investment. However, a dispute arose between the parties over a renovation program initiated by Sheikh Khalifa prior to the expiry of the joint venture term. PIAL disputed the said renovation on the grounds that there was no obligation on the joint venture to renovate or reinstate the Hotel premises prior to its reversion to Sheikh Hamdan and recognised an amount of AED 27,746,614 as asset representing PIAL's share of net assets as at April 21, 1997 on the basis of unaudited management accounts of the joint venture.

The parties could not reach an amicable agreement as to the above and on February 23, 1997, a Notice of Arbitration was sent to Sheikh Khalifa. Subsequently an application was submitted to the Abu Dhabi Courts for an order to appoint an arbitrator. PIAL won the case at various courts in Abu Dhabi and finally in March 2010, the Supreme Court of Abu Dhabi advised the Federal Supreme Judicial Council to appoint one of its judges as an Arbitrator in the subject dispute. In August 2010, Judge Ahmed Al Mulla of Al Sharjah Court was appointed as the Judge Arbitrator. The arbitration proceedings concluded during the year 2012, and the Arbitrator, based on the reports submitted by a panel of three experts from the Ministry of Justice, ordered Sheikh Khalifa to pay PIAL a sum of AED 23,342 million (US\$ 6,355 million) along with interest at the rate of 6% from the date of the issuance of judgment.

PIAL, in order to have the Arbitrator's aforesaid award ratified, filed a ratification claim with the Court of First Instance, Abu Dhabi. However, Sheikh Khalifa also filed a claim for nullification of Arbitrator's aforesaid Award. The Court of First Instance, Abu Dhabi adjudicated that it did not have the jurisdiction to decide in the matter and referred it to the competent court at the Abu Dhabi judicial department i.e. Abu Dhabi Commercial Court (the Court) for carrying out further proceedings. The Court conducted a hearing on May 14, 2013 and accepted PIAL's claim for ratification of Arbitration Award of AED 23,342 million (US\$ 6,355 million), along with interest at the rate of 6%, and dismissed Sheikh Khalifa's claim for nullification of award.

Sheikh Khalifa challenged the decision of the Court in Abu Dhabi Appeals Court which through its order dated July 23, 2013 decided the case in favor of PIAL. In response to this decision, Sheikh Khalifa filed an appeal against the said decision in the Cassation Court.

On October 02, 2013 PIAL submitted a response to the appeal filed by Sheikh Khalifa in the Cassation Court which gave its final decision through its order dated January 08, 2014 in PIAL's favor. During March 2014, the execution was served on Sheikh Khalifa as required under the local laws, and thereafter, on account of failure by Sheikh Khalifa to make the payment, the Execution Judge ordered the attachment of Sheikh Khalifa's bank accounts, shares in Dubai and Abu Dhabi stock markets and also addressed a letter to the land department inquiring on the lands owned or registered under the Sheikh's name.

However, Sheikh Khalifa filed a grievance against the said execution order and on December 23, 2014, the Execution Judge ordered the suspension of execution proceedings on the ground that Abu Dhabi Economic Department had advised that since the Centre Hotel was owned by the heirs of Sheikh Hamdan Al Nahyan, therefore, its title could not be transferred to Sheikh Khalifa alone as he had several other legal heirs as well. Based on the same, the Execution Court could not execute the arbitration award i.e. to pay the amount awarded by the arbitrator to PIAL. PIAL filed an appeal against the said suspension, however, the court disallowed the same.

- 11.2 During this year 2016, based on PIAL's application, the Execution Department re-opened the case, and various hearings were held in the matter. Finally, on February 26, 2017, the Execution Judge ordered to resume the execution proceedings against Sheikh Khalifa, whereby, the Court has decided to approach various competent authorities to attach Sheikh Khalifa's assets, bank accounts, cars and shares in Dubai and Abu Dhabi stock markets after determination of amount to be executed by the Court accountant. Sheikh Khalifa has not filed an appeal against the said order. As per court order, the Court accountant has determined the PIAL's claim amount along with interest in the sum of AED 29,941 million. Subsequently, the Court issued a letter to Abu Dhabi's Identity Department to get a copy of Sheikh Khalifa's ID and passport in order to process the letters to various competent authorities. On October 31, 2017 the Court issued an order to the management of Centre Hotel to attach Sheikh Khalifa's share in the profits of the Hotel to settle PIAL's arbitration amount.

On February 27, 2018, the Company's representatives had a meeting with Sheikh Khalifa's representatives whereby Sheikh Khalifa's representatives offered the following proposal to settle the principal amount of AED 23.341 million if the interest amount of approximately AED 6 million to be waived by PIAL.

AED 20 million (US\$ 5.45 million) to be paid upfront as a full and final settlement; or

AED 18 million (US\$ 4.90 million) to be paid upfront, and the balance amount of AED 5,341 million (US\$ 1.46 million) to be settled in equal annual installments over a period of 5-6 years via Post Dated Cheques.

- 11.3 A summary of Board's unanimous written resolution dated March 18, 2018 for the above settlement agreement was submitted before Aviation division for approval by the federal cabinet. On May 03, 2018, Federal Cabinet approved the proposal that Sheikh Khalifa would immediately pay AED 18 million (US \$ 4.90 million), and the balance of AED 5,342 million (US \$ 1.46 million) to be paid over a period of 5 years via post-dated cheques. Accordingly, communication was made to representative of Sheikh Khalifa and it was agreed that final agreement would be prepared for execution of above proposal. Thereafter, despite various reminders no response has been received from representative of Sheikh Khalifa. Consequently, on September 18, 2018, petition was submitted with the judge for attachment and auction of Sheikh Khalifa's in Centre Hotel and attachment of tourism licence of the Hotel, which was approved by the judge and the same has been communicated to Abu Dhabi Economic Department.

- 11.4 The Company legal advisors have submitted a petition of delegation to the Court to inquire about the properties registered under Sheikh Khalifa's name. On March 25, 2019 a letter was issued by the Court addressing the competent authorities in Al Ain, Dubai and Sharjah to inquire about the properties registered under the execution in Sheikh Khalifa's name.

- 11.5 On October 26, 2021, Company's management had held a zoom call with its attorneys of Dubai, wherein, the attorneys had appraised as follows:

A few months back, Abu Dhabi land department had provided them an updated list of the properties owned by Sheikh Khalifa (apparently 3 properties). Accordingly, he had requested the enforcement judge to issue an inquiry to the land department, and inquire if there were any restrictions on the plots that might prevent the claimant from auctioning the properties, however, the Court had not yet issued the said inquiry.

There were three steps to auction the said properties:

- 1 - Identification,
- 2 - Enforcement attachment, and
- 3 - Auctioning of said properties.

Attorneys also advised that they were at stage 2 i.e. enforcement, however the process was very slow due to the ongoing Covid restrictions, but they were following up with the enforcement department regularly, and hopefully they would be able to attach, and auction said properties at the earliest time possible.

In view of above, the management is confident that the amount of AED 23,341,905 along with interest at the rate of 6% from the issuance of the aforementioned judgment will eventually be received by PNL. Accordingly, the management has continued to recognize the subject amount of AED 27,746,614 (US \$ 7,554,210). To the amount initially recognized based on PIAL's share of net assets as at 21 April 1997, as an asset in the consolidated financial statements as it believes that the eventual receipt against the arbitration award will not be materially different from the amount recognized as an asset.

		2021	2020
	Note	----- (Rupees in '000) -----	
12. LONG-TERM LOANS AND ADVANCES			
Secured, considered good			
Employees	12.1	603	603
		<u>603</u>	<u>603</u>
12.1	This represents loans given by SRL to its employees which are secured against gratuity fund balances of respective employees. The loans carry interest at the rate of 5% to 8% (2020: 5% to 8%) per annum and is receivable within four years from the date of disbursement. There are no loans to directors, chief executive officer or other executives.		
13. LONG-TERM DEPOSITS AND PREPAYMENTS			
Deposits			
Considered good			
Aircraft fleet lease deposits		3,879,201	2,547,327
Maintenance reserve	13.1	161,875	217,973
Engine maintenance		141,902	141,902
Other lease and utilities		125,781	108,639
Deposit to service providers		13,096	12,071
Guarantee deposit		75,161	55,218
Others	13.4	6,678	6,678
		<u>4,403,694</u>	<u>3,089,808</u>
Considered doubtful			
Less: Provision for impairment against doubtful deposits	13.2	357,877 (357,877)	357,877 (357,877)
		<u>4,403,694</u>	<u>3,089,808</u>
Prepayments			
Rental commission	13.3	18,323	22,038
Prepayment in respect of lease	13.5	124,169	115,521
Exposure fee to support financing	13.5	130	130
		<u>142,622</u>	<u>137,689</u>
	17.3	(3,576)	(1,801)
Current portion shown under short-term prepayments		<u>139,046</u>	<u>135,889</u>
		<u>4,542,740</u>	<u>3,225,696</u>
13.1	This represents the remaining balance of maintenance reserve which was required to be kept by the Holding Company with a lessor, under the terms of the lease agreement that was terminated in the year 2012 which will be utilised against future purchases.		

		2021	2020
	Note	----- (Rupees in '000) -----	
13.2 Movement in provision is as follows:			
Balance as at beginning of the year		357,877	357,877
Provision made during the year		-	-
Balance as at end of the year		<u>357,877</u>	<u>357,877</u>
13.3 Movement in prepayment in respect of lease is as follows:			
Balance as at beginning of the year	13.3.1	115,522	98,836
Amortisation for the year	35	(1,815)	(1,699)
Translation adjustment		10,462	18,385
Balance as at end of the year		<u>124,169</u>	<u>115,522</u>

- 13.3.1** Upto December 31, 2012, PIAL was claiming an aggregate amount of US\$ 733,280 from Pakistan Cricket Board (PCB), formerly Board of Control for Cricket in Pakistan (BCCP), on account of various payments made during the calendar years from 1980 to 1988 in terms of agreement dated October 07, 1980 and Promissory Note dated December 04, 1980, signed between PIAL and PCB. According to the agreement, PCB had agreed to pay PIAL all sums including outstanding principal amount along with interest thereon. In order to settle PIAL's aforesaid claim, PCB initially executed a sub-lease for transfer of land of 5 acres (settlement plot) in the name of Holding Company on September 13, 1987, and later PCB and PIAL entered into a Joint Venture Agreement dated October 11, 2007, whereby, PCB offered PIAL another piece of land as an alternate to the Settlement Plot measuring 5.8 acres (i.e. 'Alternate Plot'). It was agreed that after the date of signing of the JV Agreement 2007, PCB and PIAL should form a limited liability company with ownership ratio of 62.5% and 37.5% to be held by PIAL and PCB respectively.

Accordingly, during the year 2008, a separate company was formed with the name of Avant Hotels (Private) Limited (Avant), which is owned by PIAL and PCB in the aforesaid agreed ratio. As per the JV Agreement 2007, the rights of the shareholders in Avant shall be outlined in a shareholders' agreement to be executed between PCB and PIAL, which has not been executed to date.

On 14 February 2013, representatives of PCB and Avant signed the sub-lease agreement before the registrar for transfer of a plot measuring 5.8 acres to Avant. In consequence of sub-lease of the aforementioned land in favor of Avant, the principal receivable from PCB was derecognized and correspondingly the asset received in lieu was recognized as a long-term prepayment against Avant's right to use the land for 66 years commencing from 14 February 2013. In accordance with the sub-lease agreement, upon the expiry or termination of the said sub-lease agreement, Avant shall peacefully handover the plot to PCB including all the developments and supra structure. According to the terms of aforesaid joint venture agreement, right granted over the use of land was considered settlement of all outstanding dues of PIAL from PCB. Accordingly, in these 66 years, Avant would recover the amount payable by PCB as stated above and also make profit during said period. Accordingly, the value of right to use asset is likely to be different from the lease payments.

The process of carrying out an independent exercise to ascertain the fair value of the subject 'right to use the land' remains to be completed. Based on the fair value to be determined, Avant will evaluate the recognition of transaction in accordance with the its accounting framework. Pending result of the said fair value exercise Avant's evaluation of the appropriate accounting policies the financial effect of the right to use the land does not form part of these consolidated financial statements.

Furthermore, on 7 August 2019 Government of Pakistan (GOP) has extended the Master lease agreement between GOP and PCB for a period of 99 years i.e. from 2019 till 2118 for land measuring 104.5 acres pertaining to PCB. Consequently, the Avant Hotels Board has decided to extend the sub-lease agreement between PIAL and PCB for a period of 99 years i.e. from 2019 till 2118, however a written agreement is yet to be made.

PIAL believes that the fair value of the aforesaid right to use the land would be sufficient to cover the principal and accrued interest thereon. However, pending results of the said exercise, as a matter of prudence, the amount of recognition of long term prepayment has been restricted to the extent of outstanding principal amount of US\$ 0.712 million only. The amount of prepayment has been classified under non-current asset in these consolidated financial statements which is being amortised over the lease term of 66 years. Appropriate accounting adjustments, if required, shall be made upon determination of the fair value of the subject right to use the land as set out above in these consolidated financial statements.

- 13.4** This represents lease rentals prepaid by SRL to Civil Aviation Authority, Pakistan (CAA) for acquisition of the right to use plot of land and hotel building which is amortised over a period of 30 years on a straight line basis.

Initial lease agreement was effective from June 3, 1981 for a period of 20 years which expired on June 02, 2001. Lease arrangement for further 30 years has been finalised between SRL and CAA in their meeting held on January 07, 2008. However, the subject agreement has not yet been registered due to disagreement between the parties over the completion of certain legal formalities. SRL is currently pursuing the subject matter with relevant government authorities and is confident that following resolution of the dispute, the lease agreement will be registered.

13.5	Movement in Exposure fee to support financing	Note		
	Balance as at beginning of the year		130	5,788
	Amortised during the year	38	-	(5,658)
	Balance as at end of the year		130	130

- 13.5.1** This represents consideration paid to various finance providers for the purpose of guarantees issued in favour of the Holding Company, which is being amortised over the lease term.

		2020	2021
		----- (Rupees in '000) -----	
14. STORES AND SPARES			
Stores		1,000,460	689,755
Spare parts		7,913,260	7,994,148
Inventory held for disposal - adjusted to net realisable value		252,859	252,859
Inventory related to food and beverages		27,841	23,955
		9,194,420	8,960,717
Provision for slow moving and obsolete spares:	14.1	(6,245,068)	(5,982,193)
		2,949,352	2,978,524

14.1 Movement in provision is as follows:

Balance as at beginning of the year		5,982,193	6,247,667
Provision / (reversal) for the year	36	262,875	(265,474)
Balance as at end of the year		6,245,068	5,982,193



15. TRADE DEBTS	Note	2020	2021
		----- (Rupees in '000) -----	
<i>Considered good</i>			
Due from other customers		11,232,274	5,567,102
Due from Government	15.3	3,941,966	4,515,651
		15,174,240	10,082,753
<i>Considered doubtful</i>			
Government related	15.1 & 15.2	337,109	337,109
Other customers	15.1 & 15.2	5,184,545	4,212,180
Less: Provision for impairment against doubtful debts	15.2	(5,521,654)	(4,549,289)
		-	-
		15,174,240	10,082,753

15.1 The aging analysis of trade debts related to Government and other customers are as follows:

2021						
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	----- (Rupees in '000) -----					
Current	464,861	-	464,861	7,176,062	116,069	7,292,131
Overdue less than or equal to 90 days	572,753	-	572,753	2,510,082	92,043	2,602,125
More than 90 days past due	378,636	-	378,636	789,156	157,058	946,214
More than 180 days past due	741,207	-	741,207	284,037	274,732	558,769
More than 360 days past due	1,784,509	337,109	2,121,618	472,937	4,544,643	5,017,580
	3,941,966	337,109	4,279,075	11,232,274	5,184,545	16,416,819

2020						
	Government			Other customers		
	Trade debts considered good	Impaired	Total	Trade debts considered good	Impaired	Total
	----- (Rupees in '000) -----					
Current	40,103	-	40,103	3,333,594	-	3,333,594
Overdue less than or equal to 90 days	573,082	-	573,082	1,020,908	26,922	1,047,830
More than 90 days past due	412,340	-	412,340	216,700	61	216,761
More than 180 days past due	976,363	-	976,363	569,127	181,240	750,367
More than 360 days past due	2,513,763	337,109	2,850,872	426,773	4,003,957	4,430,730
	4,515,651	337,109	4,852,760	5,567,102	4,212,180	9,779,282

		2021	2020
15.2	Movement in provision is as follows:	Note	----- (Rupees in '000) -----
	Balance as at beginning of the year		4,549,289
	Write off		(252,087)
	Translation adjustment		32,587
	Provision for the year	36	1,191,865
	Balance as at end of the year		5,521,654

15.3 Maximum aggregate gross amount due from Government at any month end was Rs. 6,724,020 million (2020: Rs. 5,143,796 million).

16. SHORT-TERM LOANS AND ADVANCES

Others

Employees	16.1	98,785	118,801
Fuel suppliers		242,988	466,899
Engineering related supplier	16.2	356,340	716,041
Other suppliers	16.3	2,393,105	2,350,524
		3,091,218	3,652,265
Considered doubtful			
Employees		-	102,890
Other Suppliers		820,580	820,580
		820,580	923,470
Provision for doubtful advances	16.4	(820,580)	(923,470)
		3,091,218	3,652,265

16.1 This includes advance of Rs. 2,112 million (2020: Rs. 21,563 million) paid to key management personnel.

16.2 This represents advance paid to M/s. Stelia Aerospace-France and Jamco Aero Design and Engineering PTE Ltd-US amounting to EUR 2,231,600 and USD 929,000 (2020: EUR 5,331,600 and USD 929,000) respectively on account of seating and inflight entertainment system to be installed in Boeing 777.

16.3 This includes advances paid to different suppliers in respect of lease rentals and overhauling of engines, auxiliary power units, landing gears etc.

16.4 Movement in provision is as follows:

Balance as at beginning of the year	923,470	1,097,616
Provision made during the year	(102,890)	(174,146)
Balance as at end of the year	820,580	923,470

17. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS	Note	2021	2020
		----- (Rupees in '000) -----	
Trade deposits			
Considered good		4,259,294	3,197,268
Considered doubtful		44,507	44,816
Less: provision against doubtful deposits	17.1	(44,507)	(44,816)
		-	-
		4,259,294	3,197,268
Restricted Cash	17.2	2,151	103,202
Prepayments	17.3	1,363,090	1,426,301
		5,624,535	4,726,771
17.1 Movement in provision is as follows:			
Balance as at beginning of the year		44,816	44,816
Reversal of provision		(309)	-
Balance as at end of the year		44,507	44,816
17.2	This represents restricted cash balances (escrow accounts) consists of replacement and other reserves required by agreement with RHC's lenders which are held in separate bank accounts.		
17.3 Prepayments			
Current portion of long-term prepayments		3,576	1,801
Real estate taxes		654,448	775,983
Insurance		230,779	260,330
Rent		177,402	160,302
Others		296,885	227,885
		1,363,090	1,426,301

		2021	2020
18. OTHER RECEIVABLES	Note	(Rupees in '000)	
Considered good			
- Related party			
Claims receivable		310,175	1,161,031
Excise duty	(33.1.1a)	100,000	100,000
Sales tax receivable	18.1	4,745,637	5,187,032
Grant receive from GoP	18.2	16,608	8,500,000
Receivable from GoP	18.3	117,112	-
- other than related party			
Rental income	18.4	9,631	32,903
Lessor	18.5	-	880,759
Others		2,026,504	1,189,016
		7,325,667	17,050,741
Considered doubtful		450,562	337,431
Less: Provision for doubtful other receivables	18.6	(450,562)	(337,431)
		7,325,667	17,050,741

- 18.1** This represents sales tax refundable aggregating Rs. 4,745,637 million (2020: Rs. 4,745,637 million) representing unadjusted portion of input tax under Sales Tax Act, 1990 (the Act). The Company has filed application for refunds of input sales tax up to December 31, 2011. In response, ACIR, Large Taxpayers Unit (LTU) through a letter has interalia stated that as the Company is engaged in both domestic and international air travel, therefore, input tax paid is adjustable only against the domestic air travel services as no input tax adjustment is allowed against the international air travel services in terms of Rule 41A(14) of the Federal Excise Rules, 2005 [see note 31.1.1 (d)].

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.

- 18.2** This represents amount receivable from Government in respect of VSS obligations as details disclosed in note 26.3.

- 18.3** This represents amount receivable from Government in respect of litigation fee paid on behalf of government.

- 18.4** RHC's Rental income from commercial leases is recognized on a straight-line basis over the term of leases. Deferred rental income of \$54,567 and \$205,857 at December 31, 2021 & 2020, respectively, represents pro-rata future receipts and are reflected in other financial assets on the accompanying statement of financial position. RHC has applied an allowance for future losses against deferred rental income from commercial leases of \$950,450 and \$881,653 as at December 31, 2021 & December 31, 2020, respectively, as management has reduced this portion of the deferred asset to its estimated net realizable value. Since recognition was not assured in 2021, the allowance was reflected as a reduction to revenue in the accompanying consolidated statements of comprehensive (loss). The Company, as lessor under various lease agreements with expiration dates ranging from 2027 to 2029, will receive rental income over the next five years and thereafter as follows:

Not later than 1 year	263,049	454,545
Later than 1 year but not later than 5 years	893,618	1,850,798
Later than 5 years	436,901	1,175,988
	1,593,568	3,481,531

- 18.5 These include aggregate amount of US \$ 138,499 (2020: US \$ 365,259) in respect of taxes recoverable, credits on value added tax (VAT), supplier rebates and deposit on Cotisation sur la Valeur Ajoutée des Entreprises (CVAE) in respect of MFSA.

		2021	2020
	Note	----- (Rupees in '000) -----	
18.6 Movement in provision is as follows:			
Balance as at beginning of the year (under AS 39)		337,431	337,431
Adjusted balance as on January 01, 2021		337,431	337,431
Provision made during the year	36	113,131	-
Balance as at end of the year		450,562	337,431

- 18.7 The maximum Aggregate amount due from related parties at the end of any month during the year were as follows:

National insurance company limited	1,161,031	1,437,138
Government of Pakistan	8,617,112	8,500,000
Federal board of revenue	4,845,637	4,845,637
PIA investments Limited	2,023	-

19. SHORT-TERM INVESTMENT

Available for sale - unquoted

325,491 (2020: 325,491) ordinary shares	19.1	19,220	19,220
		19,220	19,220

- 19.1 These shares are held by SITA INC. N.V. on behalf of the Holding Company and are transferable subject to certain specified conditions.

20. CASH AND BANK BALANCES

Cash			
In hand		1,176	19,950
In transit		29,907	2,578
		31,083	22,528
With banks:			
- In current accounts	20.1	11,821,371	6,274,721
- In deposit accounts	20.2 & 20.3	2,158,838	1,242,335
		13,980,209	7,517,056
		14,011,292	7,539,584

- 20.1 This has been adjusted by an aggregate amount of Rs. 504,244 million (2020: Rs. 871,405 million), representing bank overdrafts.

- 20.2 These carry interest ranging from 0.5% to 8.9% (2020: 0.1% to 7.5%) per annum.

- 20.3 This includes a bank balance of BDT 674,591 million (2020: BDT 673,069 million) equivalent to Rs. 1,390,803 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.

21. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021	2020		2021	2020
(Number of shares)			(Rupees in '000)	
Authorised capital				
Ordinary share capital				
5,349,250,000	5,349,250,000	'A' class shares of Rs. 10 each	53,492,500	53,492,500
1,500,000	1,500,000	'B' class shares of Rs. 5 each	7,500	7,500
5,350,750,000	5,350,750,000		53,500,000	53,500,000
Preference share capital				
50,000,000	50,000,000	Preference shares of Rs. 10 each	500,000	500,000
5,400,750,000	5,400,750,000		54,000,000	54,000,000
Issued, subscribed and paid-up share capital				
Ordinary share capital				
'A' class shares of Rs. 10 each				
4,998,895,608	4,998,895,608	Issued for consideration in cash	49,988,955	49,988,955
		Issued for consideration other than cash - for		
931,028	931,028	acquisition of shares	9,310	9,310
233,934,482	233,934,482	Issued as bonus shares	2,339,345	2,339,345
5,233,761,118	5,233,761,118		52,337,610	52,337,610
'B' class shares of Rs. 5 each				
1,003,374	1,003,374	Issued for consideration in cash	5,017	5,017
		Issued for consideration other than cash		
2,625	2,625	for acquisition of shares	13	13
494,000	494,000	Issued as bonus shares	2,470	2,470
1,499,999	1,499,999		7,500	7,500
5,235,261,117	5,235,261,117		52,345,110	52,345,110

- 21.1 At December 31, 2021, the GoP held 4,791,752,087 'A' class ordinary shares and 1,462,515 'B' class ordinary shares respectively (2020: 4,791,752,087 and 1,462,515 'A' class ordinary shares and 'B' class ordinary shares respectively) representing 92% and 98% holding.

2021	2020	
(Rupees in '000)		
22. RESERVES		
Capital reserves		
Reserve for replacement of fixed assets	22.1	1,966,779
Capital redemption reserve fund		250,000
Others		284,259
		2,501,038
Revenue reserve		
		1,779,674
		4,280,712
Unrealised gain on remeasurement of investment		
Foreign exchange translation reserve		257,657
Hedging reserve		9,177,503
Legal reserve	22.2	(71,670)
		60,136
		9,423,626
		13,704,338
		163,073
		8,354,221
		(12,062)
		54,454
		8,559,686
		12,840,398



- 22.1 Up to June 1988, depreciation on fully depreciated aircraft was charged and credited to the reserve for replacement of fixed assets and excess of sale proceeds over cost of fixed assets disposed off was also credited to the aforesaid account. With effect from 1989-90, the Holding Company changed this policy to comply with the IFRSs and the depreciation and excess proceeds over cost of relevant assets are recorded in the consolidated statement of profit or loss.

		2021	2020 (Restated)
	Note	----- (Rupees in '000) -----	
22.2 Legal reserve			
Balance as at beginning of the year		66,670	52,784
Translation adjustment		(6,534)	1,670
Balance as at end of the year		60,136	54,454

- 22.3 This balance comprises of legal reserve of Minhal France S.A.

23. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - NET

Balance as at beginning of the year		98,617,745	113,084,681
Surplus arising on property, plant and equipment during the year		4,088,632	(16,850,185)
Less: transferred to accumulated losses:			
- Surplus on revaluation of property, plant and equipment realised during the year on account of incremental depreciation charged thereon - net of tax		(385,932)	(550,881)
- Surplus on revaluation of property, plant and equipment released during the year on account of aircraft retired / written off - net of tax		-	-
- Related deferred tax		(185,867)	(323,146)
Translation and other adjustments		9,039,397	3,257,276
Less: related deferred tax liability on:		111,173,975	98,617,745
- Balance as of beginning of the year		26,655,106	31,522,184
- Tax effect of (deficit) / surplus arising on property, plant and equipment during the year		1,022,158	(5,550,148)
- Tax effect of incremental depreciation charged during the year on related assets transferred to consolidated statement of profit or loss		(185,867)	(323,145)
- Tax effect of surplus released during the year on account of aircraft retired / written off		-	-
- Effect of change in tax rate		-	22,529
- Tax effect of translation and other adjustments		2,697,215	983,685
Balance as at end of the year		30,188,612	26,655,105
		80,985,363	71,962,639

24. LONG-TERM FINANCING

		2021	2020
		----- (Rupees in '000) -----	
Borrowings	24.1	296,898,060	235,194,473
Sukuk certificates	24.2	5,675,000	-
		302,573,060	235,194,473

		2021	2020
		----- (Rupees in '000) -----	
24.1	Balance as at beginning of the year	303,606,550	273,864,842
	Financing obtained during the year	80,955,649	49,489,286
	Repayments made during the year	(44,389,549)	(23,295,858)
	Exchange loss	8,718,056	3,546,280
		354,565,707	303,606,550
	Less: Current maturity	(51,992,647)	(68,412,078)
	Balance as at end of the year	296,898,060	235,194,473

Financier	Note	Type of facility	Facility amount (million)	Repayment period	Revised repayment period*	Number of instalments/ Mode	2021	2020
							----- (Rupees in '000) -----	
Secured								
Holding Company								
Long term loans - related party								
National Bank of Pakistan	24.1.2 & 24.1.17	Term finance	PKR 2,175	2018 - 2020	2018 - 2023	12 quarterly	725,000	725,000
National Bank of Pakistan	24.1.2	Term finance	PKR 2,825	2018 - 2021	2018 - 2023	12 quarterly	1,177,083	1,177,083
National Bank of Pakistan - Bahrain	24.1.2 & 24.1.3 & 24.1.17 & 24.17	Syndicate finance	USD 120	2013 - 2023	2013 - 2025	40 quarterly	16,733,480	16,152,301
Other than related party								
The Bank of Punjab	24.1.2, 24.1.14 & 24.1.17	Term finance	PKR 5,000	2018 - 2021	2018 - 2022	60 monthly	1,000,000	1,000,000
The Bank of Punjab	24.1.2, 24.1.14 & 24.1.17	Term finance	PKR 5,000	2018 - 2021	2018 - 2023	60 monthly	1,333,333	1,333,333
The Bank of Punjab	24.1.2, 24.1.5, 24.1.4 & 24.1.17	Demarid finance	PKR 30,000	2018 - 2025	2018 - 2025	84 monthly	15,901,266	15,901,266
The Bank of Punjab	24.1.2, 24.1.4 & 24.1.17	Term finance	PKR 2,500	2017-2022	2017 - 2024	60 monthly	1,375,000	1,375,000
The Bank of Punjab	24.1.2, 24.1.4 & 24.1.17	Term finance	PKR 5,000	2019-2022	2019 - 2026	36 monthly	4,846,197	4,846,197
The Bank of Punjab	24.1.2, 24.1.4 & 24.1.17	Term finance	PKR 4,559	2019-2024	2019 - 2024	60 monthly	3,058,331	3,058,331
The Bank of Punjab	24.1.2, 24.1.4 & 24.1.17	Term finance	PKR 6,000	2022 - 2027	2019 - 2026	60 Monthly	5,663,277	5,663,277
The Bank of Punjab	24.1.2 & 24.1.14	Term finance	PKR 16,000	2017 - 2020	-	60 Monthly	18,000,000	18,000,000
The Bank of Punjab	24.1.2 & 24.1.14	Term finance	PKR 5,000	2023-2026	-	60 Monthly	5,000,000	-
Akai Bank Limited	24.1.2	Term finance	PKR 5,000	2023-2026	-	36 monthly	5,000,000	-
Akai Bank Limited	24.1.2 & 24.1.17	Term finance	PKR 6,000	2021-2026	2020 - 2025	36 monthly	5,625,000	5,625,000
Akai Bank Limited	24.1.2 & 24.1.17	Term finance	PKR 10,000	2020-2022	2021 - 2026	36 monthly	10,000,000	10,000,000
Al Baraka Bank (Pakistan) Limited	24.1.2, 24.1.7 & 24.1.17	Islamic term finance	PKR 8,500	2018 - 2021	2018 - 2022	36 monthly	1,125,000	2,125,000
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.8	Islamic Finance	PKR 2,500	2020-2022	2020 - 2023	36 monthly	1,666,667	2,222,222
Al Baraka Bank (Pakistan) Limited	24.1.2, 24.1.9 & 24.1.17	Islamic Finance	PKR 1,000	2021-2024	2021 - 2025	36 monthly	1,000,000	1,000,000
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.10	Islamic Finance	PKR 2,500	2023-2026	-	36 monthly	2,500,000	-
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.8	Islamic Finance	PKR 2,000	2023-2026	-	36 monthly	2,000,000	-
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.13	Islamic Finance	PKR 1,000	2023-2026	-	36 monthly	1,000,000	-
Al Baraka Bank (Pakistan) Limited	24.1.2	Term finance	PKR 4,000	2017 - 2020	-	14 quarterly	-	-
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.17	Islamic Finance	PKR 5,000	2019 - 2024	2019 - 2025	60 monthly	-	857,143
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.17	Islamic Finance	PKR 4,000	2019-2022	2019 - 2024	36 monthly	4,999,500	3,999,500
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.17	Islamic Finance	PKR 5,000	2020-2023	2020 - 2025	36 monthly	3,111,111	3,111,111
Al Baraka Bank (Pakistan) Limited	24.1.2 & 24.1.17	Islamic Finance	PKR 5,000	2020-2023	2020 - 2025	36 monthly	5,000,000	5,000,000
Al Baraka Bank (Pakistan) Limited	24.1.2	Islamic Finance	PKR 5,000	2020-2025	-	36 monthly	5,000,000	5,000,000
Al Baraka Bank (Pakistan) Limited	24.1.2	Islamic Finance	PKR 3,000	2023-2026	-	36 monthly	5,000,000	5,000,000
Standard Chartered Bank (Pakistan) Limited	24.1.4 & 24.1.17	Commodity	USD 250	2020-2023	2020 - 2024	36 monthly	3,000,000	-
JS Bank Limited	24.1.2 & 24.1.17	Term finance	PKR 15,000	2017-2023	2017 - 2024	55 Monthly	35,547,658	38,848,639
JS Bank Limited	24.1.2 & 24.1.5	Term finance	PKR 20,000	2020-2024	-	48 Monthly	6,136,364	8,161,818
JS Bank Limited	23.1.2 & 23.1.5	Term finance	PKR 12,167	2021-2026	-	60 Monthly	-	19,166,667
JS Bank Limited	22.1.2, 22.1.5 & 22.1.17	Term finance	PKR 5,000	2019 - 2022	2019 - 2024	36 Monthly	18,927,413	4,166,667
Bahilwani Pakistan Limited	24.1.2 & 24.1.17	Term finance	PKR 16,500	2021-2026	-	60 monthly	16,500,000	16,500,000
Bahilwani Pakistan Limited	24.1.2 & 24.1.12	Term finance	PKR 5,000	2021-2024	-	60 monthly	3,500,000	3,500,000
Yoon Bank	24.1.16 & 24.1.17	Term finance	USD 120	2019-2021	2019 - 2023	36 Monthly	7,646,918	10,122,646
Credit Suisse	24.1.2	Term finance	USD 115.84	2019-2021	-	24 Monthly	-	6,892,850
Habib Bank Limited	24.1.2	Term finance	PKR 2,000	2021-2024	-	36 monthly	1,722,222	2,000,000
Habib Bank Limited	24.1.2	Islamic Finance	PKR 1,000	2021-2024	-	36 monthly	10,000,000	-
Habib Bank Limited	24.1.2	Term finance	PKR 17,000	2023-2026	-	60 monthly	7,000,000	-

PIAII

Wells Fargo Bank, N.A.	24.1.18	Loan	USD 140	2011 - 2016	Variable	6,815,058	19,522,173
BRED BANK	24.1.19	Loan	EUR 31	2018-2020	Variable	23,426,234	6,653,819

Others - unsecured related party

Long-term loan - GOP	24.1.15	Term finance	PKR 8,000	2011 - 2020		16 Half-Yearly	8,000,000	8,000,000
Long-term GOP against Markup	24.1.16	Term finance	PKR 6,076	2023 - 2026			72,157,726	51,679,396

Current maturity shown under current liabilities

348,890,707	303,606,550
(51,992,647)	(68,412,077)
296,898,060	235,194,473



- 24.1.1 Borrowings in PKR comprise of variable rate borrowings, except Loan from GoP which carry markup ranging from spread of 1.25% to 1.65% over 1 month KIBOR (2020: spread of 1.25% to 1.65% over 1 month KIBOR). Borrowings in US\$ comprise of variable rate borrowings carry markup ranging from spread of 3.10% over 1 month LIBOR to 3.75% over 3 month LIBOR (2020: 3.10% over 1 month LIBOR to 4.00% over 1 month LIBOR). Loan from GoP carries markup at the rate of 10% (2020: 10%).
- 24.1.2 The financing is secured by way of unconditional and irrevocable GoP guarantee for an amount equivalent to the facility amount.
- 24.1.3 The following are the participating banks in this syndicated finance facility: -
- National Bank of Pakistan (NBP) - Bahrain; and
 - Habib Bank Limited (HBL)
- 24.1.4 The Syndicate finance was obtained from a syndicate of international banks and the lead arrangers are:
- Standard Chartered Bank - United Kingdom
 - Mashreqbank PSC - United Arab Emirates
- The finance is secured by first priority security over the collection account and facility service account; and legally enforceable assignments of tickets sales collection for the UK, SAR, Muscat and Kuala Lumpur sector through IATA with appropriate acknowledgments. Furthermore, the Holding Company prepaid the facility without incurring any penalty.
- 24.1.5 The finance is secured way of lien over IATA routed sales of the Holding Company, receivable or assignment.
- 24.1.6 The finance is secured by way of collection routed through the offshore bank account maintained with Emirates NBD Bank.
- 24.1.7 The finance is secured by way of:
- exclusive hypothecation charge over five engines with 10% margin; and
 - irrevocable assignment instruction from the Company to Bank of Punjab for transfer of funds to ABPL on fortnightly basis.
- 24.1.8 The finance is secured by way of hypothecation of Boeing 777-200 ER aircraft.
- 24.1.9 The finance is secured by way of hypothecation of engine bearing engine No. 900-432.
- 24.1.10 The finance is secured by way of hypothecation of engines bearing engine No. 900-431, 432 and 453.
- 24.1.11 The finance is secured by way of lien over musharakah asset amounting to Rs. 16,500 million and unconditional and irrevocable GoP guarantee for the facility amount.
- 24.1.12 The finance is secured by lien over Musharka Asset amounting to Rs. 5,000 million and unconditional and irrevocable GoP guarantee for the facility amount. The Company has fully paid the facility amount without incurring any penalty.
- 24.1.13 The finance is secured by way of hypothecation of two ATR 42-500 aircraft.
- 24.1.14 During the year, the Company has applied for the restructuring of these facilities for 10 years where-in the BoP principally agreed with that and all legal formalities are complied with and the agreement is at the advance stage of completion.
- 24.1.15 The Company has not paid any installment since due date of installment, i.e. October 23, 2011. The over due principal and markup as at December 31, 2021 is Rs 8,000 million (2020: Rs.8,000 million) and Rs. 9,900 million (2020: Rs. 9,100 million) respectively. The over due principal amount is included in the current maturity.
- 24.1.16 In a meeting held with GoP dated December 30, 2017, it was decided that markup support would be provided for the five years starting from July 2018. In this regard, GoP has started releasing markup, first disbursement was made on October 26, 2018 and subsequently on monthly basis. The loan amount represents the outstanding amount at any given point of time.

24.1.17 "In line with SBP Circular No. 13/26 dated March 26, 2020, the Company applied for deferment of principal for one year. Henceforth, repayment period has been revised and same is shown in the aforementioned facilities. In addition, clause (V) of SBP circular also suggests to defer the principal for another period of one year with the consent of the financial institutions. The Company has opted for further deferment as presented in note 22 under revised repayment period."

24.1.18 RHC's previous loan of \$105,000,000 required payments of interest only at the monthly rate of LIBOR plus 3.90%. The loan agreement contained covenants that the Company must adhere to which included, among other things, the maintenance of cash in escrow reserved towards payment of interest, real estate taxes and insurance.

Due to the impact of the COVID-19 pandemic, Operating experienced extreme financial constraints. On December 14, 2020, Operating entered into a loan agreement with National Bank of Pakistan ("NBP"), Bahrain Branch, (the "NBP Loan") in the amount of \$124 million, with an \$18 million future advance (total loan of \$142 million). The proceeds received from the NBP Loan were used to repay the \$105 million loan, and other costs such as severance, vacation, and sick pay to union employees and payments to creditors, among other things. DURING 2021 RHC received an additional advance of \$10 million, bringing the total loan amount to \$134 million as of December 31, 2021. The NBP loan requires payments of interest only based on three-month LIBOR plus 4.00% (4.13% & 4.22% at December 31, 2021 and 2020, respectively). The NBP loan was originally scheduled to mature on September 30, 2022, during 2021, the company entered into negotiations with NBP to extend the loan maturity through 2024, the negotiations are currently in process. The NBP Loan requires that Operating maintain cash in an escrow account reserved towards payment of mortgage recording taxes and insurance. At December 31, 2021, Operating was in compliance with all of its loan requirements.

RHC Operating LLC entered into an interest rate cap agreement on the previous loan, which carried over to the NBP Loan, with the intent to manage interest rate exposure. This interest rate cap agreement, with a notional amount of \$105 million, expired in April 2021. The interest rate cap agreement capped the variable rate portion of the debt at a rate of 3.50% per annum. The cost of the interest rate cap was \$90,000. The fair value of the interest rate cap at December 31, 2020 amounted to zero.

RHC considers the risk of nonperformance on this agreement to be remote. Management has determined the cost of this derivative at December 31, 2020 approximated its fair value.

24.1.19 A \$ 31,000,000 loan was obtained from BRED Bank on 9 March 2018. The loan bears interest at a variable rate indexed on the three month Euribor plus 1.50%. An amendment dated 28 October 2019 set the first repayment date for the 8-year loan at 30 June 2020 and the last payment date at 31 March 2028. A second amendment on an 15 July 2020 set the first repayment date for the 8-year loan at 30 December 2020 and the last payment date at 30 September 2028. A third amendment on 14 December 2021 set the first repayment date for the 10-year loan at 30 June 2021 and the last payment date at 31 December 2030.

During 2018, Minihal France SA entered into a cash flow hedge, which covers the same notional amount and period as this loan, at a cost of Euro 1,037,940 (US \$ 1,175,061), whereby the Euribor portion of the interest rate was capped at 0.5%.

The amount is loaned to Minihal France SA by a Pool of Banks comprising BRED Banque Populaire (50%) and Crédit Foncier de France (50%). In December 2020, a Government guaranteed loan "PGE" was obtained for an amount of Euro 4,500,000 (US \$ 5,096,700) the amount shown on the balance sheet is the amount of drawdown capital.

Capital outstanding on the above-mentioned borrowings falls due as follows:

- within one year: Euro 1,726,948 (US \$ 1,955,941)
- after more than one year and within five years: Euro 17,862,632 (US \$ 20,231,217)
- after more than five years: Euro 15,271,579 (17,296,590)

The loan is secured by:

Mortgage on the building located on 1 rue Scribe for a total amount of Euro 15,500,000 (US \$ 17,565,300) plus 7% related to associated costs, until 2029.



Pledge on MFSA's goodwill 'Fonds de Commerce' for a total amount of Euro 34,100,000 (US \$ 38,621,660) included in fair value of assets, corresponding to 110% of the amount of the loan,

- A daily sale pursuant to Article 313-23 of the French Monetary and Financial Code of all current and future rentals and amounts due to MFSA under the lease agreements with GAP, Eric Bompard, Golfino and Maje and any sums due to MFSA in the future,

- A daily sale pursuant to article 313-23 of the French Monetary and Financial Code of all current and future receivables from MFSA on its debtors,

- A delegation of all indemnities to be received under the insurance policy of the building subscribed with the Company, Schubert European Group Limited,

- A pledge of the Minhol BV Securities Account covering 100% of the shares it holds in the capital of MFSA (the 'Pledge of the Securities Account'),

- Cash flow hedge at a cost of Euro 1,037,000 (US \$ 1,164,966) with a quarterly payment during the same period as the loan,

"Accordingly, both the loans are now classified under the head long term loans as per IAS 1 Presentation of Financial Statements."

24.2 TERM FINANCE AND SUKUK CERTIFICATES

	Note	Security	Repayment period	Number of installments	Mark-up	2021	2020
Secured						----- (Rupees in '000) -----	
- other than related party							
Sukuk certificates:	24.2.1	GoP Guarantee	2023-2031	96 monthly	1 month KIBOR + 1%	5,675,000	-
						-	-
						<u>5,675,000</u>	<u>-</u>

24.2.1 During the year, the Company has issued Sukuk Certificates to the extent of Rs. 5,675 million where-in the Bank Islami Limited is acting as an issuing and investment agent,

	Note	2021	2020
25. LEASE LIABILITIES			
Secured			
- other than related party			
Present value of minimum lease payments			
- Aircraft fleet including engines	25.1	15,339,172	16,202,025
- Buildings	25.1	801,372	1,054,940
		<u>16,140,544</u>	<u>17,256,965</u>
		16,140,544	17,256,965
Technical ground equipment	26.1 & 26.2	51,641	83,934
		<u>16,192,184</u>	<u>17,340,899</u>
Less: current maturity		<u>(5,843,802)</u>	<u>(9,024,825)</u>
		<u>10,348,383</u>	<u>8,316,074</u>

25.1 During the year, the movement in lease liabilities is as follows:

	Aircraft fleet including engines	Buildings	Technical Ground equipment	Total
Balance as at beginning of the year	16,202,025	1,054,940	83,934	17,340,899
Additions during the year				
Additions in lease liabilities	5,926,054	111,864	8,471	6,046,389
Adjustment				
Exchange loss	1,072,060	10,152	-	1,082,212
Repayments / adjustments made during the year	(8,542,444)	(490,864)	(48,160)	(9,081,468)
Interest charged during the year	681,477	115,280	7,396	804,153
Balance as at end of the year	15,339,172	801,372	51,642	16,192,186

	2021			2020		
	Minimum lease payments	Finance costs	Present value of minimum lease payments	Minimum lease payments	Finance costs	Present value of minimum lease payments
	(Rupees in '000)					
Not later than one year	6,466,214	644,412	5,843,802	9,800,897	776,072	9,024,825
Later than one year but not later than five years	9,101,511	1,020,171	8,081,340	8,184,677	650,570	7,534,107
Later than five years	2,412,101	145,058	2,267,043	805,565	23,598	781,967
	18,001,826	1,809,641	16,192,185	18,791,139	1,450,240	17,340,899

25.2 During 2016, the Company arranged a letter of credit (LC) limit of Rs. 500 million for the purpose of acquisition of technical ground equipment. On the maturity of LC, the amount of LC is converted into finance lease, having a limit of Rs. 500 million with lease period of 48 months. The lease arrangement is secured by GoP guarantee. The lease carries markup at the rate of 2% spread over one month KIBOR. The Company has utilised the LC balance of Rs. 372,726 million till date and converted it into finance lease.

		2021	2020 <i>Restated</i>
		(Rupees in '000)	
26. DEFERRED TAXATION			
Roosevelt Hotel Corporation N.V.	26.1	14,920,447	14,607,188
Minhal France S.A.	26.2	12,590,483	10,423,646
	26.3	27,510,930	25,030,834

The components of the net deferred tax liability are as follows:

26.1 Roosevelt Hotel Corporation N.V.		
Revaluation of lands and buildings	20,639,276	18,689,032
Excess of book value over tax depreciation	788,752	680,536
Net operating losses	(4,675,410)	(3,112,696)
Interest	(226,774)	(205,346)
Allowance for doubtful debts	(104,910)	(87,629)
Accrued vacation	(11,164)	(10,471)
Employees pension plan	(1,402,371)	(1,269,858)
Derivative Cap	(86,952)	(76,380)
Net deferred tax liability	14,920,447	14,607,188



		2021	2020
26.2	Minhal France S.A.	Note	----- (Rupees in '000) -----
	Revaluation of lands and buildings		9,858,279
	Excess of book value over tax depreciation		2,686,526
	Provision for major repairs		191,092
	Employees pension plan		(99,474)
	Derivative Cap		(45,940)
	Net deferred tax liability		12,590,483
	Deferred tax debits:		10,423,646

26.3 Movements in temporary differences during the year

	2021				
	Balance as at the beginning of the year (Restated)	Recognized in consolidated statement of profit or loss	Translation and other adjustments	Recognized in consolidated statement of comprehensive income	Balance as at the end of the year
	----- (Rupees in '000) -----				
Excess of book value over tax depreciation	2,995,928	160,348	319,000	-	3,475,276
Allowance for doubtful trade debts	(87,549)	(8,137)	(9,223)	-	(104,911)
Accrued vacation	(10,471)	(14,394)	13,701	-	(11,164)
Revaluation of lands and buildings (note 18.3.1)	26,753,911	(179,829)	2,791,848	1,131,625	30,497,556
Net operating losses	(3,112,696)	(1,237,897)	(324,817)	-	(4,675,410)
Provision for major repairs	113,040	6,023	72,030	-	191,093
Employees pension plan	(1,294,469)	(910)	(206,466)	-	(1,501,844)
Interest (note 18.3.2)	(205,346)	-	(21,428)	-	(226,774)
Temporary difference on deferred mgmt fee	(76,380)	(2,601)	-	-	-
Derivative Cap	(45,135)	-	(91,590)	3,833	(132,892)
	25,030,833	(1,277,397)	2,543,053	1,135,458	27,510,930

	2020				
	Balance as at the beginning of the year (Restated)	Recognized in consolidated statement of profit or loss	Translation and other adjustments	Recognized in consolidated statement of comprehensive income	Balance as at the end of the year
	----- (Rupees in '000) -----				
Excess of book value over tax depreciation	2,808,021	107,033	80,874	-	2,995,928
Allowance for doubtful trade debts	(2,504)	(85,045)	-	-	(87,549)
Accrued vacation	(120,620)	113,964	(3,816)	-	(10,471)
Revaluation of lands and buildings (note 18.3.1)	31,978,466	(271,481)	(4,457,798)	(495,275)	26,753,911
Net operating losses	(868,151)	(2,217,092)	(27,453)	-	(3,112,696)
Provision for major repairs	21,968	99,917	(8,845)	-	113,040
Employees pension plan	(28,276)	(1,259,473)	(6,720)	-	(1,294,469)
Interest (note 18.3.2)	(199,051)	-	(4,295)	-	(205,346)
Temporary difference on deferred mgmt fee	-	(76,380)	-	-	(76,380)
Derivative Cap	(40,483)	-	(1,346)	(3,306)	(45,135)
	33,549,370	(3,585,567)	4,431,398	(498,581)	25,030,834

26.3.1 This includes impact of change in tax rate on revaluation of lands and buildings amounting to US \$ 0 (2020: US \$ 140,951) which has been recognized in consolidated statement of comprehensive income.

26.3.2 As part of the Tax Cuts and Jobs Act of 2017, under section 163(j) of the Internal Revenue Code, interest expense is deductible up to 30% of RHC's adjustable taxable income in a given year. Any interest expense disallowed in the current year can be carried forward indefinitely into future tax years.

	2021	2020
26.4 Deferred taxation - Holding Company	----- (Rupees in '000) -----	
Deferred tax credits:		
Accelerated tax depreciation	14,257,515	14,179,380
Surplus on revaluation of property, plant and equipment	703,114	734,782
Right of use asset	4,952,281	3,448,444
	19,912,910	18,362,606
Deferred tax debits:		
Unused tax losses	(2,887,850)	(2,345,535)
Provisions for liabilities and to write down other assets	(12,329,326)	(10,988,210)
Lease liability	(4,695,734)	(5,028,861)
	(19,912,910)	(18,362,606)

26.4.1 In accordance with the accounting policy of the Company (see note 5.12), deferred tax asset of Rs. 115,400,925 million (2020: Rs. 122,911,350 million) has not been recognised in these unconsolidated financial statements due to uncertainty in availability of sufficient future taxable profits. It includes Rs. 83,125,348 million (2020: 71,594,605 million) and Rs. 52,188,487 million (2020: Rs. 51,316,745 million) pertaining to unused tax losses and unabsorbed depreciation respectively.

26.4.2 Movement in temporary difference during the year

	Balance as at January 01, 2020	Recognised in statement of profit or loss	Recognised in equity	Balance as at December 31, 2020	Recognised in statement of profit or loss	Recognised in equity	Balance as at December 31, 2021
(Rupees in '000)							
Deferred tax credits:							
Accelerated tax depreciation	15,366,707	(1,167,327)	-	14,179,380	78,135	+	14,257,515
Surplus on revaluation of property, plant and equipment	(14,854)	(65,103)	385,031	734,782	(31,668)	-	703,114
Right of use asset	4,868,221	(1,417,777)	-	3,448,444	1,503,837	+	4,952,281
	20,447,782	(2,670,207)	385,031	18,362,606	1,550,304	-	19,912,910
Deferred tax debits:							
Unused tax losses	(3,061,805)	(716,270)	-	(2,345,535)	(542,314)	-	(2,887,850)
Provisions for liabilities and to write down other assets	(9,820,274)	(1,504,353)	336,418	(10,988,209)	(1,649,704)	308,647	(12,329,326)
Lease liabilities	(7,765,702)	(2,730,841)	-	(5,028,861)	(333,127)	+	(4,695,734)
	(20,647,782)	1,948,758	336,418	(18,362,606)	(1,858,951)	308,647	(19,912,910)
		(721,449)	721,449		(308,647)	308,647	-



		2021	2020
27.	DEFERRED LIABILITIES	Note	----- (Rupees in '000) -----
	Post retirement medical benefits - Holding Company	27.2	9,628,739 10,326,021
	Pension obligation - Holding Company	27.3	25,677,333 24,630,970
	UK pension funds' obligation	27.4	618,559 1,083,505
	Staff retirement benefits - PIAL		3,270,354 3,540,832
	Unfunded staff retirement gratuity - SRL		83,701 96,724
	Deferred liabilities	27.6	309,726 -
	Provision for redelivery cost	27.50	3,896,797 1,915,999
			<u>43,485,209 41,594,051</u>

27.1 General description of the type of defined benefit plans and accounting policy for remeasurements of the net defined benefit obligation / asset is disclosed in note 8.10 these consolidated financial statements.

27.2 Post retirement medical benefits - Holding Company

Liability recognised in the consolidated statement of financial position

Present value of defined benefit obligation	9,628,739	10,326,021
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Movement in liability during the year

Balance as at beginning of the year	10,326,021	11,324,204
Expense recognised in consolidated statement of profit or loss	1,037,794	1,483,823
Total remeasurements recognised in consolidated other comprehensive income	(1,064,299)	(1,160,062)
Benefits due but not paid (payable)	29,347	(777,846)
Payments made during the year	(700,124)	(544,098)
Balance as at end of the year	9,628,739	10,326,021

Expense recognised in the consolidated statement of profit or loss

Current service cost	65,138	91,586
Gain and losses arising on plan settlements	-	205,970
Interest cost	972,656	1,186,267
	<u>1,037,794</u>	<u>1,483,823</u>

Total remeasurements recognised in consolidated other comprehensive income

Actuarial loss on liability arising on:		
- financial assumptions	193,994	600,183
- experience adjustments	(1,258,293)	(1,760,245)
	<u>(1,064,299)</u>	<u>(1,160,062)</u>

27.3 Pension obligation

The details of three different categories of plans are as follows:

	PALPA		FENA		MAIN PENSION		TOTAL	
	2021	2020	2021	2020	2021	2020	2021	2020
(Rupees in '000)								
Liability / (Asset) recognised								
Present value of defined pension obligation	2,275,665	2,254,265	436,372	457,309	26,869,338	25,752,750	29,601,364	28,454,325
Present value of plan assets	(1,943,094)	(1,730,769)	(991,203)	(965,286)	(989,735)	(1,137,300)	(3,924,032)	(3,833,355)
	332,561	523,496	(554,831)	(507,977)	25,899,603	24,615,450	25,677,332	24,620,970
Movement in liability / (asset) during the year:								
Opening liability / (asset)	523,496	504,801	(468,732)	(493,503)	24,426,725	25,909,130	24,461,469	26,001,328
Gains recognised in profit/loss	66,777	72,604	(49,722)	(55,189)	2,675,481	2,717,425	2,592,536	2,739,840
Benefit due but not paid (payables) Note 27.3	(115)	(21,034)	-	-	168,404	(2,497,805)	168,289	(2,518,839)
Other comprehensive income	(216,399)	(33,571)	6,863	83,955	223,553	(145,844)	14,017	(65,469)
Employer contributions	(41,399)	(14,199)	(3,995)	(3,995)	(1,983,286)	(1,637,181)	(2,028,480)	(1,655,375)
Closing liability / (asset)	332,560	523,496	(554,831)	(507,977)	25,710,577	24,426,725	25,627,861	24,481,489
Movement in the defined benefit obligation								
Obligation at beginning of the year	2,254,265	2,157,747	457,309	445,759	25,752,750	27,597,401	28,464,324	30,147,969
Current service cost	17,745	18,304	-	-	572,160	661,815	589,905	680,119
Interest cost	-	-	-	-	-	-	-	-
Benefit due but not paid (payables) Note 27.3	218,680	235,019	44,568	49,795	2,399,470	2,512,432	2,662,738	3,097,246
Benefits paid	(115)	(21,034)	-	-	168,405	(2,497,805)	168,290	(2,518,839)
Gain/(loss) arising on plan settlements	(22,778)	(503,281)	-	-	(2,285,612)	(2,326,438)	(2,308,390)	(2,429,719)
Financial assumptions	150,583	124,608	7,744	19,469	405,737	1,000,003	564,034	1,144,080
Experience adjustments	(342,696)	(161,827)	(73,269)	(58,714)	(123,572)	(611,778)	(539,537)	(1,031,819)
Obligation at end of the year	2,275,664	2,254,265	436,372	457,309	26,869,338	25,752,750	29,601,364	28,454,324
Movement in fair value of plan assets								
Fair value at beginning of the year	1,730,769	1,563,041	965,286	940,282	1,137,300	1,547,271	3,833,355	4,140,574
Interest income	169,848	180,453	96,310	104,984	96,149	133,442	360,107	416,679
Employer contributions	41,399	14,199	3,995	3,995	1,983,286	1,637,181	2,028,480	1,655,375
Benefits paid	(22,778)	(103,281)	-	-	(2,285,612)	(2,326,438)	(2,308,390)	(2,429,719)
Return on plan assets (including/including)	24,256	(14,643)	(72,388)	(83,955)	58,612	(145,844)	(10,480)	(38,246)
Fair value at end of the year	1,943,094	1,730,769	991,203	965,286	989,735	1,137,300	3,924,032	3,833,355
Expense recognised in statement of profit or loss								
Current service cost	17,745	18,304	-	-	572,160	661,815	589,905	680,119
Gain and loss arising on plan settlements	-	8,734	-	-	-	(623,380)	-	(618,646)
Net interest expense / (income)	49,032	54,566	(49,722)	(55,189)	2,303,321	2,678,990	2,302,631	2,678,367
	66,777	72,604	(49,722)	(55,189)	2,675,481	2,717,425	2,892,536	2,739,840
Total remeasurements recognised in other comprehensive income								
Remeasurement on obligation arising on:								
Financial assumptions	150,583	124,608	7,744	19,469	405,737	1,000,003	564,034	1,144,080
Experience adjustments	(342,696)	(161,827)	(73,269)	(58,714)	(123,572)	(611,778)	(539,537)	(1,031,819)
	(192,113)	(37,219)	(65,525)	(39,245)	282,165	388,225	24,497	12,261
Variation on plan assets								
excluding amounts included in interest income	(24,256)	(3,643)	72,388	83,955	(58,612)	(145,844)	(10,480)	(38,246)
	(216,399)	(23,571)	6,863	44,710	223,553	(42,881)	14,017	(64,015)
The plan assets comprise of:								
Debt investments	1%	1%	0%	0%	1%	1%	1%	1%
Others including cash and cash equivalents	99%	99%	100%	100%	99%	99%	99%	99%
Actual return on plan assets	193,904	166,810	21,922	21,029	154,761	279,256	370,587	457,125

27.3.1 Actuarial valuations of pension funds, post retirement medical benefit scheme and compensated absences (note 26.5) were carried out at December 31, 2021. The valuations have been carried out using Projected Unit Credit method and the following significant actuarial assumptions have been used:

	2021	2020
	----- (Percentage) -----	
Valuation discount rate	11.75%	9.35%
Salary increase rate	6.00%	8.75%
Pension Indexation rate	6.00%	4.00%
Medical inflation rate	6.25%	4.25%
Mortality table	6.25%	4.25%
Withdrawal rates	Adjusted SLIC 2001-2005 with one year age set back	Adjusted SLIC 2001-2005 with one year age set back
Retirement assumption	Age based Age 60	Age based Age 60

27.3.2 Number of employees covered by the various schemes are as follows:

	2021	2020
	(Number)	
Pension scheme		
Active employees	8,118	8,423
Beneficiaries	15,271	16,905
Post retirement medical benefit scheme	15,271	16,905

27.3.3 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

		2021					
		Increase / (decrease) in defined benefit obligation of					
		PALPA Fund		FENA Fund		Main Pension Fund	
Change in assumption		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----							
Valuation discount rate	1%	(171,999)	200,150	(27,375)	30,928	(2,356,808)	2,793,801
Salary increase rate	1%	35,010	(31,570)	no change	no change	971,441	(872,830)
Pension Indexation rate	1%	184,537	(162,266)	34,843	(31,166)	1,977,228	(1,720,273)

		Increase / (decrease) in defined benefit obligation of			
		Post retirement medical benefits		Compensated absences	
Change in assumption		Increase in assumption	Decrease in assumption	Increase in assumption	Decrease in assumption
----- (Rupees in '000) -----					
Valuation discount rate	1%	(823,993)	983,859	(373,577)	425,036
Salary increase rate	1%	no change	no change	419,655	(375,182)
Medical inflation rate	1%	915,401	(799,601)	N/A	N/A

In presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the consolidated balance sheet.

27.3.4 The employee benefit plans exposes the Holding Company to the following risks:

Mortality risk: The risk that the actual mortality rate is different. The effect depends on the beneficiaries service/age distribution and the benefit.

Investment risk: The risk of the investment underperforming and being not sufficient to meet the liabilities.

Final salary risk: The risk that the final salary at the time of cessation of service is greater than what is assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risk: The risk of higher or lower withdrawal experienced than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.

27.3.5 The fair value of plan assets of pension funds includes investment in the Company's shares, amounting to Rs. 202,230 million (2020: Rs. 202,684 million).

27.3.6 The weighted average duration of the benefit obligations as at December 31, 2021 is as follows:

	Years
Post retirement medical benefits	9
PALPA fund	8
FEVA fund	7
Main Pension fund	9.6
Compensated absences	7

27.3.7 The expected pension and medical expense for the next one year from January 01, 2022 amounts to Rs. 3,544.888 million and Rs. 1,192.849 million respectively. The expected amount of pension fund is the amount which the Company will have to contribute for the next one year.

27.3.8 The total expense relating to deferred liabilities has been allocated to cost of services, distribution costs and administrative expenses in the amount of Rs. 2,122.378 million (2020: Rs. 2,280.778 million), Rs. 1,100.492 million (2020: Rs. 1,182.626 million) and Rs. 707.459 million (2020: Rs. 760.259 million) respectively.

27.4 UK Pension Obligation

	2021	2020
	----- (Rupees in '000) -----	
Liability / (Asset) recognised		
Present value of defined benefit obligation	3,075,386	3,046,173
Fair Value of Plan Assets	(2,456,827)	(1,962,668)
Balance sheet liability	618,559	1,083,505
Change in defined benefit obligation		
Opening liability	3,046,172	2,056,358
Interest expense	37,676	42,908
Benefits paid	(170,497)	(148,475)
Remeasurements:		
- Actuarial gain from changes in demographic assumptions	(59,614)	285,904
- Actuarial gain from changes in financial assumptions	(34,338)	669,304
- Experience adjustments	(117,559)	47,792
Exchange loss	373,546	92,382
Present value of defined benefit obligation	3,075,386	3,046,173

Fair value at beginning of the year	1,962,669	2,137,873
Interest income	24,084	42,444
Cash Flows		
- Contributions	57,606	36,853
- Benefit paid	(170,497)	(74,131)
- Administrative expenses paid	(19,077)	(10,344)
Return on plan assets (excluding interest income) - OCI	356,971	(266,150)
Exchange gain	245,071	96,122
Fair value of plan assets at end of year	2,456,827	1,962,667

Amounts recognized in the statement of financial position

Present value of defined benefit obligation	3,075,386	3,046,173
Fair value of plan assets	(2,456,827)	(1,962,668)
Funded status	618,559	1,083,505
Effect of asset ceiling / onerous liability	-	-
Balance sheet liability	618,559	1,083,505

Significant Actuarial Assumptions

Weighted-average assumptions for defined benefit obligation		
Discount rate	1.80%	1.80%
Price inflation rate (RPI)	3.50%	3.50%
Price inflation rate (CPI)	2.95%	2.95%
Post-retirement mortality assumption	S3 PMA/S3PFA 1.25% p.a.	S3 PMA/S3PFA 1.25% p.a.
Assumed life expectancy on retirement at age 65		
- Retiring today (member age 65)	22.1 (M)/23.8 (F)	22.1 (M)/23.8 (F)
- Retiring in 20 years (member age 45 today)	23.4 (M)/25.4 (F)	23.4 (M)/25.4 (F)
- Duration (in years)	11	11

Sensitivity Analysis

Present value of defined benefit obligation		
Discount rate - 25 basis points	3,165,999	3,135,925
Price inflation rate - 25 basis points	3,083,493	3,054,202

Number of employees covered by the scheme:

	2021	2020
	----- Number -----	
Vested deferred	20	20
Retirees	79	79
Annuityants	16	16

27.5 This amount represents the provision against maintenance / redelivery cost required to be incurred by the Holding Company for returning the aircraft under lease agreements on certain maintenance conditions. Movement in provision is as follows:

	Note	2021	2020
		----- (Rupees in '000) -----	
Balance as at beginning of the year		1,915,999	1,907,634
(Reversal) / provision recognised during the year		(1,343,091)	137,690
Adjustments			
Lease terminated during the year		478,281	(307,877)
Exchange loss recognised during the year	36	82,642	65,109
Re-assessment of redelivery cost		2,681,333	-
Interest charged during the year	37	81,633	113,443
		3,323,889	(129,325)
Balance as at end of the year		3,896,797	1,915,999

- 27.6 During the year, the Company, through PIACL, received the Government Grant of \$ 1,744,962 to pay the legal fees of the lawyers in connection with BVI litigation. Following, the Court's decision in favor of defendants including PIAL, the Court allowed \$ 437,732, being part of the cost to PIAL. PIAL paid a legal fee of \$ 889,992 out of the said grant. The balance grant of \$ 1,292,661 is reflected as deferred liability.

		2021	2020
	Note	----- (Rupees in '000) -----	
28. TRADE AND OTHER PAYABLES			
Trade creditors			
Goods	28.1	22,853,666	23,013,305
Services		13,615,768	16,366,460
Airport related charges		45,690,328	42,114,934
		82,159,762	81,494,699
Other liabilities			
Accrued liabilities		12,792,963	14,547,490
VSS employee obligation	28.2	12,215	6,445,294
Advance against transportation (unearned revenue)	28.3	11,261,014	6,224,862
Obligation for compensated absences – Holding Company	28.4	6,264,113	5,361,086
Unredeemed frequent flyer liabilities	28.5	459,890	545,374
Advance from customers		2,238,816	1,646,925
Amount due to associated undertaking	28.6	620,454	524,086
Advances and deposits		57,194	52,617
Employees provident fund	28.7	2,950,664	7,854,953
Earnest money		248	2,451
Collection on behalf of others	28.8	58,894,804	54,812,515
Customs, federal excise duty and sales tax		2,865,423	2,424,312
Federal excise duty – International travel		11,694,263	10,718,453
Multi employer pension withdrawal liability		1,064,937	469,046
Income tax deducted at source		1,681,095	1,499,685
Short-term deposits		457,497	706,842
Others		284,721	974,376
		195,760,073	196,305,265
28.1	This includes an amount of Rs. 17,602,967 million (2020: Rs. 16,730,047 million) payable to Pakistan State Oil Company Limited (PSO). There is a difference between the two entities over the application of the payments made by the Company. The Company is making all payments against the fuel invoices. Late payment surcharge (LPS), though accrued as per agreement, would be paid at a later stage. Contrarily, PSO applies a portion of payments against late payment surcharge (LPS).		
28.2	The amount represents payable to employees under Voluntary Separation Scheme (the Scheme). On November 30, 2020, the Company announced the Scheme for its permanent employees. Under the scheme over 1,900 employees opted for separation effective from December 31, 2020. The GoP has approved a grant (refer note 16.2) to pay off the outgoing employees in this respect and for that purpose an assignment account has been opened in the National Bank of Pakistan. The amount payable to outgoing employees is estimated to be Rs. 12,215 million as at December 31, 2021 (2020: Rs. 6,445,294 million). In addition, the Government Grant also includes the amount of employer's contribution of Company's provident funds for the outgoing employees.		
28.3	Advance against transportation (unearned revenue)		
Balance as at beginning of the year		6,224,862	16,442,380
Cash received in advance of performance and not recognised as revenue during the period		79,177,133	(16,418,653)
Amount recognised as revenue during the year		(74,140,982)	6,201,135
Balance as at end of the year		11,261,013	6,224,862



28.4 Obligation for compensated absences - Holding Company

		2021	2020
Liability recognised in the consolidated statement of financial position			
	Note	(Rupees in '000)	
Balance as at beginning of the year		5,361,085	7,657,683
Expense / (reversal) during the year		916,403	(1,542,503)
Benefits paid during the year	28.4.2	(66,475)	(70,729)
Benefits due but not paid		53,100	(683,366)
Balance as at end of the year		6,264,113	5,361,085

28.5 The liability for frequent flyer programme is based on the valuation carried out by an independent professional valuer. Significant assumptions include:

- ticket inflation rate at the rate of 11.4% (2020: 8.3%);
- discount rate at the rate of 11.4% (2020: 8.3%);
- expiry of unvalued points after three years;
- accumulated points above 11,000 can be used for purchase of tickets. Points lower than 11,000 are valued on aggregate cost of redeemed points.
- Unvalued points of Ministry do not have any expiry.

28.6 This represents amount payable to Minthal Incorporated by PIAL (associate).

28.7 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 the Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 due to the liquidity constraints. Hence, mark-up thereon have been accrued based on the discount rate as announced by the State Bank of Pakistan upto April 17, 2016 and thereafter based on 1 month KIBOR (refer note 27).

28.8 This includes taxes payable at foreign stations and amount payable to Civil Aviation Authority (CAA) relating to embarkation, security and infrastructure charges.

		2021	2020
29 ACCRUED INTEREST			
	Note	(Rupees in '000)	
Mark-up / profit payable on:			
- long-term financing	29.1	11,514,776	10,378,858
- Mark-up reimbursement loan from GoP	29.2	10,188,427	5,601,238
- sukuk certificates		8,816	-
- short-term borrowings	29.3	705,261	663,844
- provident fund	28.8	8,426,244	7,905,864
		<u>30,843,526</u>	<u>24,549,804</u>

29.1 It includes Rs. 9,900 million (2020: Rs. 9,100 million) and Rs. (79,830 million (2020: 139,056 million) due to Government of Pakistan and National Bank of Pakistan respectively.

29.2 It represents markup on GOP-markup arrangement loan due to Government of Pakistan.

29.3 It includes Rs. 704,207 million (2020: Rs. 662,568 million) due to the National Bank of Pakistan.

30. SHORT-TERM BORROWINGS

Short-term loans - secured	30.1	29,860,000	29,860,000
Running finance under mark-up arrangements	30.2	720,489	716,613
		<u>30,580,489</u>	<u>30,576,613</u>

30.1 Short-term loans - secured

Financier	Security	Facility amount (million)	Expiry date	2021	2020
---(Rupees in '000)---					
Short-term loans - Related Parties					
From Banking Companies					
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 5,000	31-Dec-21	5,000,000	5,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 4,360	31-Dec-21	4,360,000	4,360,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,500	31-Dec-21	3,500,000	3,500,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 3,000	31-Dec-21	3,000,000	3,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-21	2,000,000	2,000,000
National Bank of Pakistan	Unconditional irrevocable continuing GoP Guarantee; lien / specific right to set-off over all receivables in connection with sales routed through collection account in NBP Airport Branch, Karachi.	Rs. 2,000	31-Dec-21	2,000,000	2,000,000
				29,860,000	29,860,000

30.1.1 The borrowings in PKR carry mark-up with a spread of 1.5% over 3 months KIBOR (2020: spread of 1.5% over 3 months KIBOR). Further, the agreements of these borrowings are expired on December 31, 2021; however, subsequent to the year end, these have been renewed.

30.2 Running finances under mark-up arrangements

Banks	Security	Facility amount (million)	Unavailed credit (million)	Expiry date	2021	2020
---(Rupees in '000)---						
Secured						
Running finance - related party						
National Bank of Pakistan	First pari passu hypothecation charge of Rs. 766,662 million on all present and future current assets with a margin of 25%; lien and specific right to set-off due receivables in connection with sales raised through collection account in NBP Airport Branch, Karachi. Further, a promissory note has been issued in the name of NBP amounting to Rs. 701 million payable on demand.	Rs. 575	766,662	31-Dec-21	574,990	574,843
Running finance - others						
Habib Bank Limited	Hypothecation charge on all present and future spare parts, accessories of aircraft assets of present and future receivables of the Holding Company for Rs. 2,000 million including 25% margin or as per SBP requirement, whichever is higher.	Rs. 350	Rs. 204,31	18-Feb-22	145,499	141,773
					720,489	716,613

30.2.1 The borrowings in PKR carry mark-up with a spread of 2% over 1 month KIBOR (2020: 2% over 1 month KIBOR).

30.2.2 Unavailed credit represents the difference between the facility amount and the balance as per bank statement as at December 31, 2021.

30.2.3 The agreement of National Bank has expired on December 31, 2021; however, subsequent to the year end, it has been renewed. Further the agreement of Habib Bank Limited is expiring on February 18, 2022 for which for which the company has applied for renewal.

31. CONTINGENCIES AND COMMITMENTS

31.1 Contingencies

31.1.1 Sales tax and Federal Excise Duty

- The tax department had raised demand of Rs. 566.544 million (2020: Rs. 566.544 million) in December 30, 1998, as Federal Excise Duty (FED) along with penalty of Rs. 1 million (2020: Rs. 1 million) and additional duty of Rs. 2,923.005 million (2020: Rs. 2,923.005 million) on the contention that the Company had not collected FED on tickets provided to its employees either free of cost or at concessional rates. The Company has paid Rs. 100 million (note 16) against the subject demand which is considered fully recoverable from the tax department. The Company has filed appeal before Appellate Tribunal Inland Revenue (ATIR) which was remanded back to ACIR. However, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.
- The tax department had also raised demands of Rs. 6.804 million (2020: Rs. 6.804 million) and Rs. 277.621 million (2020: Rs. 277.621 million) on March 11, 2008 as FED and sales tax respectively along with penalty of Rs. 14.416 million (2020: Rs. 14.416 million) and additional duty / default surcharge of Rs. 17.91 million (2020: Rs. 17.91 million) during the tax audit of the Company for the periods 2004-2005 and 2005-2006. These demands were raised on the issues of late payment of FED, collection of FED at incorrect rate, incorrect apportionment of input tax and failure to collect FED on carriage of goods / mail of Pakistan Post. The Company has paid an amount of Rs. 25 million (2020: Rs. 25 million) in this regard which is considered fully recoverable. The Company filed an appeal with the Collector of Customs, Sales Tax and Federal Excise (Appeals), which was decided partially in its favor, partially against it and partially remanded back. The Company and the tax department both have filed appeals at the ATIR which is remanded back however, remand back proceedings are still pending. Based on consultation with legal advisor, the management believes that the case will be decided in the favor of the Company. Accordingly, no provision has been made in these consolidated financial statements in this regard.

c) As per order dated February 25, 2010, the tax department has raised demands of Rs. 2,055 million (2020: Rs. 2,055 million) and Rs. 1,319.101 million (2020: Rs. 1,319.101 million) as FED and sales tax respectively along with penalty of Rs. 66,058 million (2020: Rs. 66,058 million) and additional duty / default surcharge of Rs. 534.412 million (2020: Rs. 534.412 million) during the tax audit of the Company for the period 2007-2008. These demands were raised mainly on the issues of collection of FED at incorrect rate and incorrect apportionment of input tax. The Company filed appeal at Commissioner Inland Revenue (Appeals) [CIR (A)], which was decided in favor of the tax department. The Company had filed appeal against this at ATR and a rectification application with CIR (A). The tribunal has disposed off the Company's appeal vide appellate order SIA No. 08/HB/2011 dated September 26, 2016, remanded back the issues of incorrect rates of FED charged on excess baggage and disallowance of claim of input tax. Further, tribunal has deleted the penalty. The remand back proceedings were initiated by the DCIR vide letter dated June 09, 2021. The said proceedings were concluded by the DCIR on an adhoc basis vide order dated December 12, 2021. Through the said order, the DCIR has maintained the actions taken in order in original S of 2010 dated Feb 25, 2010. An appeal against this order has been filed by the company at CIR(A) which is pending for hearing.

d) The tax department through orders dated March 06, 2009, December 04, 2010 and May 30, 2011 levied penalties of Rs. 5,677.351 million (2018: Rs. 5,677.351 million), Rs. 5,679.110 million (2018: Rs. 5,679.110 million) and Rs. 7,025.270 million (2018: Rs. 7,025.270 million), respectively, on account of delayed payment of sales tax and FED for the month of November - December 2008, January - March 2010 and November 2010 - January 2011, respectively. In addition to this, the tax department levied default surcharge and 5% penalty on the unpaid FED and sales tax amounting to Rs. 36.88 million, Rs. 21.11 million and Rs. 74 million, respectively. The Holding Company filed application for waiver of penalty for the month of November - December 2008 before Federal Board of Revenue (FBR) on which the decision is pending.

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

On April 30, 2013, the Additional Commissioner Inland Revenue (ACIR) levied penalty of Rs. 4,745.852 million (2018: Rs. 4,745.852 million) in respect of short payment of sales tax and FED for the tax periods April 2012 to January 2013. In addition, the tax department levied default surcharge on unpaid sales tax and FED amounting to Rs. 400.446 million (2018: Rs. 400.446 million). The Holding Company filed an appeal against the said orders before CIR (A), which was decided in favour of the department. Subsequently, the Holding Company filed an appeal against this at ATR level. Tribunal deleted the penalty but maintained default surcharge which was challenged by the Holding Company in Sindh High Court. The decision is pending adjudication.

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

a) On February 22, 2016, DCIR issued a show-cause notice on the same grounds as involved in sales tax refund (refer para 16.1) which was contested by the Company before the Honorable High Court of Sindh (SHC) and obtained stay order in favor of the Company. Subsequently on November 01, 2016, DCIR issued an order amounting to Rs. 6,747.669 million (2020: Rs. 6,747.669 million) under Section 11 of the Sales Tax Act, 1990 in respect of tax years 2010, 2011 and 2012 on the contention that the Company has adjusted excess input tax amounting to Rs. 2,603,502 million, Rs. 2,629,350 million and Rs. 1,514,818 million in the returns for tax year 2010, 2011 and 2012 respectively without considering that the matter was in court. Being aggrieved, the Company has filed appeal before CIR(A) against the said DCIR order, which was decided by CIR(A) in favor of the Company through their order dated June 29, 2017 and remanded back the case to DCIR and accordingly, the Company has withdrawn the appeal filed before SHC.

Later, the tax department has issued hearing notice in January 2019 followed by notices on October 24, 2019 and November 07, 2019 for remand back proceedings. The remand back proceedings were re-initiated vide notice dated June 23, 2021. These were concluded by DCIR on an adhoc basis vide order dated November 08, 2021 and passed it on ex-parte basis. Through the said order, the DCIR has maintained the findings of the order dated November 01, 2016. An appeal has been filed before the CIR(A).

- f) DCIR passed orders dated March 04, 2015 and November 30, 2015 and raised demand of Rs. 24,956 million and Rs. 35,691 million respectively, with disallowing input tax claimed, demand for sales tax along with default surcharge and penalty for periods February 2014, March 2014, and July 2014 on the contention that the Company has utilized additional input tax. The management has filed an application for condonation of time limit and issuance of necessary directions for the activation of appeal for revision of return which is pending. Based on legal advice the management is confident that this matter will ultimately be decided in the Company's favor, hence no provision is made in these consolidated financial statements in this regard.
- g) During the year 2017, DCIR passed orders dated September 07, 2016 and raised demand of Rs. 687.118 million for the short payment of Federal Excise Duty along with default surcharge and penalty regarding the services rendered in respect of travel within Pakistan for the tax periods July 2014 to June 2015. The Company filed an appeal with CIR(A) against the DCIR order. CIR(A) with order dated August 07, 2018 deleted the levy of penalty however maintained levy of default surcharge. The Company has filed an appeal against the CIR(A) order with ATR.
- h) On August 19, 2020, the Sindh Revenue Board has raised the demand of Rs. 54.4 million along with penalty of Rs. 2.7 million due to default on payment of non-deduction of Sindh Sales Tax at the time of making payment on services taxable under Sindh Sales Tax Act 2011 during the period from January 2016 to December 2018. An appeal has been filed against the order on September 16, 2020.
- i) As per order dated October 28, 2020, the tax department has raised demand of Rs. 975,447 million against FED regarding services provided or rendered in respect of air travel by passengers in exempt zone, international cargo, international excess baggage, international mail (Pakistan Post) and chartered flights (UN & Pakistan Army) is recoverable for want of evidence. Additionally, FED is also levied on courier services taxable under the provincial law for want of evidence. An appeal has been filed at CIR(A) against the said order.
- j) As per order dated June 07, 2021, the tax department has raised the demand of Rs. 311,866 million along with penalty of Rs. 146,626 million and default surcharge of Rs. 15,639 million against short paid FED on inland carriage of goods by air & chartered flights and short payment of FED on passengers travelled by air based on comparison of data with CAA. An appeal has been filed before the CIR(A) dated July 08, 2021. The hearing for the case was held on November 19, 2021 and was reserved for order.
- k) As per order dated August 12, 2021, the tax department has raised demand of Rs. 160,455 million against short payment of withholding tax during the tax period January 2017, February 2017 and June 2017 to August 2018. An appeal has been filed against the said order. The hearing for the case has yet to be fixed.

31.1.2 Other contingencies

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

- b) The Civil Aviation Authority (CAA) has been claiming excessive amounts from the Company which mainly relates to non-aeronautical charges comprising of land lease rent and the license fee. As of December 31, 2021 the excessive amounts claimed by CAA which are not acknowledged by the Company aggregated to Rs. 38,048,147 million (2020: Rs. 33,082,140 million) including late payment surcharge and interest thereon amounting to Rs. 22,374,693 million (2020: Rs. 27,453,631 million). In view of the understanding reached through a Memorandum of Understanding (MoU) which was concluded in the meeting held on January 24, 2011 between the representatives of the Company and CAA, the management does not accept the higher amounts being claimed by CAA.

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

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

The management, in a meeting held with the CAA and Aviation Division dated January 02, 2020, decided to reconcile the differences of non-aeronautical charges and, on payment of all outstanding dues after proper reconciliation, interest and surcharge payable to CAA will be waived.

- d) "During 2014, two travel agents (Times Travel UK Limited and Nottingham Travel Limited (the claimants), specialising in travel to and from the United Kingdom to Pakistan, commenced proceeding against the Company on account of unpaid commission or remuneration from the Company on sale of airline tickets in the High Court of Justice - Business and Property Courts of England and Wales (the Court). In pursuant of above, the Court passed an order in the year 2017, in favor of the claimants and directed the parties to compute the amount of commission due on the basis of the agreements entered into between the claimants and the Company. During the year 2019, the Court rewarded a judgement against the Company to pay GBP 5.171 million, equivalent to Rs. 1,233.063 million based on calculations made by the claimants. Conversely, the Company has recorded the provision of GBP 2.982 million, equivalent to Rs. 711.079 million against the said judgement based on the calculation carried out by the management, and for the remaining amount, the Company has filed the appeal, which management, based on its consultation with its legal advisors, believes that will be decided in favor of the Company."

During the year 2021, cases were filed against Pakistan International Airlines Corporation Limited by ex-employees in India for the clearance of their dues in respect of their full and final settlement, earned leaves and gratuity. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 6.496 million (2020: Nil). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialize.

- d) Various ex-employees of the Company have lodged claims against the Company for their dues specifically relating to their reinstatement aggregating to Rs. 5,228.712 million (2020: Rs. 3,901.481 million). The Company is contesting several litigations mainly relating to suits filed against it for unlawful termination of contracts, breach of contractual rights and obligations, non-performance of servicing stipulations due to negligence or otherwise. Accordingly, no provision has been made in these unconsolidated financial statements against these claims amounting to Rs. 3,789.819 million (2020: Rs. 3,789.819 million). The management is of the view that these cases have no sound legal grounds and the Company does not expect these contingencies to materialise.
- e) Certain lawsuits which arose in the normal course of business are pending against RHC. The eventual disposition of these legal actions, in the opinion of management based upon available insurance coverage and the assessment of the merits of such actions by legal counsel, will not have a material adverse effect on the financial position of RHC and the Group.

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Plaintiff / Defendant(s)	Relief Sought
High court of Sindh	Mandatory reinstatement services	2020	Skandar Ehsan Vs PIACL	Recovery of Damages Rs. 35,453 million
High court of Sindh	Quarance of show cause notice and termination from employment	2020	Captain Dawood Qureshi Vs PIACL & Others	Recovery of Damages Rs. 70 million
Orissa High Court	Counter Appeals filed against award grant of Rs. 1000/- damages/compensation	2019	Mastana S. Anagi Vs PIA Muhammad Ahmed Vs PIA Shamshad Khan Vs PIA (Shahid Khan)	Recovery of damages Rs. 1,079,598 million
Orissa High Court	Muhammad Ali booked two Mercedes however was allowed to drive one due to alleged delay by PIA	2020	Saleemuddin Raza Vs PIA & Others	Recovery of damages Rs. 100 million
Orissa High Court	Sher Muhammad / Jafar Marjani alleged his junior was promoted but he was not promoted	2020	Orif Muhammad Zafar Vs PIA	Recovery of damages Rs. 100 million
Orissa High Court	Asim Rehman's father died during riding the horse wheel of PIA 737, provision for recovery under Fatal Accident Act 1855	2007	Asim Rehman & Others Vs PIA	Recovery of damages Rs. 65.2 million
Orissa High Court	Yousaf Ali and Yousaf Ali filed suit for final settlement of Rs. 56 million	2018	Farooq Ahmad Mughal Vs PIA	Recovery of damages Rs. 56 million

Details of significant cases are given below:

Court	Factual Description	Year of Institution	Plaintiff / Defendant(s)	Relief Sought
Sindh High Court	Abbas Haider Janvi filed suit as he was not granted rescheduling of simulator training and engaged in domestic affairs.	2015	Abbas Haider Janvi Vs PIA	Recovery of damages Rs. 52.07 million
Sindh High Court	Yaseen Ali Qazi kept 25% of meal for passengers resulting in inconvenience, he was compulsorily retired, prayed for recovery of salary.	2016	Yaseen Ali Qazi Vs PIA	Recovery of damages Rs. 50.6 million
Sindh High Court	Mr Nisar Ali filed suit for alleged wrongful mandatory retirement from service, prayed for reinstatement.	2016	Nisar Ali Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Muhammad Aamir Malik prayed for recovery against show cause notice on account of false submission of medical certificate.	2015	Muhammad Aamir Malik Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Sadia Sumbul Butt, a waitress was detained in London and was found in possession unauthorized foreign currency and cell phones. She was terminated, and she challenged termination.	2015	Sadia Sumbul Butt Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Mr. Airport Hotel issued plaintiff letter to vacate the room No. D-025 allotted to him. He was issued show cause notice, suspended from duties with immediate effect. Prayed to restore.	2015	1. Colonel (R) Akhtar Saleel Vs PIA & Mr Sky Room Ltd. Etc	Recovery of damages Rs. 50 million
Sindh High Court	Ahmed Hussain Khichi was called back from position of manager Bahrain on administrative grounds, prayed to declare the transfer letter as illegal.	2014	Ahmed Hussain Khichi Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	Wazir Ahmed Khan, Assistant Manager-PHQ was issued show cause notice on account of releasing 19KG excess baggage without bill. Filed suit for declaration permanent and mandatory injunction.	2015	Wazir Ahmed Khan Vs PIA & others	Recovery of damages Rs. 50 million
Sindh High Court	Noreen Durrani claimed that on account of her prevailing medical condition, she has been advised against coming in contact with electrical appliances emitting electro-magnetic impulses, therefore he was repeatedly exempted from duty, filed suit for injunction.	2019	Noreen Durrani Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	HR Manager Flight Operations issued letter to Captain Farooq regarding retirement on medical grounds. He was permanently grounded on account of 'uncontrolled Diabetic Mellitus' prayed for guaranteed payment.	2019	M. Usaf Farooq Vs PIA	Recovery of damages Rs. 50 million
Sindh High Court	M. Ahmad Iqbal was terminated on account of manpower rationalization and right sizing. He alleged that no stigma or disciplinary grounds has been mentioned in termination letter except 'manpower rationalization and right sizing' etc. He has prayed to set aside termination letter.	2019	Ahmad Iqbal Vs PIA & Others	Recovery of damages Rs. 47.8 million
Sindh High Court	Captain Nadeem Ahmad Chowdhary removed from service on account of misconduct.	2016	Nadeem Ahmad Chowdhary Vs PIA	Recovery of damages Rs. 323 million
High Court Sindh	Plaintiffs Aftab Sayyad Raja & 05 Others are legal heirs of Raja namely Mr. Aftab Sayyad Raja deceased, who expired during a crash of Model Colony Karachi.	2021	Aftab Sayyad Raja & 05 others Vs PIA	Recovery of damages Rs. 402,957 million
High Court Sindh	Plaintiff M/s Cosmos Enterprises has filed the instant suit against Federation of Pakistan, PIA, through its Chairman, Director P&L, General Manager, Supply Chain Management, Managing Director HR and M/s. Mujtaba Brothers on the alleged ground that defendant PIA has deliberately & intentionally accepted the tender bid.	2021	M/s Cosmos Enterprises Vs FOP & others	Recovery of damages Rs. 100 million
High Court Sindh	Plaintiffs Riaz Ahmed, P-52290 and Rameez ul, P-48423 (Flight Purser), were promoted from PG-VI to VII w.e.f. 07.05.2021, however, their promotion letters were cancelled through separate letters dated 10.08.2021 on the ground that during scrutiny of records.	2021	Riaz Ahmed & Others Vs PIA & Others	Recovery of damages Rs. 100 million
High Court Sindh	PIA Plan Crash Compensation	2021	Ahmad Bano Vs PIA	Recovery of damages Rs. 98 million

f) Outstanding letters of guarantee amounted to Rs. 275,836 million (2020: Rs. 224,365 million).

g) Contingencies relating to income tax matters are disclosed in note 38.1 to these consolidated financial statements.

31.2 Commitments

- a) Commitments for capital expenditure amounted to Rs. 176.411 million (2020: Rs. 15.126 million).
- b) In 2012 the Company entered into an agreement for purchase of aircraft, the remaining commitments of which aggregate to US\$ 1,527,904 million equivalent to Rs. 269,695.683 million (2020: Rs. 244,211.619 million) based on catalogue prices. The Company has not made certain payments on its due dates as per the terms of the agreement.

		2021	2020 Restated
	Note	----- (Rupees in '000) -----	
32. REVENUE - NET			
Passenger		69,323,503	80,518,062
Cargo		4,817,478	4,631,146
Excess baggage		824,806	699,232
Charter services		6,045,980	3,153,594
Engineering services		729,372	1,129,577
Handling and related services		404,934	498,884
Mail		77,191	82,186
Room, food and beverages sales		1,740,232	3,301,701
Cancellation charges		1,699,127	1,911,630
Expired tickets		2,120,504	2,078,131
Others		306,037	1,192,397
		88,089,164	99,196,542

32.1 The analysis of revenue by geographical segment is disclosed in note 43.2 of these consolidated financial statements.

Revenue by geographical segments

Revenue analysis

USA & Canada	5,529,309	7,505,763
Europe & UK	6,489,187	10,556,342
Middle East & Africa	26,255,194	30,310,964
Asia (excluding Pakistan)	2,502,096	1,195,607
Pakistan	47,313,378	49,627,866
	88,089,164	99,196,542

32.2 Gross Revenue

Revenue	96,925,999	107,851,840
Less: Commission and discount	(3,025,753)	(3,110,990)
Federal Excise Duty	(5,368,006)	(4,346,221)
Provincial sales tax	(32,301)	(48,970)
Foreign tax	(410,775)	(1,149,117)
Net Revenue	88,089,164	99,196,542

33. COST OF SERVICES - OTHERS

Salaries, wages and allowances		10,831,391	14,863,466
Welfare and social security costs		1,590,017	1,552,877
Retirement benefits	33.1	2,347,155	2,528,862
Legal and professional charges		49,546	32,913
Stores and spares consumed		1,037,552	1,757,702
Maintenance and overhaul		8,589,088	12,650,308
Flight equipment rental	33.1.3	9,465,368	3,119,229
Landing and handling		9,955,778	12,989,032
Passenger services		980,784	2,782,318
Crew layover		924,428	1,475,650
Food and beverages		82,775	147,539
Staff training		17,556	10,022
Utilities		71,228	76,687
Communication		1,537,520	1,672,340
Insurance		6,661,800	3,235,590
Rent, rates and taxes		792,582	716,483
Printing and stationery		186,314	271,216
Depreciation	7.3	13,855,689	15,643,576
Amortisation of intangibles	9.1	12,745	11,030
Others		4,706,440	1,286,233
		73,695,756	76,823,073



- 33.1 The Holding Company's staff retirement benefits includes provident fund - a defined contribution plan. The Holding Company has established a separate provident fund. Following information of the provident fund has been derived from the unaudited financial statements of the provident fund as at December 31, 2021 and December 31, 2020.

The information related to provident fund established by the Holding Company is as follows:

	2021	2020
	----- (Rupees in '000) -----	
Size of provident fund	18,363,081	21,738,209
Cost of investments made	5,847,859	4,364,768
Percentage of investments made	31.9%	20.5%
Fair value of investments	5,861,026	4,456,945

The break-up of fair value of investments is as follows:

	2021	2020	2021	2020
	(Percentage)		----- (Rupees in '000) -----	
Term finance certificates	8.0%	3.7%	1,477,748	800,575
Islamic bonds	4.8%	1.6%	875,000	355,084
Mutual funds	18.1%	15.1%	3,318,062	3,282,498
Others	1.0%	0.1%	190,216	18,788
Total	31.9%	20.5%	5,861,026	4,456,945

- 33.1.1 The investments out of provident fund have been made in accordance with the provisions of Section 218 of Companies Act, 2017 and Section 227 of the repealed Companies Ordinance, 1984 and the rules formulated for this purpose.

	2021	2020
	(Number)	
33.1.2 Number of employees of the Holding Company:		
Average number of employees during the year	8,558	10,779
Number of employees as at year end	8,312	10,549

- 33.1.3 This represents lease payments of short term leases against engines classified under IFRS 16.

	2021	2020
		Restated
	----- (Rupees in '000) -----	
34. DISTRIBUTION COSTS	Note	
Salaries, wages and allowances		1,636,066
Welfare and social security costs		198,934
Retirement benefits		1,217,043
Distribution and advertising expenses		1,400,688
Legal and professional charges		88,082
Repairs and maintenance		36,447
Insurance		10,446
Printing and stationery		110,317
Communication		200,170
Staff training		7,473
Rent, rates and taxes		141,804
Utilities		18,566
Depreciation	7.3	10,473
Others		276,456
		5,352,965
		5,146,786

35. ADMINISTRATIVE EXPENSES	Note	2021	2020
		(Rupees in '000)	Restated
Salaries, wages and allowances		2,911,666	2,665,941
Welfare and social security costs		294,166	287,261
Retirement benefits		1,139,213	853,588
Legal and professional charges		412,883	275,884
Audio, visual and sound system		-	126,384
Insurance		55,848	113,387
Printing and stationery		35,966	78,073
Management fee	35.1	72,335	68,415
Staff training		50,324	728
Municipal taxes		1,275,201	1,509,191
Rent, rates and taxes		492,959	511,731
Utilities		874,407	923,571
Remuneration of subsidiaries' auditors		463,542	174,754
Auditors' remuneration	35.2	22,362	20,900
Communication		55,768	61,537
Credit card commission		-	74,849
Depreciation	7.3	14,358	1,417,154
Amortization	9.1	146,565	126,863
Amortization in respect of long term lease - PIAl	13.3	1,815	1,699
Donations	35.4	4,200	3,973
Others		600,126	883,067
		8,923,704	10,178,950

35.1 The breakup of management fee expense incurred during the year is set forth below:

	Note	2021	2020
		(Rupees in '000)	
(i) Interstate Hotels and Resorts Holding Company (IHC)	35.1.1	-	37,575
(ii) ACCOR	35.1.2	72,335	30,840
		72,335	68,415

35.1.1 RHC entered into a contract for management of day-to-day operations of Roosevelt Hotel with IHC. The agreement provides for a base management fee calculated at 1.20% of gross operating revenues per year and an incentive management fee calculated at 14.5% of net operating income as defined in the agreement.

35.1.2 MFSA entered into a management agreement with ACCOR whereby ACCOR is entitled to a basic fee of 2.625% of Scribe Hotel's turnover less lease rentals plus an incentive fee of 9% of gross operating profit subject to a cap of 4.25% of turnover less lease rentals.

35.2 Auditors' remuneration

	2021			2020		
	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total	Grant Thornton Anjum Rahman	BDO Ebrahim & Co.	Total
	(Rupees in '000)					
Audit fee	7,500	7,500	15,000	6,464	6,464	12,928
Fee for review of interim financial information	2,200	2,200	4,400	1,876	1,876	3,756
Consolidated financial statements	256	256	512	961	961	1,922
Code of Corporate Governance	400	400	800	322	322	644
Out of pocket expenses	825	825	1,650	825	825	1,650
	11,181	11,181	22,362	10,450	10,450	20,900



35.3	This includes auditors remuneration for subsidiaries auditors amounts to Rs. 0.55 million (2020: Rs. 0.73 million).		
35.4	Donations include payments aggregating Rs. 4.20 million (2020: Rs. 3.97 million) to its CSR setup viz Al-Shifa Trust, situated at Terminal 2, Road, Karachi Airport, Pakistan in which the Chief Executive Officer of the Company (Air Marshal Arshad Malik) acts as a Trustee / Chairman. Besides this, none of the directors or their spouses have any interest in the donee.		
36.	OTHER PROVISIONS AND ADJUSTMENTS	Note	2021 ----- (Rupees in '000) ----- 2020
	Provision / (reversal) for slow moving and obsolete spares	14.1	262,875 (265,474)
	Provision for impairment against doubtful debts	15.2	1,191,865 540,503
	Provision / (reversal) for impairment against doubtful advances		- (174,146)
	Provision for doubtful other receivable		113,131 -
	Cost associated with hotel closure		- 5,225,773
	Provision for VSS employee	18.6	- 2,465,243
	Late payment surcharge on fuel	28.1	896,114 1,024,531
	Others		114,099 715,562
			<u>2,578,084</u> <u>9,531,992</u>
37.	OTHER INCOME		
	Income from financial assets		
	Profit on bank deposits		73,826 107,904
	Income from assets other than financial assets		
	Expired ticket income		463,908 293,074
	Gain on disposal of property, plant and equipment		23,107 830,842
	Valuation gain on airframes & engines		3,727,677 615,694
	VSS - grant from GoP		- 8,500,000
	Fair value gain on investment property		38,285 -
	Others		2,571,182 1,114,040
			<u>6,897,985</u> <u>11,461,554</u>
38.	FINANCE COSTS		
	Mark-up on:		
	- long-term financing		18,988,253 20,745,989
	- GoP loan against mark-up		4,587,189 3,504,597
	- term finance certificates		- 226,704
	- short-term borrowings		2,752,798 3,434,627
			<u>26,328,240</u> <u>27,911,917</u>
	Profit on sukuk certificates		223,244 94,461
	Interest on liabilities against assets subject to finance lease		885,787 1,441,901
	Unwinding of long term deposits		84,104 (60,539)
	Interest on provident fund	28.7	520,380 850,045
	Arrangement, agency and commitment fee		488,446 504,790
	Amortisation of prepaid exposure fee	13.5	- 5,658
	Bank charges, guarantee commission and other related charges		52,045 65,339
			<u>28,582,246</u> <u>30,813,572</u>
39.	TAXATION		
	Current	39.1	658,638 22,349
	Prior		- -
	Deferred		(1,525,691) (4,205,949)
			<u>(867,053)</u> <u>(4,183,600)</u>

39.1 Current

39.1.1 Up to the half year ended 30 June 2021, the Company was not recognizing income tax on the basis of minimum tax on turnover under Section 113 of Income Tax Ordinance 2001, based on the management's interpretation that Section 113 is not to be levied on the Company's revenue streams (i.e. fare from passenger, cargo freight, and excess luggage fees) as these do not fall under the ambit of 'gross fees for rendering of services' as defined in above mentioned section, that would be treated as turnover for the purpose of levying minimum tax. The management's interpretation was in line with the recent decision of Appellate Tribunal Inland Revenue (ATIR) reported as 2019 PTD (Ib) 416. In case of another airline company, holding that the above mentioned revenues generated by the Company do not fall under the ambit of turnover as defined in section 113 of Income Tax Ordinance, 2001.

39.1.2 Accordingly the management based on consultation with its tax advisor was confident that the minimum tax levied under Section 113 is not applicable to the Company. The Company has revised its income tax returns for tax years 2015 to 2019. Similarly, the return for the tax years 2020 and 2021, filed without recognizing minimum tax. Further, CIR(A) confirmed the orders of ACIR for tax year 2015 till 2020. The Company has filed appeals at ATIR against the CIR(A) orders received for FY 2015 to FY 2020 and are pending for hearing. Further, ACIR has issued an order for FY 2021, dated December 21, 2021, imposed a demand of PKR 595 million. Company has filed an appeal against the said order at CIR(A) and hearing on companies appeal is pending.

No numeric tax rate reconciliation is given as the deferred tax asset has been recognized to the extent of deferred tax liability (note no 27.4.1).

The Company has filed tax returns for tax years up to tax year 2021. The tax returns from tax years 2003 to 2021 have been filed under self assessment scheme. All assessments for tax years 1991 to 2002 have been finalized by the tax department. The minimum tax liability under section 80D of the ITO, 2001 had been levied by the department from assessment year 1991-92 to assessment year 2002-03 after adding 10% of net turnover on estimated basis. The Company had filed appeals against the above demands which had been decided in favor of the Company at ATIR level. The tax department had filed appeal against the decision before Sindh High Court which was decided on technical grounds in favor of the Company. Thereafter, the tax department has filed an appeal against the decision of Sindh High Court before Supreme Court which is pending to date. Based on consultation with legal advisor, the management believes that this issue will be decided in favor of the Company without any additional tax liability.

39.1.3 Appeal Order dated March 13, 2014 a demand of Rs. 898.177 million (2020: Rs. 898.177 million) was raised by the Deputy Commissioner Inland Revenue (DCIR) by issuing an amended order in relation to the tax year 2005. The main contention among others was disallowance of depreciation claimed on leased aircrafts. The Company claimed the depreciation on those aircrafts which were obtained under hire purchase arrangement which has been approved by the Ministry of Finance as a financing arrangement. The tax department did not accept the Company's standing and disallowed depreciation expense as inadmissible. An amount of Rs. 48.235 million was also recovered by FBR in this respect.

The Company filed an appeal at CIR (A) level which was decided partially in favor of the Company. Being further aggrieved, the Company has filed appeal at Income Tax Appellate Tribunal (ITAT) level which partially heard on September 27, 2016. Based on consultation with legal advisor, the management is confident that this issue will ultimately be decided in its favor of the Company and the amount will be recovered.

39.1.4 ACIR had issued an order dated June 30, 2014 in respect of tax year 2008 on account of disallowance of depreciation on leased aircraft and other provisions amounting to Rs. 18,892,227 million. Subsequently, CIR(A) vide its order dated January 17, 2016 had annulled the ACIR's order as it was time barred. ACIR has filed an appeal before ATIR against the above order.

ACIR has passed an order dated December 19, 2016 under section 124(1)(22) (5A) of the ITO, 2001 in respect of tax year 2009 and raised a demand of Rs. 1,92,428 million while maintaining the disallowance of depreciation, exchange loss and tax credit amounting to Rs. 17,864,622 million, Rs. 6,030 million and Rs. 1,68,744 million respectively, demanded in the earlier order dated June 15, 2015. The Company filed an appeal before CIR(A) and CIR(A) vide its order dated February 14, 2018 maintained the disallowance of depreciation, deleted the disallowance of exchange loss and remanded back the short allowed tax credit under various sections. Both the Company and the department have filed appeals before ATIR under section 131 of the ITO, 2001 against the order dated February 14, 2018.

ACIR issued an order dated June 30, 2016 under section 122 (5A) of the ITO, 2001 in respect of tax year 2010 and raised a demand of Rs. 1,43,076 million, disallowing depreciation claimed on leased aircrafts and other provisions amounting to Rs. 17,810 million. The Company filed a rectification application against the above order and ACIR vide its order dated December 12, 2017 maintained the disallowance of depreciation and other provisions but allowed certain tax credits and revised a tax demand of Rs. 109,663 million. The Company filed an appeal before CIR(A) against the above order whereas CIR(A) vide its order dated January 07, 2018 upheld the matter related to disallowance of depreciation and remanded back disallowance of other provisions and tax credits. The Company has filed an appeal before ATIR against the said order.

The CIR(A) disposed off Company's appeal and issue Combined appellate order dated October 30, 2015 through which CIR(A) maintained disallowance depreciation and deleted other provisions. The Company has filed an appeal against the CIR(A) decision at ATR, however, the matter is still pending for adjudication and the management is confident that this issue will ultimately be decided in favour of the Company. The ACIR issued an order dated June 20, 2016 for tax year 2017 and raised a demand of Rs. 327,535 million by applying 1% minimum tax rate against the Company's contention of 0.5% in addition to disallowing depreciation claimed on leased aircraft and other provisions amounting to Rs. 7,692,992 million. The Company has filed an appeal before CIR(A) against the said orders whereas CIR(A) vide its order dated October 30, 2015 upheld the matter related to minimum tax and disallowance of depreciation and demanded back disallowance of other provisions and tax credits. However, Company on the advice of its tax consultant has made the provision of Rs. 537,657 million being the difference of 0.5% and 1% minimum tax for tax year 2017. Both the Company and the department have filed appeals before ATR under section 141 of the ITO, 2001 against the order which is pending for hearing.

The ACIR has issued the orders dated June 30, 2018 and January 05, 2017 under section 122(5A) of the ITO, 2001 in respect of tax years 2012 and 2014 and disallowed depreciation on leased aircrafts and other provisions amounting to Rs. 9,725,915 million and Rs. 11,007,920 million respectively. The Company has filed an appeal before CIR(A) against these said orders. Subsequently, CIR(A) issued Appellate order dated December 26, 2019 and February 14, 2019 in respect of tax years 2012 and 2014 respectively and disposed the appeal by deleting the demand of tax years 2012 while maintaining the disallowed depreciation on leased aircrafts and other provisions for tax years 2012 and 2014. The Company has filed an appeal to ATR against the decision of CIR(A), however, the matter is still pending for adjudication.

However, if the above matters are decided against the Holding Holding Company, it may erode the benefit of tax depreciation, which remains available for an indefinite period, compared to business losses.

- 39.1.5** The tax department has also issued order dated December 31, 2012 under section 141/205 of the ITO, 2001 pertaining to tax year 2011 and raised a demand of Rs. 324,319 million. The Company has filed an appeal against the order before CIR(A) which are pending adjudication.
- 39.1.6** The tax department has also issued a showcause notice under section 141 / 205 of the Income Tax Ordinance, 2001 pertaining to tax year 2015 to provide reconciliations under rule 44(4) of the Income Tax Rules, 2002, of the amounts shown in the statement of accounts and amounts reflected in the monthly/annual statements filed under section 145 of the ITO, 2001. The Company has responded the showcause notice.
- 39.1.7** The tax department has also issued an order under section 141/205 of the Income Tax Ordinance, 2001 dated 11/01/2021 for the month of January 2020 to December 2020 raising demand of Rs. 317,327 million along with default surcharge of Rs. 37,804 million and penalty of Rs. 31,732 million. An appeal has been filed before the CIR(A) for default surcharge and penalty. No hearing has been fixed till date.
- 39.1.8** On February 02, 2017, show cause notices were issued by the Officer Inland Revenue (OIR) of Corporate Regional Tax Office (CRTO), Karachi for tax years 2010 to 2013 wherein the OIR has alleged that the Sabre had paid "rebates" to non-residents which in the opinion of OIR fall within the ambit of "Franchise" as provided in the Federal Excise Act, 2005 and attracts Federal Excise Duty (FED) at the rate of 10%. The Sabre had filed petition before the Honourable High Court of Sindh (SHC) against the aforementioned show cause notice and to protect itself from freezing of bank accounts, which is pending adjudication. SHC, on Sabre request, had also granted stay/interim order on this matter. Subsequent to the year end on February 02, 2021, the Sabre has unconditionally withdrawn the case before the SHC being further notice or order was received from the tax authority.
- 39.1.9** "During the financial year 2016, the Sabre received notices from the Sindh Revenue Board (SRB) for payment of Sindh Sales Tax on Services (SST) including default surcharge, and for filing of SST returns for the tax periods June-2016, July-2016 and August-2016. The Sabre deposited Rs. 1.4 million in respect of sales tax for the period of June-2016 only on December 14, 2016.

In the last year, following developments had taken place:

- The Sabre received show cause notice from Assistant Commissioner SRB for not charging SST on indenting services being rendered by the Sabre during tax periods from July 2016 to December 2016 and for non-filing of SST returns for the tax periods from June 2016 to March 2017. An order dated February 21, 2018 was issued to the Sabre raising SST demands of Rs. 69.75 million for the tax periods from July 2016 to March 2017 and penalty of Rs. 155.02 million. Further, the Order mentioned that the default surcharge will be calculated at the time of payment.

- On February 28, 2018 the Sabre filed appeal against said Order before Commissioner (Appeals) - SRB, which is pending adjudication. In addition, the Sabre also filed a petition in SHC praying for speedy decision of the appeal. The Court in its order dated March 2, 2018, directed Commissioner (Appeals) - SRB to decide the case within prescribed time limit whereas it was also agreed between the parties that no adverse action would be undertaken against the Sabre till the decision of the appeal by Commissioner (Appeals) - SRB.

- In 2018, Sindh Board of Revenue (SRB) had announced amnesty for waiver of penalty and significant amount of default surcharge. In this respect, the Sabre paid Sindh Sales Tax of Rs. 19.316 million (including 20% of default surcharge) on June 12, 2018 relating to the business operation of the Sabre in Sindh for the tax periods July 15 through December 15. However, the Sabre is continuously contending the impugned tax demand including the demand relating to the portion of Sindh in the appeal which is pending adjudication.

In respect of the above, while the SST returns have not been filed by the Sabre till yet, the Sabre (on prudence basis) has maintained a provision in respect of SST amounting to Rs. 41.62 million (2018: Rs. 39.14 million) for tax periods July 2018 through December 2017. This provision represents estimated tax liability computed on revenue earned in Sindh Province at the applicable tax rate(s) and does not include provision on revenue earned outside the province of Sindh.

- 39.1.10 Subsequent to the year end, AC-SRB passed the order dated February 27, 2019 and raised SST demand of Rs. 57,050 million on the total revenue of the Sabre generated from all over Pakistan during the tax periods from January 2017 to December 2017. In addition to this the AC-SRB imposed penalty of Rs. 3,572 million along with default surcharge to be calculated at the time of payment. The Sabre, being aggrieved with the above order has filed an appeal before the Commissioner (Appeals) - SRB which is pending adjudication.

The Sabre has paid Sindh Sales Tax of Rs. 11.649 million on March 01, 2019 relating to the business operation of the Sabre in Sindh. However, the Sabre is continuously contending the impugned tax demand including the demand relating to the portion of Sindh in the appeal which is pending adjudication.

40. LOSS PER SHARE - BASIC AND DILUTED

The calculation of loss per share at December 31 is based on loss attributed to owners of ordinary shares of the Holding Company.

	2021	2020 (Restated)
	----- (Rupees in '000) -----	
Loss for the year	(53,483,493)	(43,749,576)
Weighted average number of ordinary shares outstanding	5,235,261,117	5,235,261,117
Loss per share attributable to		
'A' class Ordinary share (Rupees)	(10.22)	(8.36)
'B' class Ordinary share (Rupees)	(5.11)	(4.18)



	2021	2020
41. OPERATING AND FINANCING CASH FLOWS	----- (Rupees in '000) -----	
Loss before taxation	(54,350,546)	(47,933,176)
Adjustments for:		
Depreciation	13,880,520	17,079,589
Gain on disposal of property, plant and equipment - net	(23,107)	(830,842)
Unrealised exchange loss	5,803,110	3,739,723
Fair value gain on investment property	38,285	-
Gain on valuation of Airframes & Engine	(3,727,677)	-
Amortisation / adjustment of intangibles	159,310	137,996
Provision / (reversal) for slow moving stores and obsolete spares	262,875	(265,474)
Provision for impairment against doubtful debts	1,191,865	540,503
Reversal for impairment against doubtful advances	(102,890)	(160,691)
Provision impairment against doubtful other receivables	113,131	2,468,639
Provision for staff retirement benefits	5,911,128	4,361,353
Finance cost	28,582,246	30,813,572
Share of profit from associates	917	(978)
Profit on bank deposits	(73,826)	(107,904)
	(2,334,659)	9,842,310
Working capital changes		
Decrease in stores and spares	29,172	605,310
(Increase) / decrease in trade debts	(5,091,487)	8,454,307
Decrease in short-term loans and advances	561,047	148,528
(Increase) / decrease in trade deposits and short term prepayments	(897,764)	2,748,909
Decrease / (increase) in other receivables	9,725,074	(7,812,343)
Decrease in trade and other payables	(545,192)	(2,438,365)
	3,780,850	1,706,346
Cash generated from operations	1,446,191	11,548,656

41.1 Reconciliation of movements of liabilities to cash flows arising from financing activities:

	2021				
	Liabilities				Total
	Short term borrowings (including accrued markup)	Long term financing (including accrued markup)	TFC's and Sukuks (including accrued markup)	Lease liabilities	
Balance as at beginning of the year	30,623,844	313,985,408	-	17,340,899	361,850,151
Changes from financing cash flows:					
Proceeds from loans and borrowings	-	86,630,649	5,675,000	-	86,630,649
Transfer to Short term borrowings	-	-	-	-	-
Repayment of loans and borrowings	-	(44,389,549)	-	-	(44,389,549)
Payment of finance lease liabilities	-	-	-	(10,424,559)	(10,424,559)
Total changes from financing cash flows	-	36,566,100	-	(10,424,559)	31,816,541
Changes in fair value					
Other changes - liability related					
Currency translation difference	-	11,796,468	-	6,046,389	17,842,857
Interest expense	2,752,798	18,988,253	223,244	885,787	22,850,081
Interest paid	(2,711,381)	(2,093,744)	(214,428)	-	(4,919,553)
Total liability - related other changes	41,417	9,853,977	8,816	9,275,845	19,180,055
Total equity - related other changes	-	-	-	-	-
Balance as at end of the year	30,565,261	360,405,485	5,683,816	16,192,185	412,846,747

42. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	(Key Management Personnel)					
	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(Rupees in '000)					
Managerial remuneration	10,961	9,425	125,646	134,272	1,687,030	1,595,569
Holding Company's contribution to provident fund	-	-	2,618	1,518	52,441	83,802
Other perquisites	-	-	26,185	10,822	434,568	652,475
	10,961	9,425	154,449	146,612	2,174,039	2,331,846
	(Number)					
Number	1	1	14	17	680	501

Aggregate amount charged in these consolidated financial statements for fee to directors was Rs. 0.133 million (2018: Rs. 0.283 million). Chief Executive Officer and certain executives are also provided with the Holding Company's maintained cars and facilities as per the Holding Company's rules. Key management personnel of PIAL are also provided with free use of Group maintained cars and are entitled for reimbursement of actual medical expenditure.

43. SEGMENT INFORMATION

This primary segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the services provided. Secondary information is reported geographically. The operating businesses are organised and managed separately according to the nature of services provided, with each segment representing a strategic business unit that serves different markets.

The airlines operations segment provides air transport and other allied services.

Hotel operation segment provides accommodation and related services in Pakistan, United States and Europe.

Transaction between business segments are conducted on agreed basis in a manner similar to transactions between third parties. Segment revenues, segment expenses and segment results include transaction between business segments.

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

43.1 Revenue analysis

	AIRLINES OPERATIONS		HOTEL OPERATIONS		OTHERS	ELIMINATIONS / ADJUSTMENTS		CONSOLIDATED	
	2021	2020	2021	2020	2021	2021	2020	2021	2020
(Rupees in '000)									
Revenue									
External sales	86,185,393	94,989,391	2,459,067	4,311,787	217,646	152,328	-	88,862,106	99,453,506
Intersegment sales	-	-	-	-	-	(772,943)	(256,964)	(772,943)	(256,964)
Total revenue	86,185,393	94,989,391	2,459,067	4,311,787	217,646	152,328	(772,943)	88,089,163	99,196,542
Results									
Segment results	(50,101,490)	(24,642,811)	(3,325,568)	(8,965,878)	(55,302)	(129,908)	(912)	(53,483,493)	(43,749,576)
Interest expense	(27,390,282)	(29,724,512)	(1,321,797)	(1,241,263)	-	(2,568)	(129,834)	(28,582,246)	(30,813,572)
Interest income	73,826	101,309	-	-	-	6695	-	73,826	107,904
Share of associates (net)	917	(978)	-	-	-	-	-	917	(978)
Impairment losses	337,743	(710,862)	(1,218,000)	(3,483,902)	13,294	(11,164)	-	(867,053)	(4,205,928)
Depreciation	(12,294,782)	(14,720,328)	(1,621,605)	(3,265,111)	(64,133)	(28,448)	-	(13,680,520)	(17,017,887)
Amortisation	(159,310)	137,566	-	-	-	337	-	(159,310)	137,893
Assets and liabilities									
Segment assets	146,366,035	140,993,226	147,280,814	132,303,868	372,515	371,168	(6,462,657)	285,556,707	266,479,528
Investment in associates	396	826	-	-	-	-	111,581	111,977	101,491
Capital expenditure	4,110,459	5,649,257	196,549	21,713,896	12,940	69,904,580	-	4,319,946	14,511,052
Segment liabilities	643,829,641	589,760,019	66,453,144	56,376,484	170,864	114,129	(10,116,530)	700,337,119	649,922,521

43.2 Geographical segments - by area of original sale

	2021					2020				
	PAKISTAN	UNITED STATES	EUROPE	OTHERS	TOTAL	PAKISTAN	UNITED STATES	EUROPE	OTHERS	TOTAL
(Rupees in '000)										
Segment revenues	47,322,337	5,814,214	6,489,187	28,463,426	88,089,164	49,627,866	7,806,763	10,651,588	31,411,325	99,196,542
Carrying amount of assets	146,998,679	83,500,284	55,067,746	-	285,556,708	141,405,892	86,965,314	37,908,324	-	266,479,528

The major revenue earning assets comprise the aircraft fleet, all of which are registered in Pakistan. Since the fleet of the Holding Company is deployed flexibly across its worldwide route network, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

44. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk, fuel price risk and other price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group's senior management carries out financial risk management under governance approved by the Board of Directors. Senior management identifies, evaluates and hedges financial risks, wherever necessary.

44.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk; interest rate risk, currency risk and other price risk, such as fuel price and equity price risk. Financial instruments affected by market risk include loans and investments of FVOCI.

a) Fuel price risk

The Group's earnings are affected by changes in price of aircraft fuel. The Group hedges fuel prices to a limited extent through use of derivative contracts. There are no derivative contracts outstanding as of year end.

a) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group's revenue streams are denominated in a number of foreign currencies resulting in exposure to foreign exchange rate fluctuations. In addition, the Group has substantial foreign currency borrowings and lease liabilities that are primarily denominated in US Dollar (US\$), Saudi Riyal (SAR), United Arab Emirates Dirham (AED), Euro (EUR) and Great Britain Pound (GBP). The Group can experience adverse or beneficial effects arising from foreign exchange rate movements. The Group manages some of its currency risk by utilising its foreign currency receipts to satisfy its foreign currency obligations. The following table demonstrates the sensitivity of financial instruments to a reasonable possible change in the foreign currency exchange rates, with all other variables held constant, on loss before tax:

The Holding Company manages some of its currency risk by utilizing its foreign currency receipts to satisfy its foreign currency obligations. The following table demonstrates the sensitivity of financial instruments to a reasonable possible change in the foreign currency exchange rates, with all other variables held constant, on loss before tax:

	2021	2020	2021	2020
	(Rupees in '000)			
	+5%		-5%	
Change in US\$ rate (Increase) / decrease in loss before tax	(3,263,447)	(3,840,050)	3,263,447	(3,840,050)
Change in SAR rate (Increase) / decrease in loss before tax	22,510	2,060	(22,510)	2,060
Change in AED rate (Increase) / decrease in loss before tax	21,682	16,211	(21,682)	16,211
Change in GBP rate (Increase) / decrease in loss before tax	12,794	13,998	(12,794)	13,998
Change in EUR rate (Increase) / decrease in loss before tax	(22,554)	-	22,554	80,464

c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the following:

	2021	2020
	----- (Rupees in '000) -----	
Variable rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	340,890,707	303,606,550
Term finance and sukuk certificates	16,192,185	17,340,899
Liabilities against assets subject to finance lease	30,580,489	30,576,613
Short-term borrowings	387,663,381	351,324,062
Financial assets		
Long term deposits	(161,875)	(217,973)
Short term investments	19,220	19,220
	<u>387,520,726</u>	<u>351,325,309</u>
Fixed rate instruments at carrying amount:		
Financial liabilities		
Long-term financing	8,000,000	8,000,000
	<u>8,000,000</u>	<u>8,000,000</u>
Financial assets		
Bank deposits	(2,158,838)	(1,242,335)
Long-term loans	(603)	(603)
	<u>(5,840,559)</u>	<u>6,757,062</u>

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, change in interest rates at the reporting date would not affect consolidated statement of profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The following table demonstrates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, on the Group's loss before tax.

	KIBOR		LIBOR	
	2021	2020	2021	2020
	----- (Rupees in '000) -----			
Change in interest rate	+ 1%		+ 0.25%	
Increase in loss before tax	(2,869,288)	(2,288,725)	(170,199)	(193,581)
Change in interest rate	- 1%		- 0.25%	
Decrease in loss before tax	2,869,288	2,288,725	170,199	193,581

d) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Group is not significantly exposed to equity securities price risk as majority of its investments are in subsidiaries and associated companies which are stated at cost.

44.2 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial asset. The Group manages its liquidity risk by maintaining sufficient cash and cash equivalents, financing facilities and through support of GoP either in the form of capital / loans or in the form of guarantee to obtain financing from lenders (refer note 1.3).

The following table shows the Group's remaining contractual maturities of financial liabilities, including estimated interest payments:

	Carrying Amount	Contractual cash flows	Less than 1 year	1 - 5 years	More than 5 years
	(Rupees in '000)				
2021					
Long-term financing	348,890,707	508,266,870	78,776,385	295,718,486	113,802,520
Lease liabilities	16,192,185	18,001,827	6,488,214	9,101,512	2,412,101
Trade and other payables	182,260,43	182,260,43	182,260,43	-	-
Derivative (CAP)	87,498	87,498	-	87,498	-
Accrued interest / mark-up / profit	30,843,526	30,843,526	387,980	23,072,629	7,382,917
Short-term borrowings	30,580,489	30,580,489	30,580,489	-	-
Long term deposits	125,781	125,781	-	125,781	-
	608,980,428	770,166,234	298,493,311	328,105,906	123,597,538
2020					
Long-term financing	303,606,550	352,402,170	91,382,642	222,184,739	59,272,117
Liabilities against assets subject to	17,340,899	18,791,139	9,800,897	8,184,672	805,656
Trade and other payables	153,042,939	153,042,939	153,042,939	-	-
Accrued interest / mark-up / profit	17,898,519	17,898,519	17,898,519	-	-
Short-term borrowings	30,579,813	30,562,429	30,562,429	-	-
Long term deposits	108,639	108,639	-	108,639	-
Derivative (CAP) - Fair Value	150,839	150,839	-	150,839	-
	522,727,998	572,956,674	302,687,426	230,628,894	60,077,773

44.3 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. All financial assets except cash in hand are subject to credit risk. The carrying amount of financial assets as at December 31, 2021 represents the maximum credit exposure, which is as follows:

	2021	2020
	(Rupees in '000)	
Receivable in respect of Centre Hotel	1,333,420	1,207,423
Long-term deposits	4,403,694	3,089,808
Trade debts	15,174,240	10,082,753
Short-term loans	2,393,105	2,350,524
Trade deposits	4,259,294	3,197,268
Other receivables	2,346,310	3,263,709
Bank balances	13,980,209	7,517,056
	43,890,272	30,708,541

Trade debts

The Group has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Group normally grants a credit term of 30 to 60 days to customers and in certain circumstances such exposure is partially protected by bank guarantees. Trade debtors mainly represent passenger and freight sales due from agents and government organizations. The majority of the agents are connected to the settlement systems operated by the International Air Transport Association ("IATA") who is responsible for checking the credit worthiness of such agents and collecting bank guarantees or other monetary collateral according to local industry practice. In most cases amounts due from airlines are settled on net basis via an IATA clearing house. The credit risk with regard to individual agents and airlines is relatively low.

Ageing of trade debts is disclosed in note 15 to these consolidated financial statements.

Other financial assets

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably good credit rating i.e. at least "A3" or equivalent for short term and "BBB" or equivalent for long term.

There is no credit risk on aircraft lease deposits because they are secured against the finance lease obligation. Other deposits are not significantly exposed to credit risk as they have been paid as security deposits to receive future services.

There is no significant credit risk against other receivables as majority of the receivable is from GoP.

44.4 Capital management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern. The Group has incurred losses in recent years and the disclosure in respect of the Group's ability to continue as a going concern is disclosed in note 1.3 to these consolidated financial statements.

45. Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Level 1: Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2021							
	Carrying amount				Fair value			
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Other financial assets	Total	Level 1	Level 2	Level 3
	(Rupees in '000)							
Financial assets measured at fair value								
Long-term investments	258,851	-	-	-	258,851	258,851	-	-
Financial assets not measured at fair value								
Non-current assets								
Receivable in respect of Centre Hotel	-	-	1,333,420	-	1,333,420	-	-	-
Investments in unquoted securities	371	-	-	-	371	-	-	-
Current assets								
Trade debts	-	-	15,174,240	-	15,174,240	-	-	-
Trade deposits	-	-	4,259,294	-	4,259,294	-	-	-
Other receivables	-	-	1,557,872	-	1,557,872	-	-	-
Short-term investment	19,220	-	1,420,654	-	1,439,874	-	-	1,439,874
Cash and bank balances	-	-	-	31,063	31,063	-	-	-
	278,442	-	23,745,480	31,063	24,055,005	258,851	-	1,439,874

	Carrying amount				Fair value			
	Fair value through other comprehensive income	Fair value through profit and loss	Amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
(Rupees in '000)								
Financial liabilities not measured at fair value								
Long-term financing	-	-	-	349,016,487	349,016,487	-	-	-
Term finance and lease certificates	-	-	-	5,675,000	5,675,000	-	-	-
Lease liabilities	-	-	-	16,192,185	16,192,185	-	-	-
Advances from subsidiary	-	-	-	7,084,407	7,084,407	-	-	-
Trade and other payables	-	-	-	155,852,029	155,852,029	-	-	-
Accrued interest	-	-	-	23,984,551	23,984,551	-	-	-
Short-term borrowings	-	-	-	30,580,489	30,580,489	-	-	-
Derivative (Cost - Fair Value)	-	-	-	87,498	87,498	-	-	-
				588,472,646	588,472,646			

The Roosevelt Hotel is located at 45 East 45th Street New York, New York 10017 United State of America, which opened in 1924, features 1,025 rooms, a restaurant, a lounge, a rooftop lounge, a street level lounge, room service, approximately 28,000 square feet of meeting space, concierge services, a business center, a fitness center, valet parking, and a gift shop. In addition, the property features approximately 23,000 square feet of retail space (including storage spaces), located on the ground floor and featuring street frontage. In addition to the existing improvements, the property also includes 51,447 square feet of transferable development rights (refer note 4.2).

Hotel properties have been carried at revalued amounts determined by professional valuers (level 3 measurement) based on their assessment of the market values as disclosed in note 4.1. The Scribe Hotel is a luxury 5 star hotel located at 1, rue Scribe in Paris, France. The Scribe Hotel has 213 guest rooms, including 13 suites and 4 duplex apartments. The Scribe Hotel is located in the center of Paris, between the Opera house, Place Vendôme, La Madeleine and the department stores on boulevard Haussmann. The Scribe Hotel is currently managed by Accor Hotels with the brand Sofitel. In addition to guest rooms, the Scribe Hotel has a gastronomic restaurant, a bar, a tea house with library, a wellness center, a meeting space and other typically found in a 5 star full service hotel. The Scribe Hotel is also composed of retail high street retail units on rue Scribe and the corner of boulevard des Capucines (refer note 4.3).

The valuation are conducted by the valuation experts appointed by the Group who used different approaches to arrive at the fair value including discounted cash flows, fee simple interest, recent comparable transaction approach and multiple approach and alternative use. The valuation complies with the requirements of the RICS Valuation Standards (the 'Red Book', dated January 2014) published by the Royal Institution of Chartered Surveyors (RICS). The retained approach to value the Scribe Hotel is the DCF method and for Roosevelt Hotel is fee simple interest method as if vacant and available to be redeveloped to its highest and best use. Other valuation methods were employed in order to corroborate the retained valuation approach.

Valuation Technique	Significant unobservable inputs		Inter-relationship between key unobservable inputs and fair value measurement
Scribe Hotel			
The valuation model considered the present value of net cash flows to be generated from the Property taking into account the average daily rate, occupancy rate, crpeax and working capital requirements.	Average daily rate	106 Euros	Average daily rate were higher / (lower)
	Occupancy rate	14.00%	Occupancy rate were higher / (lower)
	Terminal growth	5.75%	Growth rate were higher / (lower)
	Risk adjusted discount rate	5.13%	Risk adjusted discount rate were lower / (higher)
For retail units, Income Capitalization approach is used, which converts anticipated cash flows into present value by capitalizing net operating income by a market derived 'Capitalization rate'	Yield rate	2.90%	Yield rate were lower / (higher)
	Purchase cost	7.50%	Purchase rate were lower / higher
Roosevelt Hotel			
The valuation model is considered a fee simple interest method as if vacant and available to be redeveloped to its highest and best use	Per Square foot of development zoning floor area (SFDA)	\$707	The estimated fair value would increase / (decrease) if: Per SFDA increase / (decrease)
	Max SFDA	649,695	Max SFDA increase / (decrease)

	2020									
	Carrying amount					Fair value				
	Available for sales	Held for trading - at fair value through profit or loss	Held to Maturity	Loans and Receivables	Other financial assets	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial assets measured at fair value	164,267	-	-	-	-	164,267	164,267	-	-	164,267
Long-term investments	-	-	-	-	-	-	-	-	-	-
Short-term investments	-	-	-	-	-	-	-	-	-	-
Financial assets not measured at fair value	-	-	-	-	-	-	-	-	-	-
Non-current assets	-	-	-	-	-	1,207,423	-	-	-	-
Receivable in respect of Centre Hotel	-	-	1,207,423	-	-	3,089,808	-	-	-	-
Long-term deposits	-	-	3,089,808	-	-	-	-	-	-	-
Investments in unquoted securities	377	-	-	-	-	-	-	-	-	-
Current assets	-	-	-	-	-	-	-	-	-	-
Trade debts - net	-	-	10,082,753	-	-	10,082,753	-	-	-	-
Advances	-	-	10,067,230	-	-	10,067,230	-	-	-	-
Trade deposits	-	-	3,197,268	-	-	3,197,268	-	-	-	-
Other receivables	-	-	2,671,338	-	-	2,671,338	-	-	-	-
Short-term investments	19,220	-	-	-	-	19,220	-	-	19,220	19,220
Accrued Markup	-	-	1,289,681	-	-	1,289,681	-	-	-	-
Cash and bank balances	-	-	7,517,056	22,528	-	7,539,584	-	-	-	-
	183,858	-	39,122,557	22,528	-	39,328,943	164,267	-	19,220	183,487

	2020									
	Carrying amount					Fair value				
	Available for sales	Held for trading - at fair value through profit or loss	Held to Maturity	Loans and Receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees in '000)										
Financial liabilities not measured at fair value	-	-	-	-	-	-	-	-	-	-
Long-term financing	-	-	-	289,628,423	-	289,628,423	-	-	-	-
Term finance and lease certificates	-	-	-	-	-	-	-	-	-	-
Lease liabilities	-	-	-	17,340,899	-	17,340,899	-	-	-	-
Long-term deposits	-	-	-	108,639	-	108,639	-	-	-	-
Derivative (CAP) - Fair Value	-	-	-	150,839	-	150,839	-	-	-	-
Trade and other payables	-	-	-	196,305,396	-	196,305,396	-	-	-	-
Accrued interest	-	-	-	24,549,804	-	24,549,804	-	-	-	-
Short-term borrowings	-	-	-	30,576,613	-	30,576,613	-	-	-	-
	-	-	-	558,660,613	-	558,660,613	-	-	-	-

46. TRANSACTIONS WITH RELATED PARTY

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

Name of Related Parties	Direct Shareholding	Relationship
Government of Pakistan	92%	Major Shareholder
PIA Investments Limited (PIAL)	100%	Subsidiary
Skyrooms (Private) Limited	100%	Subsidiary
Sabre Travel Network Pakistan (Private) Limited	70%	Subsidiary
Minhal France S.A	-	Sub - Subsidiary
Al-Shifa Trust	-	CSR Setup

Name of Related Parties	Direct Shareholding	Direct Shareholding
Post Retirement Benefits		Post Retirement Benefits
PIA Main Pension Fund	-	Post Retirement Benefits
PIA PAI PA Fund	-	Post Retirement Benefits
PIA FENA Fund	-	
UK Pension Fund	-	
Profit oriented state controlled entities		Post Retirement Benefits
Pakistan State Oil Company Limited	-	State owned / controlled entities
Pakistan Civil Aviation Authority	-	State owned / controlled entities
National Bank of Pakistan	-	State owned / controlled entities
National Insurance Corporation Limited	-	State owned / controlled entities
Federal Board of Revenue	-	State owned / controlled entities
Air Cdre Asim Ali	-	Key management personnel
Amanullah Qureshi	-	Key management personnel
Amir Ali	-	Key management personnel
Amos Nadeem	-	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
Khalidullah Shalikh	-	Key management personnel
Maj Khuram Mushtaq	-	Key management personnel
Mohsin Asaf Khan	-	Key management personnel
AVM Muhammad Amir Hayat	-	Key management personnel
Dr. Muhammad Ali Tahir	-	Key management personnel
Muhammad Shuaib	-	Key management personnel
Air Cdre Shahid Qadir	-	Key management personnel
Syed Ali Tahir Qasim	-	Key management personnel
Syed Asif Gilani	-	Key management personnel
Younus M Khan	-	Key management personnel

46.2 The related parties 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 according to the terms of employment / regulations and those not mentioned elsewhere in these unconsolidated financial statements are as follows:

Name of Related Parties and relationship with the Company	2021	2020
	----- (Rupees in '000) -----	
Retirement funds		
Contribution to provident fund and others	2,296,977	1,736,815
Interest on overdue balance of provident fund	520,380	850,045

Management Fee paid to ACCOR	75,923	25,458
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The Federal Government of Pakistan directly and indirectly holds 92% of the Holding Company issued share capital and is entitled to appoint Directors under the Holding Company Act 2016, for the management of the affairs of the Group. The Group, therefore, considers that the GoP is in a position to exercise control over it and therefore, regards the GoP and its various bodies as related parties for the purpose of the disclosures in respect of related parties. The Group has availed exemption available to it under its reporting framework, and therefore has not provided detailed disclosures of its transactions with GoP related entities, except for transactions stated below, which the Group considers are significant:

Profit oriented state-controlled entities - common ownership

Pakistan State Oil (PSO)	Purchase of fuel	13,244,940	12,152,807
	Late Payment Interest	896,114	1,024,531
Civil Aviation Authority (CAA)	Airport related charges	8,496,460	8,386,940
National Insurance Company (NICL)	Insurance premium	802,656	2,981,798
National Bank of Pakistan (NBP)	Finance costs	3,483,409	4,387,883
GoP - Major shareholder	Finance cost	5,391,832	4,304,597



46.3 One of the hotels owned by PIAL, Hotel Scribe Paris, is managed by a related party, ACCOR. The amount of management fee is based on the agreement with the related party.

46.4 Transactions with the directors, chief executive and key management personnel have been disclosed in note 42 to these unconsolidated financial statements.

46.5 Details of balances held with aforementioned related parties excluding profit oriented state-controlled entities have been disclosed in respective notes.

47. Event After the Reporting Period

47.1 BVI litigation

In Dec. 2020, Tethyan Copper Company (TCC), in order to recover amounts receivables from Government of Pakistan, filed a lawsuit in BVI, wherein, PIAL was one of the defendants. In May 2021, BVI Court decided the case in favor of defendants including PIAL. TCC has filed an appeal in this case in BVI Courts, and hearings were initially scheduled for end-January 2022, however, in agreement with all the parties, the Court had deferred the said appeal hearings, and the same are yet to be scheduled.

48 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.

- As of December 31, 2021, the RHC had undrawn loan facilities of approximately \$35.8 million, comprising of undrawn amount of \$8 million loan with NBR, and an undrawn loan facility of \$25.8 million from its affiliates. The RHC's management is projecting approximately \$48.6 million of cashflows for the next year and similar outflows for the foreseeable future, such funding shortfall is expected to be mitigated by additional financing facilities from affiliates or by NBR.
- In order to support the Cash flows of RHC, IHR and PIAL have agreed to defer the disbursement of their respective management fees for 2020;
- RHC is current with its creditors inspite of lowering / revenues and profitability;
- RHC, in order to comply with the Executive order of the President of USA, the Governor of New York State, and Mayor of NYC have introduced measures to ensure compliance of the afore stated directives. However, the Hotel is operational though with much lower occupancy;
- Roosevelt Hotel continues to offer its rooms availability vide its prescribed channels for the present day, as well as for future months, and would be able to take-off expeditiously, once the situation returns to normalcy and Executive Order permits normal day-to-day operations;
- IHR/Hotel Management in its efforts to improve business/revenues has secured a business from Presbyterian Hospital for 5,000 room nights with a proposal to increase to 10,000 room nights going forward;
- A comprehensive sales and marketing action plan is in place;
- The Roosevelt Hotel is operating at a bare minimum staffing level;
- USA Government has introduced "CARES Act" to provide financial support to small business. Roosevelt's tenants are seeking benefits from this Act, including payment of the outstanding rent to the Hotel;
- MISA, the owning company of Hotel Scribe, as well is taking all available measures to preserve the cash flows, generation of revenues and reduce the cost wherever possible;
- PIA in order to support the Cash flows has agreed to defer its Management Fee for past years and for 2020;

- French companies can apply for partial unemployment for their laid off employees; whereby, French Government is paying 70% of the salaries of said employees. MFSA is also benefiting from the said incentive and has put a significant number of employees under French Government's aforesaid scheme.
- MFSA is in discussion with its lenders to defer the principal repayment instalments amounting to \$2.9 million till the end of 2020/early 2021.
- Management is in the process of evaluating the impact of this matter on its operations and have taken steps to address the significant decline in forecasted occupancy.
- Management has evaluated the significance of these conditions and has concluded that the Group will continue in operational existence for the foreseeable future.

49. BENAZIR EMPLOYEE STOCK OPTION SCHEME (BESOS)

On August 14, 2009, GoP launched the BESOS for employees of certain State Owned Enterprises (SOEs) including the Holding Company and Non-State Owned Enterprises (Non-SOEs) where GoP holds significant investments. BESOS is applicable to permanent and contractual employees who were in employment of these entities on its launch date, subject to completion of five years' vesting period by all contractual employees and by permanent employees in certain instances.

BESOS provides for a cash payment to employees on retirement or termination based on the price of shares of the Holding Company. Under the scheme, PIA Employees Empowerment Trust (PEET) was formed and 12% of the shares held by the Ministry of Defence were transferred to the Trust. The eligible employees have been allotted units by PEET in proportion to their respective length of service and on retirement or termination such employees would be entitled to receive such amounts from PEET in exchange for the surrendered units as would be determined based on market price of shares of the Holding Company. The shares relating to the surrendered units would be transferred back to GoP.

BESOS also provides that 50% of dividend related to shares transferred to PEET would be distributed amongst the unit-holder employees. The balance 50% dividend would be transferred by PEET to the Central Revolving Fund managed by the Privatisation Commission of Pakistan for payment to employees against surrendered units. The deficit, if any, in PEET to meet the repurchase commitment would be met by GoP.

Had the exemption not been granted, the accumulated losses as at December 31, 2021 would have been higher by Rs. 725.707 million (2020: Rs. 725.707 million).

50. GENERAL

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

51. CORRESPONDING FIGURES

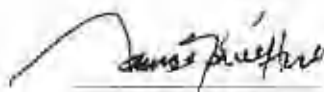
Corresponding figures have been rearranged and regrouped, wherever necessary for the purpose of comparison and for better presentation.

52. AUTHORISATION OF CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements were authorised for issue by the Board of Directors of the Holding Company in their meeting held on April 22, 2022.



Air Marshal Arshad Malik
Chief Executive Officer



Amos Nadeem
Chief Financial Officer



Aslam R. Khan
Director



PROXY FORM FOR SIXTH AGM OF PIACL

I / We _____ of _____ being Shareholder(s) of Pakistan International Airlines Corporation limited holding the following Shares:

Folio No Participant ID No. / Account No.	"A" Class Shares	"B" Class Shares

Hereby appoint Mr./Mrs./Miss _____ of _____ or failing him / her _____ of _____ who is / are also a Shareholder(s) of the PIACL vide Registered Folio / Participant ID No. _____ Account No. _____ as my / our Proxy in my / our absence to attend and vote for me / us and on my / our behalf at the Sixth Annual General Meeting of PIACL to be held on Saturday, May 28, 2022, and at any adjournment thereof.

As witness my / our hand / seal this _____ Day of May, 2022.

Signed by the said _____ in the presence of _____

WITNESSES

1. Name	
CNIC No	
Address	
2. Name	
CNIC No	
Address	

Signature
(With Revenue
Stamp of
appropriate
value)

NOTES:

- (1) This proxy Form, duly executed, must be lodged at the office of Company Secretary, PIACL Registered Office, Karachi, not less than 48 hours before the time fixed for holding the Meeting i.e. upto 10:00 A.M, Thursday, May 26, 2022.
- (2) No person shall act as Proxy unless he himself/she herself is a Shareholder of the PIACL except that a corporate entity may appoint a person who is not a Shareholder.
- (3) Proxies without Folio / Participant ID Number and Account / Sub-Account number will not be entertained.
- (4) Signature of the appointer Shareholder should agree with his / her specimen signature registered with the PIACL.
- (5) If a Shareholder appoints more than one proxy and more than one instruments of proxy are deposited by a Shareholder with the PIACL, all such instruments shall be rendered invalid.
- (6) In addition to the above the following requirements have to be met by CDC Account Holders / Corporate Entities:
 - (i) Attested copies of CNIC or Passport of the Beneficial Owner and the Proxy holder shall be furnished with the Proxy Form whereas the Proxy holder shall also show his / her original CNIC or Passport at the Meeting.
 - (ii) In case of corporate entity, the Board's Resolution / Power of Attorney with specimen signature of the Nominated Attorney shall be produced at the Meeting unless these documents have already been provided.
- (7) Detailed procedure is provided in the Notes to the Notice of Sixth AGM.

پراکسی فارم برائے چھٹا سالانہ اجلاس عام پاکستان انٹرنیشنل ایئر لائنز کارپوریشن لمیٹڈ

میں نام بن / بنت / زوجہ بحیثیت حصص یافتگان پاکستان انٹرنیشنل ایئر لائنز
کارپوریشن لمیٹڈ حاملہ سندھ ذیل حصص:

فولیو نمبر / شرکت کنندہ کا ID نمبر / اکاؤنٹ نمبر	'A' کلاس حصص	'B' کلاس حصص

بذریعہ بننا بننا / محترمہ بن / بنت / زوجہ یا ان کی غیر موجودگی میں
..... بن / بنت / زوجہ جو کہ پی آئی اے سی ایل کے حصص یافتہ بھی ہے / ہیں رجسٹرڈ فولیو
شرکت کنندہ کا ID نمبر اکاؤنٹ نمبر کو اپنے / ہمارے نام / اپنی / ہمارے غیر حاضری پر مورخہ 28 مئی 2022 بروز پلٹ کو معقولہ مالے
چھٹے سالانہ اجلاس عام میں شرکت کرنے اور حق مالے ہی استعمال کرنے کیلئے اپنا / ہمارا پراکسی (مقرر) مقرر کرتا / کرتی ہوں / کرتے ہیں۔

آج بروز مئی 2022 کو میرے / ہمارے بطور گواہ و خطا / میرے جاری ہوا۔

دستخط شدہ بحساب کی موجودگی
گواہان:

- (1) نام
سی ایل آئی سی نمبر
پتہ
- (2) نام
سی ایل آئی سی نمبر
پتہ

نوٹس:

- (1) یہ پراکسی فارم یا ضابطہ طور پر مکمل ہوا اور میٹنگ کے مقررہ وقت سے 48 گھنٹے قبل (26 مئی 2022 بروز جمعرات پونت صبح 10:00 بجے تک) کمپنی سیکریٹری
- پی آئی اے سی ایل، پی آئی اے رجسٹرڈ آفس، گواہی کے دفتر میں لازماً وصول ہو جائے۔
- (2) پی آئی اے سی ایل کے غیر حصص یافتہ کو بطور پراکسی نہیں کیا جاسکتا۔ البتہ کارپوریٹ اثباتی کسی غیر حصص یافتہ کو مقررہ کر سکتی ہے۔
- (3) فولیو / شرکت کنندہ کا ID نمبر اور اکاؤنٹ / سب اکاؤنٹ نمبر کے بغیر پراسسور پر غور نہیں کیا جائے گا۔
- (4) مقررہ کرنے والے حصص یافتہ کے دستخط پی آئی اے سی ایل میں رجسٹرڈ دستخط کے نمونے کے مطابق ہونے چاہئیں۔
- (5) اگر حصص یافتہ ایک سے زائد پراکسی مقرر کرتے اور حصص یافتہ کی جانب سے پراکسی کے ایک سے زائد اثباتی پی آئی اے سی ایل کو جمع کر دیتے ہیں،
تو ایسے تمام اثباتی نمٹیں گے کہ کالعدم قرار دیا جائے گا۔
- (6) درج بالا کے ساتھ سی ڈی سی اکاؤنٹ ہولڈرز / کارپوریٹ اثباتی درج ذیل مطالبات پر عمل کریں:
(ا) جی جنٹل اوپر سی ایل آئی سی یا پاسپورٹ کی تصدیق کاپی اور پراکسی ہولڈر پراکسی فارم کے ساتھ مہیا کرے جبکہ پراکسی ہولڈر اجلاس کے وقت
اپنا اصل سی ایل آئی سی یا پاسپورٹ دیکھائے گا۔
(ب) کارپوریٹ اثباتی کی صورت میں ہولڈر آف ڈائریکٹرز کی قرار داد / پار آف ڈائریکٹرز ہولڈر کنندہ کے دستخط کے نمونے / نمونے کے ساتھ
اجلاس کے وقت مہیا کریں۔ سب سے پہلے یہ دستاویزات پلٹ سے مہیا کر دیے گئے ہوں۔
(7) تفصیلی طریقہ کار چھٹے سالانہ اجلاس عام کے نوٹس میں مہیا کر دیا گیا ہے۔



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