

. Cover Page (Page 1)

Title: "PAKISTAN International Airlines – Half Yearly Report 2021"

Tagline: "Great People to Fly With | Rising+Reviving!"

Period Covered: January–June 2021.

2. Corporate Profile (Pages 2–4)

Board of Directors (As of August 27, 2021)

Chairman: Mr. Aslam R. Khan

CEO: Air Marshal (Retd.) Arshad Malik

Other Members:

Government representatives (e.g., Secretary Aviation, Secretary Finance).

Independent directors (e.g., Dr. Zeelaf Munir, Dr. Jawaid Ghani).

Key Executives:

CFO: Mr. Khalilullah Shaikh

COO: Mr. Jawad Zafar Chaudhary

Chief Commercial Officer: Mr. Ali Tahir Qasim

External Auditors & Bankers

Auditors: Grant Thornton & Co. and BDO Ebrahim & Co.

Primary Bankers: National Bank of Pakistan, Habib Bank, Standard Chartered, and others.

### 3. Financial Performance (Pages 5–7)

#### Profit & Loss Statement (PKR in Millions)

Item	June 2021	June 2020	Change
Revenue	27,641	51,471	-46.3%
Cost of Services			
Fuel & Oil	(7,631)	(14,657)	-47.9%
Other Costs	(29,216)	(41,045)	-28.8%
Gross Loss	(9,206)	(4,231)	+117.6%
Net Loss	(25,013)	(36,536)	-31.5%

#### Key Observations:

Revenue halved due to COVID-19 travel restrictions.

Fuel costs dropped 47.9% (fewer flights), but operational inefficiencies worsened gross loss.

#### Operational Challenges

COVID-19 Impact: 4th wave disrupted key routes (Saudi Arabia, UK, Europe).

IATA Data: Global air travel down 60.1% vs. 2019. Domestic travel declined 22.4%.

### 4. Balance Sheet (Pages 10–11)

#### Assets (PKR in Millions)

Non-Current Assets: PKR 92,141M (Aircraft fleet: PKR 84,400M).

Current Assets: PKR 34,435M (Cash: PKR 5,232M; Trade Debts: PKR 10,251M).

## Liabilities & Equity

Total Liabilities: PKR 600,365M (Long-term loans: PKR 254,855M).

Accumulated Losses: PKR 541,568M (vs. PKR 516,595M in Dec 2020).

Negative Equity: PKR (473,789M).

Critical Issue: Current liabilities exceed current assets by PKR 258,986M, indicating severe liquidity strain.

## 5. Cash Flow (Page 14)

Net Cash Used in Operations: PKR (10,290M).

Financing Activities: PKR 10,288M (new loans).

Cash Balance: PKR 5,232M (down from PKR 5,740M in Dec 2020).

## 6. Auditor's Report (Pages 8–9)

### Key Emphasis Points

Going Concern Uncertainty:

PIA's survival depends on Government of Pakistan (GoP) support.

GoP provided PKR 18,824M in markup support in 2021.

Provident Fund Default:

PKR 14,886M owed to employees' provident fund (violating Companies Act 2017).

## Tax Contingencies:

Unresolved disputes over sales tax refunds (PKR 4,746M).

## Auditor's Conclusion:

"Nothing has come to our attention that causes us to believe the financial statements are not prepared in accordance with accounting standards."

## 7. Notes to Financial Statements (Pages 16–26)

### COVID-19 Impact (Page 25)

Revenue fell 55% vs. budget.

Charter operations grew 59% (offsetting passenger decline).

### Related-Party Transactions (Page 24)

Subsidiaries: PKR 309M paid to PIA Investments Ltd. for services.

GoP Support: PKR 2,376M in finance cost subsidies.

### Tax Disputes (Page 22)

Minimum Tax Controversy: PIA disputes PKR 207M levy, citing ATIR ruling in favor of airlines.

## 8. Risks & Mitigation (Page 16)

Liquidity Risk: Reliance on GoP guarantees for loans.

Operational Risk: Fleet grounded due to EASA suspension (since July 2020).

## 9. Conclusion (Page 26)

Approval Date: August 27, 2021, by Board of Directors.

Outlook: Recovery hinges on vaccine rollout and GoP's financial restructuring plan.

#### Key Takeaways

Financial Distress: Massive losses (PKR 25B) and negative equity (PKR 473B).

GoP Dependency: Survival relies on state bailouts and debt restructuring.

Operational Challenges: COVID-19 and EASA ban crippled revenue streams.

Employee Liabilities: Unpaid provident fund contributions signal governance issues.

Recommendation: Urgent restructuring needed to address debt, operational inefficiencies, and regulatory compliance.