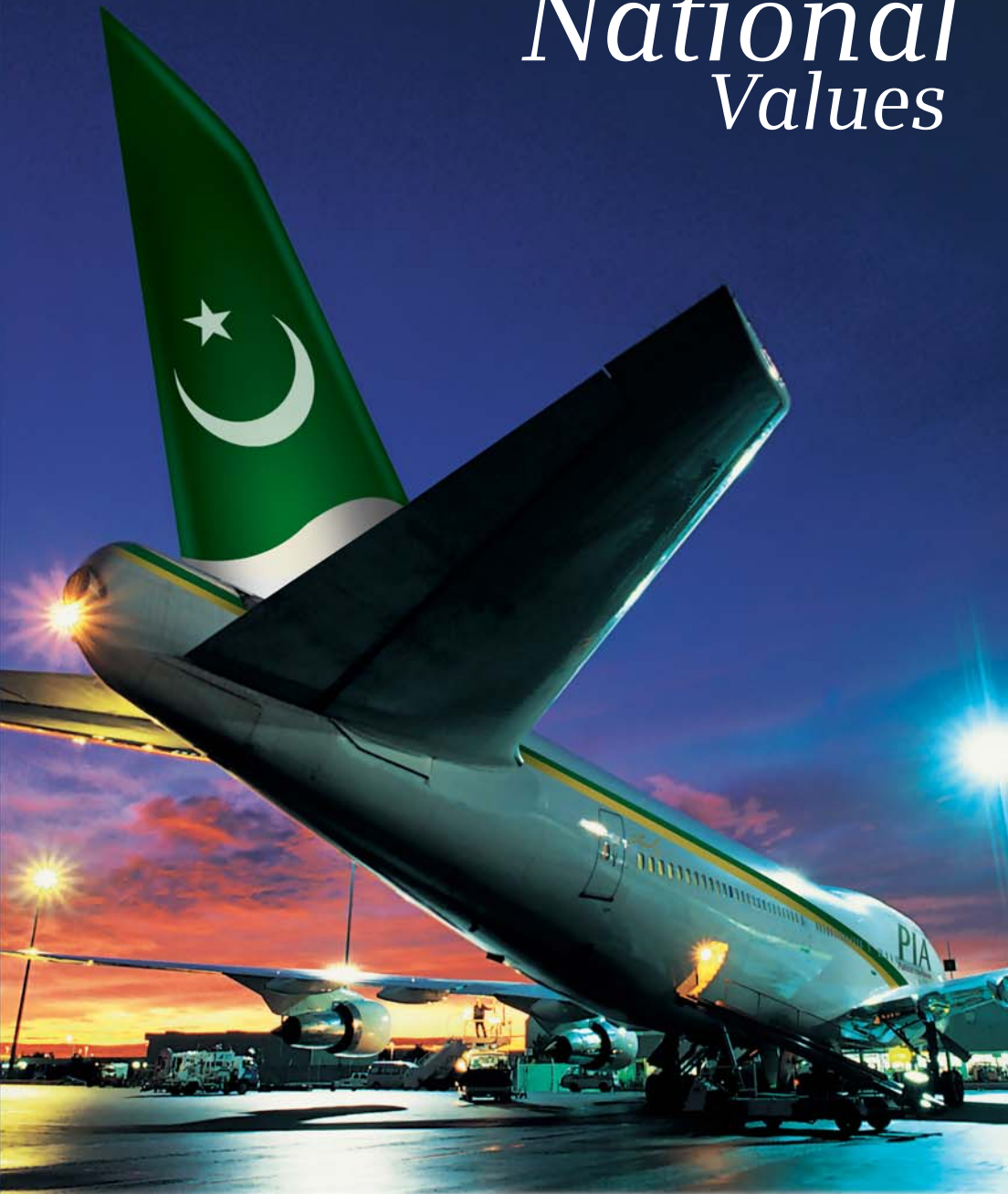


We stand for
*National
Values*



third quarterly report 2010

 **PIA**
Pakistan International

Great People to Fly With

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corporate profile (as at October 28, 2010)

Board of Directors

Ch. Ahmed Mukhtar

Minister for Defence and Chairman - PIA

Syed Naseer Ahmad

Malik Nazir Ahmed

Mr Javed Akhtar

Lt. Gen. (Retd.) Syed Athar Ali

Federal Secretary Defence

Capt. Muhammad Aijaz Haroon

Managing Director - PIA

Prof. Mian Ijaz ul Hassan

Mr Mubashir Iftikhar

Mr Husain Lawai

Khawaja Jalaluddin Roomi

Mr Salman Siddique

Federal Secretary Finance

Corporate Secretary

Mr Muhammad Shuaib

Head of Internal Audit

Mr Waqar A. Siddiqui

Executive Management

Capt. Muhammad Aijaz Haroon

Managing Director

Mr M. Salim Sayani

Deputy Managing Director

Mr Imraan Ahmed Khan

Director - Marketing

Mr M. Haneef Pathan

Director - Human Resources,
Administration & Coordination

Mr Shahnawaz Rehman

Director - Corporate Planning

AVM Muhammad Kamal Alam

Director - Precision Engineering Complex

Capt. Shuja Naqvi

Director - Flight Operations

Mr Dilawar Fareed Beg

Director - Training & Development

Mr Maqsood Ahmed

Director - Line Maintenance

Mr Faisal I. H. Malik

Director - Finance & Chief Financial Officer

Mr S. Javed Kamran

Director - Procurement & Logistics

Mr S. Kamran Hasan

Director

Auditors

Messrs A. F. Ferguson & Co.
Messrs M. Yousuf Adil Saleem & Co.

Share Registrar

Central Depository Company of Pakistan Ltd.
Shares Registrar Department
CDC House, 99 - B, Block-B
Sindhi Muslim Cooperative Housing Society
Main Shahrah-e-Faisal
Karachi - 74400, Pakistan

Ph: Customer Support Services
(Toll Free) 0800 - CDCPL (23275)
Fax: (92-21) 3432 6053
Email: info@cdcpak.com
Website: www.cdcpakistan.com

Head Office

PIA Building
Jinnah International Airport
Karachi - 72500
PAKISTAN
Website: www.piac.aero

board of directors' committees (as at October 28, 2010)

Audit Committee

Mr Husain Lawai	Chairman
Mr Javed Akhtar	Member
Prof. Mian Ijaz ul Hassan	Member
Mr Mubashir Iftikhar	Member
Khawaja Jalaluddin Roomi	Member
Chief Internal Auditor	Secretary (<i>ex-officio</i>)

Brand & Advertisement Committee

Prof. Mian Ijaz ul Hassan	Chairman
Malik Nazir Ahmed	Member
Capt. Muhammad Aijaz Haroon <i>Managing Director</i>	Member (<i>ex-officio</i>)
Mr Mubashir Iftikhar	Member
Khawaja Jalaluddin Roomi	Member
General Manager Marketing & Planning	Secretary (<i>ex-officio</i>)

Finance Committee

Mr Salman Siddique	Chairman
Capt. Muhammad Aijaz Haroon <i>Managing Director</i>	Member (<i>ex-officio</i>)
Mr Mubashir Iftikhar	Member
Mr Husain Lawai	Member
Chief Financial Officer	Secretary (<i>ex-officio</i>)

Human Resource Committee

Syed Naseer Ahmad	Chairman
Malik Nazir Ahmed	Member
Mr Javed Akhtar	Member
Capt. Muhammad Aijaz Haroon <i>Managing Director</i>	Member (<i>ex-officio</i>)
Mr Mubashir Iftikhar	Member
Director (HRA&C)	Secretary (<i>ex-officio</i>)

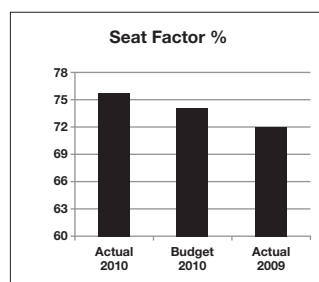
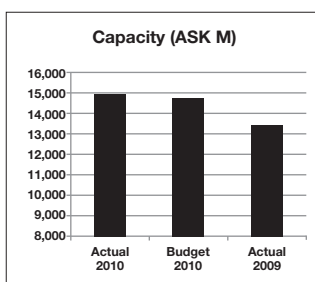
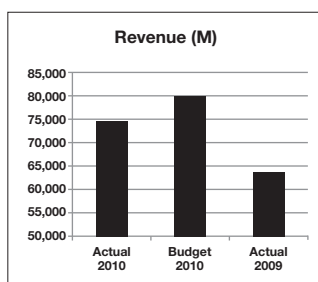
Directors' Report to the Shareholders

The Directors of Pakistan International Airlines Corporation are pleased to present their report along with the unaudited interim financial statements for the nine months period ended September 30, 2010.

Against this background the financial results for the period under review are summarized below:

Particulars	Third Quarter Ended		Nine Months Ended	
	2010	2009	2010	2009
	(PKR in billion)			
Turnover - net	25.0	22.0	74.4	63.9
Operating Cost & Expenses	26.7	23.0	76.6	63.2
Exchange Loss	0.5	2.3	2.1	5.3
Financial Costs	2.3	2.3	6.9	7.1
Loss Before Tax	4.5	5.6	10.9	11.4
Loss After Tax	4.8	5.4	11.7	10.8

The Corporation's after tax losses increased by PKR 0.92 billion to PKR 11.7 billion during the nine months ended September 2010 as compared to the same period last year. The increase in loss after tax is primarily due to increase in turnover tax from 0.5% to 1% in the current year and impact of deferred tax credit on account of aircraft fleet revaluation recognized last year. The deferred tax credit on account of revaluation of aircraft fleet for the current year is expected to be recognized close to the year end when the revaluation exercise is carried out. Excluding the impact of taxation, the overall financial performance was satisfactory under the current circumstances with loss before tax registering a decrease of PKR 0.50 billion mainly on account of reduction in finance and exchange losses. Finance cost decreased due to lower interest rates globally as compared to prior periods. LIBOR rates have maintained historic lows during the current year and are expected to gradually increase as the global economy moves out of recession. On the domestic front, the Rupee was able to hold its slide against the US dollar which resulted in decline in exchange losses. The Rupee lost 2.26% against the US dollar during the nine months ended September 2010 as compared to 5.20% in the same period last year.



Gross turnover was up by 16% to PKR 74.4 billion as compared to PKR 63.9 billion last year mainly driven by higher passenger revenue of PKR 65.8 billion. Yield per RPK increased to 5.85 from 5.77 last year, along with increase in the number of passengers carried by 9.4% over the same period last year. During the period the airline added Chicago and Barcelona to its list of international destinations and increased frequencies on a number of different routes. Engineering business contributed PKR 0.78 billion, showing a healthy increase of 25% over the corresponding period last year, which paves the way for embarking on future MRO expansion projects. Revenue from non-transportation segment increased by 27.6% to PKR 1.1 billion. Revenue for the quarter ended September 2010 was up by PKR 3.0 billion over last year primarily due to increase passenger revenue.

Oil prices remained erratic during the period, with the year starting at US\$ 76.01/barrel and reaching a high of US\$ 82.33/ barrel in April before dipping to mid-seventies. Of late oil prices have again started to rise with a barrel of crude touching US\$ 80.01 in October.

The Corporation realizes that cost containment needs to be pursued on a priority for a turnaround to become a reality. Towards this end the Corporation has embarked upon a comprehensive Business Plan giving it strategic direction over the next five years. A major component of this plan is PIA's commitment towards reduction in costs incurred under various heads such as human resources, fleet maintenance, revenue enhancement and yield improvement through route rationalization. What is required is for the principal stakeholders to come forward and make their contribution in terms of easing the debt burden on the Corporation, provide a level playing field to the national flag carrier against regional and other international carriers, enabling an environment conducive to healthy competition which in turn would enhance service standards and improve overall financial performance of the Corporation. The Corporation managed to contain staff costs to levels lower than many competitors whilst at the same time it managed to recruit and retain some of the best people as a critical part of our long term objective of being a world class airline meeting customer expectations through excellent services, on-time performance, innovative products and absolute safety.

Since its inception almost 55 years ago on the principles of innovation and achievement of pioneering ideals, the Corporation has come a long way in maintaining these values. On behalf of the Board of Directors and management of the Corporation, I would like to state that although we have achieved a lot especially in times of adversity, we should not let complacency sink in; our objective should be to give shape to our own destiny.

For and on Behalf of the Board

Ch. Ahmed Mukhtar

Chairman

October 28, 2010

unconsolidated financial statements

Unconsolidated

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2010

		September 30, 2010 (Un-audited)	December 31, 2009 (Audited)	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Note	Rs in '000		US\$ in '000	
ASSETS					
NON CURRENT ASSETS					
Fixed assets					
- Property, plant and equipment	4	130,242,554	133,555,560	1,512,689	1,586,171
- Intangibles		75,051	91,962	872	1,092
		<u>130,317,605</u>	<u>133,647,522</u>	<u>1,513,561</u>	<u>1,587,263</u>
Long-term investments	5	4,444,189	4,446,950	51,617	52,814
Long-term deposits and prepayments		4,959,251	5,038,148	57,599	59,835
		<u>139,721,045</u>	<u>143,132,620</u>	<u>1,622,777</u>	<u>1,699,912</u>
CURRENT ASSETS					
Stores and spares	6	4,897,557	3,987,423	56,882	47,357
Trade debts	7	8,026,029	7,978,187	93,218	94,753
Advances	8	1,784,001	2,189,162	20,720	26,000
Trade deposits and prepayments		1,076,839	1,158,497	12,507	13,759
Other receivables		1,726,204	799,193	20,049	9,492
Short term investments		25,720	25,151	299	299
Cash and bank balances	9	2,957,755	742,945	34,353	8,824
		<u>20,494,105</u>	<u>16,880,558</u>	<u>238,028</u>	<u>200,484</u>
TOTAL ASSETS		<u>160,215,150</u>	<u>160,013,178</u>	<u>1,860,805</u>	<u>1,900,396</u>
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Share capital		23,280,356	23,280,356	270,387	276,489
Reserves		(83,698,815)	(72,335,101)	(972,112)	(859,087)
		<u>(60,418,459)</u>	<u>(49,054,745)</u>	<u>(701,725)</u>	<u>(582,598)</u>
Advance against equity from Government of Pakistan	10	2,494,592	-	28,973	-
TOTAL EQUITY		<u>(57,923,867)</u>	<u>(49,054,745)</u>	<u>(672,752)</u>	<u>(582,598)</u>
SURPLUS ON REVALUATION OF FIXED ASSETS					
		27,949,434	28,281,903	324,616	335,890
NON CURRENT LIABILITIES					
Long-term financing	11	27,166,677	24,553,113	315,525	291,605
Term finance and sukuk certificates	12	17,457,280	19,592,320	202,756	232,688
Liabilities against assets subject to finance lease	13	56,105,817	61,272,797	651,636	727,705
Long-term deposits		413,078	365,847	4,798	4,345
Deferred liabilities		8,495,021	6,184,327	98,665	73,448
		<u>109,637,873</u>	<u>111,968,404</u>	<u>1,273,380</u>	<u>1,329,791</u>
CURRENT LIABILITIES					
Trade and other payables		35,671,286	27,184,514	414,302	322,856
Provision against Civil Aviation Authority's claims		1,500,000	1,500,000	17,422	17,815
Accrued interest / mark-up / profit		2,535,969	1,845,592	29,454	21,919
Provision for taxation - net		1,190,077	848,890	13,822	10,084
Short-term borrowings	14	21,754,535	23,982,160	252,666	284,824
Current maturities of:					
- Long-term financing		7,243,276	5,328,458	84,126	63,283
- Term finance certificates		2,135,040	5,120	24,797	61
- Liabilities against assets subject to finance lease		8,521,527	8,122,882	98,972	96,471
		<u>80,551,710</u>	<u>68,817,616</u>	<u>935,561</u>	<u>817,313</u>
TOTAL EQUITY AND LIABILITIES		<u>160,215,150</u>	<u>160,013,178</u>	<u>1,860,805</u>	<u>1,900,396</u>
CONTINGENCIES AND COMMITMENTS 15					

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Unconsolidated

Condensed Interim Profit And Loss Account (Un-audited)

For the nine months period ended September 30, 2010

	Note	Nine-months Period Ended		Quarter Ended		Nine-months Period Ended	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
		Rs '000				US \$ '000	
REVENUE - net	16	74,360,009	63,938,916	25,053,571	22,018,250	863,647	770,348
COST OF SERVICES							
Aircraft fuel		30,654,913	20,359,950	11,186,411	8,172,314	356,038	245,301
Others	17	35,902,382	33,768,324	12,319,724	11,997,028	416,985	406,847
		66,557,295	54,128,274	23,506,135	20,169,342	773,023	652,148
GROSS PROFIT		7,802,714	9,810,642	1,547,436	1,848,908	90,624	118,200
Distribution costs		4,416,851	4,042,130	950,090	1,430,672	51,299	48,700
Administrative expenses		5,584,282	4,819,744	2,249,316	1,467,854	64,858	58,069
Other provisions and adjustments - net	18	267,978	243,274	70,968	131,390	3,112	2,931
Exchange loss - net		2,087,682	5,258,737	521,339	2,258,981	24,247	63,358
Other expenses		-	192,725	-	-	-	2,322
Other operating income		(580,777)	(418,818)	(21,934)	(167,152)	(6,745)	(5,046)
		11,776,016	14,137,792	3,769,779	5,121,745	136,771	170,334
LOSS FROM OPERATIONS		(3,973,302)	(4,327,150)	(2,222,343)	(3,272,837)	(46,147)	(52,134)
Finance costs	19	6,971,693	7,076,067	2,320,477	2,291,775	80,972	85,254
LOSS BEFORE TAXATION		(10,944,995)	(11,403,217)	(4,542,820)	(5,564,612)	(127,119)	(137,388)
Taxation	20	748,427	(631,977)	250,536	(188,565)	8,693	(7,614)
LOSS FOR THE PERIOD		(11,693,422)	(10,771,240)	(4,793,356)	(5,376,047)	(135,812)	(129,773)
		Rs				US \$	
EARNINGS PER SHARE	21						
Loss attributable to:							
'A' class Ordinary shares of Rs 10 each		(4.79)	(5.03)	(1.96)	(2.51)	(0.06)	(0.06)
'B' class Ordinary shares of Rs 5 each		(2.40)	(2.52)	(0.98)	(1.26)	(0.03)	(0.03)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Unconsolidated

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended September 30, 2010

	Nine-months Period Ended		Quarter Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
	Rs '000			
Net loss for the period	(11,693,422)	(10,771,240)	(4,793,356)	(5,376,047)
Other comprehensive income				
Unrealised loss on remeasurement of investments	(2,761)	(44,027)	6,358	(10,885)
Loss on cash flow hedge arising during the period - net of tax	-	125,271	-	-
Total comprehensive loss for the period transferred to equity	<u>(11,696,183)</u>	<u>(10,689,996)</u>	<u>(4,786,998)</u>	<u>(5,386,932)</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Unconsolidated

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2010

	Nine-months Period Ended		Quarter Ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
Note	Rupees in '000		US\$ in '000	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash generated from operations after working capital changes	22 10,114,607	4,520,827	117,475	54,468
Profit on bank deposits received	15,073	24,160	175	291
Finance costs paid	(6,113,043)	(7,319,454)	(70,999)	(88,186)
Taxes paid	(407,240)	(165,556)	(4,730)	(1,995)
Staff retirement benefits paid	(557,717)	-	(6,477)	-
Deferred custom duty paid	-	(113,554)	-	(1,368)
Long-term deposits and prepayments - net	78,897	(20,059)	916	(242)
Net cash used in operating activities	3,130,577	(3,073,636)	36,360	(37,032)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(1,090,765)	(2,092,436)	(12,669)	(25,210)
Proceeds from sale of property, plant and equipment	106,442	4,008	1,236	48
Short-term investments - net	(569)	-	(7)	-
Net cash used in investing activities	(984,892)	(2,088,428)	(11,440)	(25,162)
CASH FLOWS FROM FINANCING ACTIVITIES				
Advance against equity from Government of Pakistan	2,494,592	1,857,342	28,973	22,378
Proceeds from long term financing - net	4,528,382	4,797,785	52,594	57,805
Term finance and sukuk certificates - net	(5,120)	367,297	(59)	4,425
Long-term deposits	47,231	-	549	-
Repayment of obligations under finance lease-net	(4,768,335)	(1,956,591)	(55,381)	(23,573)
Net cash generated from financing activities	2,296,750	5,065,833	26,676	61,035
Increase / (Decrease) in cash and cash equivalents	4,442,435	(96,231)	51,596	(1,159)
Cash and cash equivalents at the beginning of the period	(23,239,215)	(29,710,507)	(269,909)	(357,958)
Cash and cash equivalents at the end of the period	(18,796,780)	(29,806,738)	(218,313)	(359,117)
CASH AND CASH EQUIVALENTS				
Cash and bank balances	2,957,755	893,247	34,352	10,762
Short-term borrowings	(21,754,535)	(30,699,985)	(252,665)	(369,879)
	(18,796,780)	(29,806,738)	(218,313)	(359,117)

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Unconsolidated

Condensed Interim Statement of Changes In Equity (Un-audited)

For the nine months period ended September 30, 2010

	Issued, subscribed, and paid-up capital	Advance against share capital	RESERVES				Total	
			Capital reserves	Revenue reserves	Unrealised loss on re-measurement of investments	Accumulated losses		Other reserves
Rs '000								
Balance as at January 1, 2009 - Restated*	21,423,014	-	2,501,038	1,779,674	73,265	(72,353,647)	(125,271)	(46,701,927)
Total comprehensive loss for the period transferred to equity	-	-	-	-	(44,027)	(10,771,240)	125,271	(10,689,996)
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	1,767,386	-	1,767,386
Balance as at September 30, 2009	21,423,014	-	2,501,038	1,779,674	29,238	(81,357,501)	-	(55,624,537)
Balance as at January 1, 2010	23,280,356	-	2,501,038	1,779,674	29,278	(76,645,091)	-	(49,054,745)
Total comprehensive income for the period transferred to equity	-	-	-	-	(2,761)	(11,693,422)	-	(11,696,183)
Advance against equity from Government of Pakistan	-	2,494,592	-	-	-	-	-	2,494,592
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon - net of tax	-	-	-	-	-	332,469	-	332,469
Balance as at September 30, 2010	23,280,356	2,494,592	2,501,038	1,779,674	26,517	(88,006,044)	-	(57,923,867)

* Effect of change in accounting policy for customer loyalty programme as disclosed in note 4.1.4 to the financial statements for the year ended December 31, 2009

The annexed notes 1 to 25 form an integral part of these condensed interim financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Unconsolidated

Notes to the Interim Condensed Financial Statements (Un-audited)

For the nine months period ended September 30, 2010

1. THE CORPORATION AND ITS OPERATIONS

- 1.1 Pakistan International Airlines Corporation (the Corporation) was incorporated on January 10, 1955 under PIAC Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Corporation Act, 1956 (the PIAC Act). The shares of the Corporation are quoted on all stock exchanges of Pakistan. The principal activity of the Corporation is to provide air transport services. Other activities of the Corporation include provision of engineering and other allied services. The head office of the Corporation is situated at PIA Building, Jinnah International Airport, Karachi.
- 1.2 During the current period, the Corporation incurred a net loss of Rs 11,693 million (September 30, 2009: Rs 10,771 million), resulting in accumulated losses of Rs 88,006 million as of September 30, 2010 (December 31, 2009: Rs 76,645 million). Further, as of September 30, 2010 current liabilities of the Corporation exceeded its current assets by Rs 60,058 million (December 31, 2009: Rs 51,937 million). Although material uncertainty exists which may cast doubt on the Corporation's ability to continue as a going concern, however, the management of the Corporation is confident that the going concern assumption is appropriate for the reasons explained in the ensuing paragraphs and has, as such prepared these condensed interim financial statements on 'going concern' basis.

During the period, the Corporation has prepared its five years business plan which has also been approved by the Board of Director. Through such business plan the Corporation has devised a turn-around strategy which entails operational restructuring and assumes Government of Pakistan's (GoP's) support in terms of providing necessary funding for recapitalization. The management believes that the business plan which has been sent to the GoP will be approved by it (the GoP) and accordingly significant financial support will be provided to the Corporation in coming years to ensure its long term sustainability.

Historically, the GoP, as a majority shareholder, has expressed its commitment to extend maximum support in order to maintain the going concern status of the Corporation. This support is evident by the fact that GoP had in the past issued guarantees to secure certain long term finances and term finance certificates. Further, during the current period the GoP has provided an additional fixed rate loan of Rs 1,000 million and has contributed advance against ordinary share capital of the Corporation in the amount of Rs 2,494 million.

2. BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Corporation for the nine months period ended September 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.
- 2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Corporation's December 2009 financial statements.
- 2.3 The US \$ amount reported in the condensed interim balance sheet, condensed interim profit and loss account and condensed interim cash flow statement are stated as additional information, solely for the convenience of the user of these condensed interim financial statements. The US \$ amounts in the condensed interim balance sheet have been translated into US \$ at the rate of Rs 86.10 = US \$ 1 (December 31, 2009: Rs 84.20 = US \$ 1). The US \$ amounts in condensed interim profit and loss account and condensed interim cash flow statement have been translated into US \$ at the rate of Rs 86.10 = US \$ 1 (September 30, 2009: Rs 83.00 = US \$ 1)

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the December 2009 financial statements of the Corporation, except for the adoption of amendments to existing standards as noted below:
- 3.2 Standards, interpretations and amendments effective January 1, 2010:

- 3.2.1 Amendments to IFRS 2 'Group cash-settled share-based payment transactions' are effective for annual periods beginning on or after January 1, 2010. The International Accounting Standards Board issued amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its unconsolidated financial statements.

Until the above amendment, there was no specific guidance on the attribution of cash-settled share-based payments to the entity receiving goods or services where the entity had no obligation to settle the transaction.

In view of the aforementioned amendments, it may be argued that the financial impact of the 'Benazir Employee Share Option Scheme' (BESOS or 'the Scheme') introduced by the GoP during the year ended December 31, 2009 may need to be accounted for in these condensed interim financial statements on a retrospective basis.

However, management contends that in view of the peculiar nature of the Scheme, the requirements of Amended IFRS 2 are not applicable to the Scheme and accordingly, the management has sought an opinion in respect of the subject matter from the Technical Committee of the Institute of Chartered Accountants of Pakistan, being a recognised professional body, the reply to which is, at present, awaited. Nevertheless, if the effects of BESOS were to be accounted for in these condensed interim financial statements, the management is of the view that there would not have been any material impact on these enclosed condensed interim financial statements.

- 3.2.2 Certain other standards, amendments and interpretations to the approved accounting standards were mandatory for accounting periods beginning on or before January 1, 2010 but were considered not to be relevant or did not have any significant effect on the Corporation's operations and are therefore not detailed in these condensed interim financial statements.

- 3.3 Standards, amendments and interpretations to that are not yet effective:

Certain standards, amendments and interpretation to approved accounting standards are effective for accounting periods beginning after January 1, 2010 but are considered not to be relevant or have any significant effect on the Corporation's operations and are therefore not detailed in these condensed interim financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
Operating fixed assets	128,952,661	132,790,938
Capital work-in-progress	1,289,893	764,622
	<u>130,242,554</u>	<u>133,555,560</u>

4.1 Following are the additions / transfers and deletions during the period:

	September 30, 2010 (Un-audited)	September 30, 2009 (Un-audited)
	Rs '000	
Additions / Transfers		
Owned		
Buildings on leasehold land	19,153	360
Workshops and hangers	-	40,401
Renovation and improvements	21,342	48,051
Aircraft fleet / Engines overhauling	410,315	280,972
Operating ground equipment, catering, communication and meteorological equipment	56,249	4,526
Engineering equipment and tools	45,320	11,573
Motor transport	17,862	21,234
Traffic equipment	123,080	7,509
Furniture, fixture and fittings	17,601	20,169
Office equipment	484	562
Computers and office automation	17,240	151,418
Precision engineering equipment	36	773
Other equipment	7,056	4,173
Capital spares	120,477	267,274
	<u>856,215</u>	<u>858,995</u>
Leased		
Aircraft fleet / Engines overhauling	-	749,956
	<u>856,215</u>	<u>1,608,951</u>
Deletions / Transfers - net book value		
Owned		
Buildings on leasehold land	6,423	-
Renovation and improvements	1,718	-
Aircraft fleet / Engines overhauling	36,522	-
Operating ground equipment, catering, communication and meteorological equipment	785	-
Engineering equipment and tools	782	-
Motor transport	10,602	5,104
Traffic equipment	1,553	5,301
Furniture, fixture and fittings	2,077	98
Computers and office automation	1,201	190
Office equipment	491	-
Reservation equipments	152	-
Other equipment	207	-
Capital spares	46,104	98
	<u>108,617</u>	<u>10,791</u>
Leased		
Aircraft fleet	311,220	-
Vehicles	3,556	2,325
	<u>314,776</u>	<u>2,325</u>
	<u>423,393</u>	<u>13,116</u>

4.2 Change in estimates

As a result of revaluation exercise conducted by an independent valuer as of December 31, 2009, the useful lives of airframes and engines increased on average by 5 years and 3.5 years respectively which had an impact on depreciation expense for the current period. Had there been no change in useful lives of airframes and engines, depreciation expense on aircraft fleet and capital spares for the period would have been higher by Rs. 1,243 million and Rs. 57 million respectively, whereas the effect on future periods is impracticable to ascertain considering subsequent measurement of property, plant and equipment under the revaluation model and inherent uncertainties attached thereto.

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
5. LONG-TERM INVESTMENTS		
Investments in related parties - unquoted - at cost		
- Subsidiaries	4,415,712	4,415,712
- Associates	396	396
- Joint venture	2	2
	<u>4,416,110</u>	<u>4,416,110</u>
Other investments	28,079	30,840
	<u>4,444,189</u>	<u>4,446,950</u>
6. STORES AND SPARES		
Stores	799,313	792,769
Spares	5,502,828	5,280,298
Inventory held for disposal - adjusted to net realisable value	252,859	252,859
	<u>6,555,000</u>	<u>6,325,926</u>
Provision for slow moving and obsolete spares	(2,820,891)	(2,662,295)
	<u>3,734,109</u>	<u>3,663,631</u>
Stores and spares - in-transit	1,163,448	323,792
	<u>4,897,557</u>	<u>3,987,423</u>
7. TRADE DEBTS		
Considered good	8,026,029	7,978,187
Considered doubtful	668,448	623,200
Provision for doubtful debts	(668,448)	(623,200)
	<u>8,026,029</u>	<u>7,978,187</u>
7.1 Movement in provision is as follows:		
Balance at the beginning of the period / year	623,200	740,330
Written off during the period / year	(58,191)	(3,179)
Provision / (reversal) during the period / year	103,439	(113,951)
	<u>668,448</u>	<u>623,200</u>

September 30, 2010
(Un-audited)

December 31, 2009
(Audited)

Rs '000

8. ADVANCES

Considered good

Subsidiary - Skyrooms (Private) Limited

18,309

46,402

Others

- Executives and employees
- Suppliers
- Civil Aviation Authority
- Others

288,979

169,701

1,327,096

1,823,247

143,835

143,835

5,782

5,977

1,765,692

2,142,760

1,784,001

2,189,162

Considered doubtful

Subsidiary - Skyrooms (Private) Limited

108,672

108,672

Others

31,915

31,915

Provision for doubtful advances

(140,587)

(140,587)

1,784,001

2,189,162

9. CASH AND BANK BALANCES

In hand

15,426

10,457

In transit

52,169

42,254

67,595

52,711

With banks

- in current accounts

2,742,413

545,844

- in short term deposit accounts

147,747

144,390

2,890,160

690,234

2,957,755

742,945

10. ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN

This represents advance received from the Government of Pakistan as reimbursement of mark up payments on term finance and sukuk certificates. Ordinary shares @ Rs 10 each shall be issued thereagainst shortly.

11. LONG-TERM FINANCING

Financier	Type of facility	Limit (million)	Repayment period	Number of installments / mode	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
						Rs '000	
From Banking Companies - secured							
United Bank Limited	Syndicate finance	Rs 1,650	2007 - 2010	6 half yearly	6 month KIBOR + 0.79%	-	135,092
Citibank, N.A.	Demand finance	US \$ 82	2006 - 2017	20 half yearly	5.28% fixed	4,641,248	4,927,683
Royal Bank of Scotland	Demand finance	US \$ 59.50	2009 - 2013	19 quarterly	3 month LIBOR + 1.60%	3,351,375	4,022,278
National Bank of Pakistan	Syndicate finance	US \$ 120	2,013	Bullet	3 month LIBOR + 3.6%	10,332,000	10,104,000
Standard Chartered Bank	Demand finance	US \$ 50	2007 - 2010	12 quarterly	3 month LIBOR + 1.325%	-	350,833
National Bank of Pakistan	Term finance	Rs 500	2007 - 2010	12 quarterly	3 month KIBOR + 1.50%	41,667	166,667
National Bank of Pakistan - Bahrain	Demand finance	US \$ 50	2008 - 2010	24 monthly	6 month LIBOR + 2.55%	-	1,052,500
Standard Chartered Bank	Syndicate finance	Rs 3,592	2009 - 2011	22 monthly	1 month KIBOR + 1.25%	653,082	2,122,518
National Bank of Pakistan - Bahrain	Demand finance	US \$ 70	2010 - 2012	24 monthly	1 month LIBOR + 5.50%	5,524,750	-
National Bank of Pakistan - Bahrain	Demand finance	US \$ 30	2010 - 2012	24 monthly	1 month LIBOR + 5.50%	1,265,831	-
Hong Kong Shanghai Banking Corporation	Demand finance	Rs 1,000	2010 - 2011	17 monthly	3 month KIBOR + 0.90%	600,000	-
Others - unsecured							
Long term loan - GoP	Term loan	Rs 9,000	2011 - 2020	16 half yearly	10% fixed	8,000,000	7,000,000
						34,409,953	29,881,571
Current maturity shown under current liabilities						(7,243,276)	(5,328,458)
						27,166,677	24,553,113

11.1. There has been no change in the securities for the above loans as disclosed in note 20 to the annual financial statement for the year ended December 31, 2009.

12. TERM FINANCE AND SUKUK CERTIFICATES

	Repayment period	Number of installments / mode	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
				Rs '000	
Term finance certificates	2009- 2014	10 half yearly	6 month KIBOR + 0.85%	12,792,320	12,797,440
		Less: Current portion		(2,135,040)	(5,120)
				10,657,280	12,792,320
Sukuk certificates	2012 - 2014	6 half yearly	6 month KIBOR + 1.75%	6,800,000	6,800,000
				17,457,280	19,592,320

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
Note	- Rs in '000 -	
13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of future rental obligations - aircraft fleet		
A-310 - 300	4,877,618	5,504,821
B-777 - 200 ER	14,247,716	15,859,793
B-777 - 200 LR	15,135,492	16,122,513
B-777 - 300 ER	30,366,518	31,907,001
	<u>64,627,344</u>	<u>69,394,128</u>
Present value of future rental obligations - vehicles	-	1,551
	<u>64,627,344</u>	<u>69,395,679</u>
Current maturity shown under current liabilities	(8,521,527)	(8,122,882)
	<u>56,105,817</u>	<u>61,272,797</u>
14. SHORT-TERM BORROWINGS - secured		
Short term loans	14.1 16,265,900	16,796,238
Running finance under mark up arrangements	14.2 5,488,635	7,185,922
	<u>21,754,535</u>	<u>23,982,160</u>

14.1 Short term loans - secured

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
					- Rs '000 -	
From Banking Companies						
Habib Bank Limited	GoP guarantee	Rs 2,000	3 months	3 month KIBOR + 0.90%	2,000,000	2,000,000
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 2,230 million	Rs 1,600	1 Year	1 month KIBOR + 0.90%	1,600,000	1,600,000
Habib Allied International Bank Limited - London	Euro receivables	US \$ 9	1 Year	1 month LIBOR + 3.00%	774,900	757,800
National Bank - Bahrain	Charge over UK and Saudi Arabia receivables	US \$ 60	1 Year	1 month LIBOR + 5.25%	2,583,000	-
National Bank - Bahrain	Charge over UK, Saudi Arabia, Bangladesh, & Oman receivables	US \$ 20	1 Year	1 month LIBOR + 5.25%	1,291,500	-
National Bank - Bahrain	UK receivables	GBP 20	1 Year	1 month LIBOR + 5.00%	-	1,803,191
National Bank - Bahrain	Charge over Saudi Arabia, Bangladesh Dhaka, Oman & Muscat receivables	SAR 75	6 months	1 month SIBOR + 5.00%	-	1,122,247
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 2,400 million	Rs 2000	1 Year	1 month KIBOR + 0.85%	2,000,000	2,000,000
Carried forward on next page					<u>10,249,400</u>	<u>9,283,238</u>

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010	December 31, 2009
					(unaudited)	(audited)
					Rs '000	
Brought forward from previous page					10,249,400	9,283,238
National Bank of Pakistan	GoP Guarantee	Rs 1,500	1 Year	3 month KIBOR + 0.90%	1,500,000	1,500,000
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 1,346 million	Rs 1,000	1 Year	3 month KIBOR + 0.90%	1,000,000	1,000,000
Hong Kong Shanghai Banking Corporation	GoP guarantee, promissory note amounting to Rs 1,600 million	Rs 1,000	3 months	3 month KIBOR + 0.90%	-	1,000,000
Barclays PLC	GoP Guarantee	Rs 690	6 months	3 month KIBOR + 0.90%	225,000	750,000
Askari Bank Limited	GoP Guarantee	Rs 1,500	1 Year	3 month KIBOR + 0.90%	1,500,000	1,500,000
KASB Bank Limited	GoP guarantee, promissory note amounting to Rs 595 million	Rs 500	1 Year	3 month KIBOR + 0.90%	500,000	500,000
Faysal Bank Limited	GoP guarantee and ranking hypothecation charge over all current assets	US \$ 15	1 Year	3 month LIBOR + 2.00%	1,291,500	1,263,000
					<u>16,265,900</u>	<u>16,796,238</u>

14.2 Running finance under mark-up arrangements - secured

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010	December 31, 2009
					(unaudited)	(audited)
					Rs '000	
United Bank Limited	Domestic receivables	Rs 2,870	1 Year	1 month KIBOR + 2.50%	24,338	2,439,718
Habib Bank Limited - NYC	EURO receivables	US \$ 3	1 Year	3 month LIBOR + 4.50%	-	240,974
National Bank of Pakistan	First pari passu hypothecation charge on all present and future current assets	Rs 1,000	1 Year	1 month KIBOR + 2.00%	80,725	575,017
Habib Allied International Bank Limited - London	EURO receivables	US \$ 3	1 Year	1 month LIBOR + 3%	257,925	251,931
KASB Bank Limited	Domestic receivables	Rs 400	1 Year	3 month KIBOR + 2.5%	400,000	400,000
United Bank Limited - Dubai	First pari passu hypothecation charge on all present and future current assets	US \$ 22	1 Year	1 month LIBOR + 5.00%	1,911,224	1,859,507
Carried forward on next page					<u>2,674,212</u>	<u>5,767,147</u>

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
					Rs '000	
Brought forward from previous page					2,674,212	5,767,147
Arif Habib Bank	Domestic receivables	Rs 300	1 Year	3 month KIBOR + 2.50%	52,331	123,936
United Bank Limited - Bahrain	First pari passu hypothecation charge on all present and future current assets	US \$ 13	1 Year	1 month LIBOR + 5.00%	1,128,991	1,092,752
Habib Bank Limited	Hypothecation charge over all present and future spare parts, accessories of aircraft and domestic receivables	Rs 350	1 Year	1 month KIBOR + 2.00%	1,633,101	202,087
					5,488,635	7,185,922

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1 The Civil Aviation Authority (CAA), has claimed additional amounts aggregating Rs 4,146 million (December 31, 2009: Rs 4,114 million) in respect of rent and allied charges, landing and housing charges, aviation security and bay charges, interest / surcharge etc. The matter has been referred to Ministry of Defence through which a reconciliation and settlement exercise is currently in progress. The management considers that no additional liability of material amount is likely to arise as a result of such exercise. However, as a matter of prudence, the Corporation has made a provision of Rs 1,500 million thereagainst.
- 15.1.2 The Collector Central Excise has raised demands of Rs 566.544 million (December 31, 2009: Rs 690 million), additional duty of Rs. 2,923.005 million and penalty of Rs 1 million in respect of duties levied on tickets provided by the Corporation to its staff either free of charge or at concessional rates, repairs or replacement of reimported aircraft engines, non-availability of invoices, import related to miscellaneous consignments, printed material sent at its various stations abroad for utilisation, late / short payment of sales tax and Central Excise Duty (CED) and excess baggage tickets. On this account, the Corporation has already paid an amount of Rs 100 million which is considered fully recoverable by it. The Corporation has filed appeals with the Customs, Central Excise and Sales Tax Appellate Tribunal which are pending adjudication. The Corporation is confident that the decision of the subject appeals would be made in its favor. Consequently, no provision has been made in these condensed interim financial statements.
- 15.1.3 A show cause notice was served to the Corporation by Additional Collector, LTU Karachi, as a result of findings during the audit of the Corporation's records pertaining to 2004 - 2005 and 2005 - 2006. The Collector has raised demands of Rs 6.804 million (December 31, 2009: Rs 6.804 million) for Federal Excise Duty (FED), Rs 277.621 million (December 31, 2009: Rs 277.621 million) for sales tax, Rs 1.205 million as penalty, Rs 2.911 million as additional duty and Rs 14.999 million as additional tax in respect of late filing of monthly returns of excise duty, sales tax of various taxable activities, incorrect / inadmissible adjustment of an exempt activity and incorrect rate of duty charged and paid along with input tax paid on various utilities. The Corporation has filed an appeal with the Additional Collector (Adjudication), which is currently pending for adjudication. The Corporation is confident that the decision of the subject appeal would be made in its favor. Consequently, no provision has been made in these condensed interim financial statements.

- 15.1.4 A show cause notice was served to the Corporation by Additional Collector, LTU for claim of Rs 1,319.101 million (December 31, 2009: Rs 1,319.101 million) as sales tax, Rs 2.065 million (December 31, 2009: Rs 2.065 million) as FED, Rs 66.058 million as penalty, Rs 0.835 million as additional duty and Rs 533.576 million as additional tax on the basis of investigation conducted by Directorate General Intelligence, Federal Board of Revenue relating to the period 2007 - 2008. The amount was claimed against incorrect / inadmissible adjustment on exempt activity and incorrect charging of rates on FED and sales tax. The Corporation has filed an appeal with the Additional Collector (Adjudication), which is currently pending for adjudication. The Corporation is confident that the decision of the subject appeal would be made in its favor. Consequently, no provision has been made in these condensed interim financial statements.
- 15.1.5 The Corporation 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. The Corporation's management is of the view that these cases have no sound legal footing and it does not expect these contingencies to materialise. Accordingly, no provision has been made in these condensed interim financial statements against these claims amounting to Rs 3,638.347 million (December 31, 2009: Rs 2,049.367 million).
- 15.1.6 The additional collector - LTU has raised demand for additional duty amounting to Rs 11.436 million, additional tax amounting to Rs 6.338 million and penalty amounting to Rs 5,877.351 million in respect of late submission of sales tax and FED returns for the months of November 2008 and December 2008. The Corporation has applied for waiver of additional duty, additional tax and penalty with Federal Board of Revenue, Ministry of Finance and Ministry of Defence. The Corporation is confident that this matter will be decided in its favor. Consequently, no provision has been made in these condensed interim financial statements.
- 15.1.7 There has been no change in the status of other contingencies as disclosed in the note 28.1 (d, e, h, j, k and l) to annual financial statements of the Corporation for the year ended December 31, 2009. Contingencies relating to income tax matters are disclosed in note 22.1 and 22.2.

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
15.2 Commitments		
Commitments for purchase of simulator	174,460	1,128,130
Commitments for other capital expenditure	13,838	103,150
Outstanding letters of credit	135,299	187,992
Outstanding letters of guarantee	556,298	587,039

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

16. REVENUE - net

Passenger	65,794,301	56,798,212	21,999,891	19,250,539
Cargo	4,783,312	3,671,318	1,669,093	1,471,936
Excess baggage	740,205	731,592	257,243	282,414
Charter	275,752	557,300	182,174	278,306
Engineering services	784,165	629,912	242,923	183,513
Handling and related services	515,515	452,714	222,258	185,861
Mail	343,624	217,999	133,010	77,210
Others	1,123,135	879,869	346,979	288,471
	<u>74,360,009</u>	<u>63,938,916</u>	<u>25,053,571</u>	<u>22,018,250</u>

17. COST OF SERVICES - Others

Salaries, wages and allowances	7,225,604	6,310,640	2,417,046	2,156,700
Welfare and social security costs	321,897	282,883	114,351	86,812
Retirement benefits	1,849,613	1,202,372	746,759	640,117
Compensated absences	78,106	86,237	29,202	26,782
Legal and professional charges	79,235	84,974	39,585	41,661
Stores and spares consumed	2,169,112	1,530,650	686,878	654,526
Maintenance and overhaul	3,896,049	3,340,584	1,232,876	1,196,075
Flight equipment rental	932,825	879,776	330,773	286,461
Landing and handling	8,518,623	7,430,456	3,134,691	2,626,660
Passenger services	2,585,142	2,082,326	880,371	773,402
Crew layover	2,153,237	1,863,137	758,841	629,251
Staff training	65,863	49,378	17,804	17,038
Utilities	17,227	16,982	7,014	6,470
Communication	55,863	45,086	27,404	18,384
Insurance	1,074,152	989,828	377,409	333,748
Rent, rates and taxes	390,365	349,280	47,078	81,899
Printing and stationery	141,349	148,015	29,691	34,472
Amortisation	1,932	1,932	644	644
Depreciation	4,068,479	6,809,384	1,337,105	2,288,355
Others	277,709	264,404	104,202	97,571
	<u>35,902,382</u>	<u>33,768,324</u>	<u>12,319,724</u>	<u>11,997,028</u>

18. OTHER PROVISION AND ADJUSTMENTS - net

Provision for slow moving stores and spares	159,154	285,359	65,582	81,367
Provision / (write back) against doubtful debts	104,188	(95,803)	750	(3,481)
Provision for doubtful debts receivable	-	214	-	-
Arrears of mandatory retirement	4,636	53,504	4,636	53,504
	<u>267,978</u>	<u>243,274</u>	<u>70,968</u>	<u>131,390</u>

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

19. FINANCE COSTS

Mark-up on:				
- long term financing	1,372,878	1,184,381	488,681	413,983
- murabaha financing	2,957	5,300	-	1,578
- short term borrowings	1,881,438	2,594,762	621,711	850,798
	<u>3,257,273</u>	<u>3,784,443</u>	<u>1,110,392</u>	<u>1,266,359</u>
Return on term finance certificates	1,273,086	1,377,967	432,903	456,739
Profit on sukuk certificates	723,222	-	241,670	-
Interest on liabilities against assets subject to finance leases	1,115,189	1,442,021	383,934	412,584
Interest to pension / provident fund	209,134	170,082	83,534	70,044
Arrangement, agency and commitment fee	196,793	95,334	2,167	5,012
Bank charges, guarantee commission and other related charges	196,996	206,220	65,877	81,037
	<u>6,971,693</u>	<u>7,076,067</u>	<u>2,320,477</u>	<u>2,291,775</u>

20. TAXATION

Current - for the period	743,600	319,695	250,536	110,091
- for prior period	4,827	-	-	-
Deferred	-	(951,672)	-	(298,656)
	<u>748,427</u>	<u>(631,977)</u>	<u>250,536</u>	<u>(188,565)</u>

20.1 During the period, the Commissioner Income Tax (CIT) issued an amended assessment order for tax year 2005 under section 122 (5A) raising an additional tax demand of Rs 1,146 million. The addition was primarily due to disallowance of tax depreciation on assets acquired on finance lease which are being considered depreciable assets for tax purposes. Management, based on tax advisor's opinion, considers the transaction as a financing agreement between EXIM Bank and the Corporation and not that of finance lease from a Special Purpose Vehicle (SPV). The Corporation has filed an appeal with the CIT - Appeals and currently, the case is pending for hearing.

20.2 There is no change in the status of tax contingency as set out in note 36.1 to the annual financial statements of the Corporation for the year ended December 31, 2009.

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

21. EARNINGS PER SHARE

Rs '000

Loss for the period after taxation	(11,693,422)	(10,771,240)	(4,793,356)	(5,376,047)
	No. of ordinary shares			
Weighted average number of ordinary shares outstanding	2,440,214,802	2,142,060,245	2,445,053,525	2,142,060,245
	Rs			
Loss per share – basic (class A)	(4.79)	(5.03)	(1.96)	(2.51)
Loss per share – basic (class B)	(2.40)	(2.52)	(0.98)	(1.26)

21.1 Since the 'advance against share capital' is to be mandatory converted into ordinary share capital of the Corporation, the impact has been taken into account while calculating 'loss per share - basic (class A)'.

21.2 There were no dilutive potential ordinary shares outstanding as at September 30, 2009 and 2010.

Nine months period ended
September 30, 2010 **September 30, 2009**

Rs '000

22. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

Loss before taxation	(10,944,995)	(11,403,217)
Adjustments for non cash items:		
Depreciation	4,303,059	7,042,122
Gain on disposal of property, plant and equipment	(5,731)	(1,492)
Amortisation of intangibles	16,912	16,869
Provision for slow moving stores and spares	159,154	285,359
Provision for employees' benefits	2,868,411	-
Provision for doubtful debts	104,188	(95,803)
Liability written back	(179,083)	
Finance costs	6,971,693	7,076,067
Profit on bank deposits	(15,073)	22,835
Cash generated from operations before working capital changes	3,278,535	2,942,740
Working capital changes:		
Decrease / (increase) in stores and spare parts	(1,069,288)	(181,611)
Decrease / (increase) in trade debts	(152,030)	(685,202)
Decrease in advances	405,161	(171,343)
Decrease in trade deposits and prepayments	(86,615)	857,262
Increase in other receivables	(927,011)	610,415
Increase / (decrease) in trade and other payables	8,665,855	1,148,566
	6,836,072	1,578,087
Cash generated from operations after working capital changes	10,114,607	4,520,827

23. TRANSACTIONS WITH RELATED PARTIES

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

Nine months period ended
September 30, 2010 **September 30, 2009**

Rs '000

Retirement funds		
Contribution charged	301,926	272,286
Accrual of interest to pension / provident fund	209,134	170,082
Long term loan		
Long term loan - GoP	8,000,000	5,000,000
Share capital		
Advance against share capital from GoP	2,494,592	1,857,342
Key management personnel		
Salaries, wages and other benefits	70,843	29,406

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

24. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made:

Description	Head of account of September 30, 2010	Head of account of December 31, 2009 / September 30, 2009	Amount (Rs '000)
Provision against Civil Aviation Authority's claims	Provision against Civil Aviation Authority's claims	Trade and other payables and provisions	1,500,000
Loss on derivative financial instrument	Other expenses	Aircraft fuel	192,725
Interest to pension / provident fund	Interest to pension / provident fund	Mark up on long term financing	170,082
Mark up on murabaha financing	Mark up on murabaha financing	Interest on liabilities against assets subject to finance leases	5,300
Amortisation of exposure fee	Bank charges, guarantee commission and other related charges	Arrangement, agency and commitment fee	160,571

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 28, 2010 by the Board of Directors of the Corporation.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Quarterly Summary

		2010			2009		
		1st Quarter	2nd Quarter	3rd Quarter	1st Quarter	2nd Quarter	3rd Quarter
Traffic Operations							
Available Seat Kilometers (million)	International	3,789	4,548	4,725	3,429	4,164	4,087
	Domestic	571	625	644	629	650	666
	Hajj	15	-	-	295	-	-
	Total	4375	5173	5,369	4353	4,814	4,753
Revenue Passenger Kilometers (million)	International	2,983	3,359	3,490	2,589	2,943	2,842
	Domestic	429	492	483	416	452	458
	Hajj	6	1	-	143	-	-
	Total	3418	3852	3,973	3148	3,395	3,300
Seat Factor (%)	International	78.73	73.86	73.86	75.50	70.68	69.54
	Domestic	75.13	78.72	75.00	66.14	69.54	68.77
	Hajj	40.00	0.00	0.00	48.47	0.00	0.00
	Total	78.13	74.46	74.00	72.32	70.52	69.43
Available Freight Tonne Kilometers (million)	International	96	109	113	109	124	121
	Domestic	15	15	17	17	18	18
	Total	111	124	130	126	142	139
Revenue Freight Tonne Kilometers (million)	International	60	75	94	45	56	74
	Domestic	5	8	7	5	7	7
	Total	65	83	101	50	63	81
Load Factor (%)	International	62.50	68.81	83.19	41.28	45.16	61.16
	Domestic	33.33	53.33	41.18	29.41	38.89	38.89
	Total	58.56	66.94	77.69	39.68	44.37	58.27

Financial

	Rupees in million					
Operating Revenue	22,848	26,459	25,053	21,247	20,673	22,018
Operating Expenses	23,318	26,535	27,003	19,275	20,883	23,068
Operating profit/(loss)	(470)	(76)	(1,950)	1,972	(210)	(1,050)
Profit/(loss) before taxation	(2,415)	(3,987)	(4,543)	(2,049)	(5,839)	(5,565)
Profit/(loss) after taxation	(2,529)	(4,372)	(4,794)	(2,049)	(5,395)	(5,376)
Fixed Assets	132,648	131,624	130,318	113,395	111,698	109,960
Current Assets	19,575	17,103	20,494	15,256	16,198	15,595
Current Liabilities	72,269	72,936	80,552	70,140	83,418	83,349
Long-term Debts	104,410	103,580	100,730	97,580	86,925	88,485
Net Worth	(51,483)	(54,575)	(57,924)	(48,028)	(50,814)	(55,625)
Jet Fuel Prices (Rs. Per US Gallon)	183.2	194.22	191.63	122.53	126.64	162.67

consolidated financial statements

Consolidated

Condensed Interim Balance Sheet (Un-audited)

As at September 30, 2010

		September 30, 2010 (Un-audited)	December 31, 2009 (Audited)	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Note	Rs '000		US\$ '000	
ASSETS					
NON CURRENT ASSETS					
Fixed assets					
- Property, plant and equipment	4	172,429,265	175,531,555	2,002,663	2,084,698
- Intangibles		2,948,244	2,903,518	34,242	34,484
		175,377,509	178,435,073	2,036,905	2,119,182
Long-term investments	5	91,660	93,021	1,065	1,105
Receivable from Centre Hotel		650,417	636,064	7,554	7,554
Long-term loans		14,860	12,051	173	143
Long-term deposits and prepayments		4,961,637	5,199,986	57,626	61,758
		181,096,083	184,376,195	2,103,323	2,189,742
CURRENT ASSETS					
Stores and spares	6	4,931,213	4,017,865	57,273	47,718
Trade debts	7	8,689,326	8,335,142	100,921	98,992
Advances	8	1,829,076	2,187,319	21,244	25,978
Trade deposits and prepayments		1,232,674	1,672,701	14,317	19,866
Other receivables		1,938,072	1,003,640	22,510	11,920
Short term investments		149,567	144,060	1,737	1,711
Taxation - net		84,003	70,628	976	839
Cash and bank balances	9	7,810,807	4,691,221	90,718	55,715
		26,664,738	22,122,576	309,696	262,739
		207,760,821	206,498,771	2,413,019	2,452,481
TOTAL ASSETS					
EQUITY AND LIABILITIES					
SHARE CAPITAL AND RESERVES					
Share capital		23,280,356	23,280,356	270,387	276,489
Reserves		(81,309,847)	(70,568,745)	(944,365)	(838,109)
Attributable to the Holding company's shareholders		(58,029,491)	(47,288,389)	(673,978)	(561,620)
Advance against equity from Gop	10	2,494,592	-	28,974	-
Non-controlling interest		842,437	760,764	9,784	9,035
TOTAL EQUITY		(54,692,462)	(46,527,625)	(635,220)	(552,585)
SURPLUS ON REVALUATION OF FIXED ASSETS					
		42,194,025	42,212,154	490,058	501,332
NON CURRENT LIABILITIES					
Long-term financing	11	42,884,821	40,300,378	498,082	478,627
Term finance and sukuk certificates	12	17,457,280	19,592,320	202,756	232,688
Liabilities against assets subject to finance lease	13	56,140,205	61,321,895	652,035	728,289
Long-term deposits		413,210	365,979	4,799	4,347
Deferred liabilities		20,794,994	18,307,683	241,521	217,431
		137,690,510	139,888,255	1,599,193	1,661,382
CURRENT LIABILITIES					
Trade and other payables		37,340,619	28,918,267	433,690	343,447
Provision against Civil Aviation Authority's claims		1,500,000	1,500,000	17,422	17,815
Accrued interest / mark-up / profit		2,535,969	1,845,592	29,454	21,919
Tax payable		1,190,077	874,887	13,822	10,391
Short-term borrowings	14	21,754,535	23,982,160	252,666	284,824
Current maturities of:					
- Long-term financing		7,570,979	5,655,812	87,932	67,171
- Term finance certificates		2,135,040	5,120	24,797	61
- Advance rent		786	3,486	9	42
- Liabilities against assets subject to finance lease		8,540,743	8,140,663	99,196	96,682
		82,568,748	70,925,987	958,988	842,352
TOTAL EQUITY AND LIABILITIES		207,760,821	206,498,771	2,413,019	2,452,481
CONTINGENCIES AND COMMITMENTS 15					

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Consolidated

Condensed Interim Profit And Loss Account (Un-audited)

For the nine months period ended September 30, 2010

	Note	Nine-months Period Ended		Quarter Ended		Nine-months Period Ended	
		September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009
		Rs '000				US \$ '000	
REVENUE - net	16	81,479,812	70,007,538	27,602,173	24,034,772	946,339	843,464
COST OF SERVICES							
Aircraft fuel		30,654,913	20,359,950	11,186,411	8,172,314	356,038	245,301
Others	17	40,466,597	37,853,344	13,905,710	13,279,224	469,995	456,064
		71,121,510	58,213,294	25,092,121	21,451,538	826,033	701,365
GROSS PROFIT		10,358,302	11,794,244	2,510,052	2,583,234	120,306	142,099
Distribution costs		4,984,364	4,362,003	1,133,602	1,529,392	57,891	52,554
Administrative expenses		6,401,724	5,536,605	2,530,015	1,782,869	74,353	66,706
Other provisions and adjustments - net	18	267,978	243,274	70,969	131,389	3,112	2,931
Exchange loss - net		2,087,682	5,258,737	521,339	2,258,981	24,247	63,358
Other expenses		-	192,725	-	-	-	2,322
Other operating income		(583,125)	(476,623)	(22,532)	(215,071)	(6,773)	(5,742)
		13,158,623	15,116,721	4,233,393	5,487,560	152,830	182,129
LOSS FROM OPERATIONS		(2,800,321)	(3,322,477)	(1,723,341)	(2,904,326)	(32,524)	(40,030)
Finance costs	19	7,211,157	7,346,132	2,400,762	2,375,016	83,753	88,508
LOSS BEFORE TAXATION		(10,011,478)	(10,668,609)	(4,124,103)	(5,279,342)	(116,277)	(128,538)
Taxation	20	1,007,912	(485,972)	366,810	(117,748)	11,706	(5,855)
LOSS FOR THE PERIOD		(11,019,390)	(10,182,637)	(4,490,913)	(5,161,594)	(127,983)	(122,683)
Attributable to:							
Attributable to the Holding company's shareholders		(11,055,525)	(10,211,249)	(4,505,639)	(5,174,349)	(128,403)	(123,028)
Non-controlling interest		36,135	28,612	14,726	12,755	420	345
		(11,019,390)	(10,182,637)	(4,490,913)	(5,161,594)	(127,983)	(122,683)
EARNINGS PER SHARE	21	Rs				US \$	
Loss attributable to:							
'A' class Ordinary shares of Rs 10 each		(4.52)	(4.75)	(1.84)	(2.41)	(0.05)	(0.06)
'B' class Ordinary shares of Rs 5 each		(2.26)	(2.38)	(0.92)	(1.21)	(0.03)	(0.03)

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Consolidated

Condensed Interim Statement of Comprehensive Income (Un-audited)

For the nine months period ended September 30, 2010

	Nine-months Period Ended		Quarter Ended	
	September	September	September	September
	30, 2010	30, 2009	30, 2010	30, 2009
	Rs '000			
Net loss for the period	(11,019,390)	(10,182,637)	(4,490,913)	(5,161,594)
Other comprehensive income				
Unrealised loss on remeasurement of investments	(2,761)	(44,027)	6,358	(10,885)
Loss on cash flow hedge arising during the period - net of tax	-	125,271	-	-
Total comprehensive loss for the period transferred to equity	<u>(11,022,151)</u>	<u>(10,101,393)</u>	<u>(4,484,555)</u>	<u>(5,172,479)</u>

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Consolidated

Condensed Interim Cash Flow Statement (Un-audited)

For the nine months period ended September 30, 2010

	Nine-months Period Ended September 30, 2010		Nine-months Period Ended September 30, 2009		
Note	Rs '000		US\$ '000		
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from operations after working capital changes	22	11,968,797	5,634,018	139,010	67,879
Profit on bank deposits received		15,073	24,160	175	291
Finance costs paid		(6,357,166)	(7,621,479)	(73,834)	(91,825)
Taxes paid		(798,698)	(278,304)	(9,277)	(3,353)
Staff retirement benefits paid		(557,717)	-	(6,477)	-
Deferred custom duty paid		-	(113,554)	-	(1,368)
Long-term deposits and prepayments - net		78,897	(20,484)	916	(247)
Net cash used in operating activities		4,349,186	(2,375,643)	50,513	(28,623)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(1,249,595)	(2,221,011)	(14,514)	(26,759)
Proceeds from sale of property, plant and equipment		116,057	4,008	1,347	48
Short-term investments - net		(569)	-	(7)	-
Net cash used in investing activities		(1,134,107)	(2,217,003)	(13,174)	(26,711)
CASH FLOWS FROM FINANCING ACTIVITIES					
Advance against equity from Government of Pakistan		2,494,592	1,857,342	28,973	22,378
Proceeds from long term financing - net		4,528,382	4,725,287	52,594	56,931
Term finance and sukuk certificates - net		(5,120)	367,297	(59)	4,425
Long-term deposits		47,231	-	549	-
Repayment of obligations under finance lease-net		(4,768,335)	(1,971,781)	(55,381)	(23,756)
Net cash generated from financing activities		2,296,750	4,978,145	26,676	59,978
Increase / (Decrease) in cash and cash equivalents		5,511,829	385,499	64,015	4,644
Cash and cash equivalents at the beginning of the period		(19,455,557)	(26,584,355)	(225,964)	(320,293)
Cash and cash equivalents at the end of the period		(13,943,728)	(26,198,856)	(161,949)	(315,649)
CASH AND CASH EQUIVALENTS					
Cash and bank balances		7,810,807	4,501,129	90,717	54,230
Short-term borrowings		(21,754,535)	(30,699,985)	(252,666)	(369,879)
		(13,943,728)	(26,198,856)	(161,949)	(315,649)

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Consolidated

Condensed Interim Statement of Changes In Equity (Un-audited)

For the nine months period ended September 30, 2010

	Issued, subscribed, and paid-up capital	Advance against share Capital	Reserves					Total	Non-controlling interest	Total	
			Capital reserves	Revenue reserves	Unrealised loss on remeasurement of investments	Foreign currency translation reserves	Accumulated losses				Other reserves
Rs '000											
Balance as at January 1, 2009 - restated	21,423,014	-	2,501,038	1,779,674	73,265	(602,014)	(71,016,296)	(95,139)	(45,936,458)	743,935	(45,192,523)
	21,423,014	-	2,501,038	1,779,674	73,265	(602,014)	(71,016,296)	(95,139)	(45,936,458)	743,935	(45,192,523)
Fair value of cash flow hedge-net of tax	-	-	-	-	-	-	-	95,139	95,139	-	95,139
Foreign currency translation	-	-	-	-	-	312,076	-	-	312,076	-	312,076
Total comprehensive income to the period transferred to equity	-	-	-	-	(44,027)	-	(8,263,572)	-	(8,307,599)	-	(8,307,599)
Minority interest	-	-	-	-	-	-	-	-	-	89,197	89,197
Balance as at September 30, 2009	21,423,014	-	2,501,038	1,779,674	29,238	(289,938)	(79,279,968)	-	(53,636,842)	833,132	(53,003,710)
Balance as at January 1, 2010	23,280,356	-	2,501,038	1,779,674	29,278	(454,869)	(74,455,128)	31,262	(47,288,388)	760,764	(46,527,625)
Fair value of cash flow hedge-net of tax	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation	-	-	-	-	-	281,049	-	-	281,049	-	281,049
Total comprehensive income to the period transferred to equity	-	-	-	-	(2,761)	-	(11,019,390)	(11,022,151)	(11,022,151)	-	(11,022,151)
Advance against equity from GoP	-	2,494,592	-	-	-	-	-	-	2,494,592	-	2,494,592
Minority interest	-	-	-	-	-	-	-	-	-	81,673	81,673
Balance as at September 30, 2010	23,280,356	2,494,592	2,501,038	1,779,674	26,517	(173,820)	(74,455,128)	(10,988,128)	(55,534,899)	842,437	(54,692,462)

The annexed notes 1 to 25 form an integral part of these condensed interim consolidated financial statements.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director

Notes to the Condensed Interim Consolidated Financial Statements (Un-audited)

For the nine months period ended September 30, 2010

1. THE GROUP AND ITS OPERATIONS

The "Group" consists of:

Pakistan International Airlines Corporation (the Holding Company)

Pakistan International Airlines Corporation (the Corporation), was incorporated on January 10, 1955 under the PIAC Ordinance, 1955, which was subsequently repealed and replaced by the Pakistan International Airlines Corporation's Act 1956 (PIAC Act). The shares of the Corporation are quoted on all Stock Exchanges of Pakistan. The principal activity of the Corporation is to provide air transport services. Other activities of the Corporation include provision of engineering and other allied services.

Following Subsidiary companies have been consolidated in the Financial Statements of Pakistan International Airlines Corporation (Holding Company)

Subsidiary Companies	Nature of Business
PIA Investments Ltd. (PIA-IL)	Promoters of and investors in projects related to construction, development and operations of hotels, motels and restaurant throughout the world.
Skyrooms (Private) Limited (SRL)	To manage Airport Hotel at Karachi.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These condensed interim financial statements of the Groups for the nine months period ended September 30, 2010 have been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984 (the Ordinance). In case where requirements differ, the provisions of or directives issued under the Ordinance have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's December 2009 financial statements.

The US \$ amount reported in the condensed interim balance sheet, condensed interim profit and loss account and condensed interim cash flow statement are stated as additional information, solely for the convenience of the user of these condensed interim financial statements. The US \$ amounts in the condensed interim balance sheet have been translated into US \$ at the rate of Rs 86.10 = US \$ 1 (December 31, 2009: Rs 84.20 = US \$ 1). The US \$ amounts in condensed interim profit and loss account and condensed interim cash flow statement have been translated into US \$ at the rate of Rs 86.10 = US \$ 1 (September 30, 2009: Rs 83.00 = US \$ 1)

3. SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the December 2009 financial statements of the Group, except for the adoption of amendments to existing standards as noted below:
- 3.2 Standards, interpretations and amendments effective January 1, 2010:

- 3.2.1 Amendments to IFRS 2 'Group cash-settled share-based payment transactions' are effective for annual periods beginning on or after January 1, 2010. The International Accounting Standards Board issued amended IFRS 2 to require an entity receiving goods or services (receiving entity) in either an equity-settled or a cash-settled share-based payment transaction to account for the transaction in its consolidated financial statements.

Until the above amendment, there was no specific guidance on the attribution of cash-settled share-based payments to the entity receiving goods or services where the entity had no obligation to settle the transaction.

In view of the aforementioned amendments, it may be argued that the financial impact of the 'Benazir Employee Share Option Scheme' (BESOS or 'the Scheme') introduced by the GoP during the year ended December 31, 2009 may need to be accounted for in these condensed interim consolidated financial statements on a retrospective basis.

However, management contends that in view of the peculiar nature of the Scheme, the requirements of Amended IFRS 2 are not applicable to the Scheme and accordingly, the management has sought an opinion in respect of the subject matter from the Technical Committee of the Institute of Chartered Accountants of Pakistan, being a recognised professional body, the reply to which is, at present, awaited. Nevertheless, if the effects of BESOS were to be accounted for in these condensed interim consolidated financial statements, the management is of the view that there would not have been any material impact on these enclosed condensed interim consolidated financial statements.

- 3.2.2 Certain other standards, amendments and interpretations to the approved accounting standards were mandatory for accounting periods beginning on or before January 1, 2010 but were considered not to be relevant or did not have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

- 3.3 Standards, amendments and interpretations to that are not yet effective:

Certain standards, amendments and interpretation to approved accounting standards are effective for accounting periods beginning after January 1, 2010 but are considered not to be relevant or have any significant effect on the Group's operations and are therefore not detailed in these condensed interim consolidated financial statements.

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
Operating fixed assets	171,139,372	174,765,284
Capital work-in-progress	1,289,893	766,271
	172,429,265	175,531,555

4.1 Following are the additions / transfers and deletions during the period:

	September 30, 2010 (Un-audited)	September 30, 2009 (Audited)
	Rs '000	
Additions / Transfers		
Owned		
Buildings on leasehold land	19,153	360
Workshops and hangers	-	40,401
Renovation and improvements	21,342	48,051
Aircraft fleet / Engines overhauling	410,315	280,972
Operating ground equipment, catering, communication and meteorological equipment	56,249	4,526
Engineering equipment and tools	45,320	11,573
Motor transport	17,862	21,234
Traffic equipment	123,080	7,509
Furniture, fixture and fittings	17,601	20,169
Office equipment	484	562
Computers and office automation	17,240	151,418
Precision engineering equipment	36	773
Other equipment	7,056	4,173
Capital spares	120,477	267,274
	856,215	858,995
Leased		
Aircraft fleet / Engines overhauling	-	749,956
	856,215	1,608,951
Deletions / Transfers - net book value		
Owned		
Buildings on leasehold land	6,423	-
Renovation and improvements	1,718	-
Aircraft fleet / Engines overhauling	36,522	-
Operating ground equipment, catering, communication and meteorological equipment	785	-
Engineering equipment and tools	782	-
Motor transport	10,602	5,104
Traffic equipment	1,553	5,301
Furniture, fixture and fittings	2,077	98
Computers and office automation	1,201	190
Office equipment	491	-
Reservation equipments	152	-
Other equipment	207	-
Capital spares	46,104	98
	108,617	10,791
Leased		
Aircraft fleet	311,220	-
Vehicles	3,556	2,325
	314,776	2,325
	423,393	13,116

4.2 Change in estimates

As a result of revaluation exercise conducted by an independent valuer as of December 31, 2009, the useful lives of airframes and engines increased on average by 5 years and 3.5 years respectively which had an impact on depreciation expense for the current period. Had there been no change in useful lives of airframes and engines, depreciation expense on aircraft fleet and capital spares for the period would have been higher by Rs. 1,243 million and Rs. 57 million respectively, whereas the effect on future periods is impracticable to ascertain considering subsequent measurement of property, plant and equipment under the revaluation model and inherent uncertainties attached thereto.

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
5. LONG-TERM INVESTMENTS		
Investments in related parties - unquoted - at cost		
- Associates	63,579	62,178
- Joint venture	2	2
	<u>63,581</u>	<u>62,180</u>
Other investments	28,079	30,841
	<u>91,660</u>	<u>93,021</u>
6. STORES AND SPARES		
Stores	832,969	822,709
Spares	5,502,828	5,280,298
Inventory held for disposal	252,859	252,859
	<u>6,588,656</u>	<u>6,355,866</u>
Provision for slow moving and obsolete spares	(2,820,891)	(2,662,295)
	<u>3,767,765</u>	<u>3,693,571</u>
Stores and spares - in-transit	1,163,448	324,294
	<u>4,931,213</u>	<u>4,017,865</u>
7. TRADE DEBTS		
Considered good	8,689,326	8,335,142
Considered doubtful	668,448	624,411
Provision for doubtful debts	(668,448)	(624,411)
	<u>8,689,326</u>	<u>8,335,142</u>
7.1 Movement in provision is as follows:		
Balance at the beginning of the period / year	623,200	740,655
Written off during the period / year	(58,191)	(3,504)
Provision / (reversal) during the period / year	103,439	(112,740)
	<u>668,448</u>	<u>624,411</u>

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
8. ADVANCES		
Loans - unsecured		
Current maturity of long-term loans - employees	18,309	5,859
Advances - Secured		
Due from related party	45,075	38,537
	63,384	44,396
Others		
- Executives and employees	288,979	169,776
- Suppliers	1,327,096	1,823,247
- Civil Aviation Authority	143,835	143,835
- Others	5,782	6,065
	1,765,692	2,142,923
	1,829,076	2,187,319
Considered doubtful		
Others	31,915	62,895
Provision for doubtful advances	(31,915)	(62,895)
	1,829,076	2,187,319
	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
	Rs '000	
9. CASH AND BANK BALANCES		
In hand	19,660	14,299
In transit	68,835	51,403
	88,495	65,702
With banks		
- in current accounts	6,311,705	3,607,391
- in short term deposit accounts	1,410,607	1,018,128
	7,722,312	4,625,519
	7,810,807	4,691,221

10. ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN

This represents advance received from the Government of Pakistan as reimbursement of mark up payments on term finance and sukuk certificates. Ordinary shares @ Rs 10 each shall be issued thereagainst shortly.

11. LONG-TERM FINANCING

Financier	Type of facility	Limit (million)	Repayment period	Number of installments / mode	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
						Rs '000	
From Banking Companies - secured							
United Bank Limited	Syndicate finance	Rs 1,650	2007 - 2010	6 half yearly	6 month KIBOR + 0.79%	-	135,092
Citibank, N.A.	Demand finance	US \$ 82	2006 - 2017	20 half yearly	5.28% fixed	4,641,248	4,927,683
Royal Bank of Scotland	Demand finance	US \$ 59.50	2009 - 2013	19 quarterly	3 month LIBOR + 1.60%	3,351,375	4,022,278
National Bank of Pakistan	Syndicate finance	US \$ 120	2,013	Bullet	3 month LIBOR + 3.6%	10,332,000	10,104,000
Standard Chartered Bank	Demand finance	US \$ 50	2007 - 2010	12 quarterly	3 month LIBOR + 1.325%	-	350,833
National Bank of Pakistan	Term finance	Rs 500	2007 - 2010	12 quarterly	3 month KIBOR + 1.50%	41,667	166,667
National Bank of Pakistan - Bahrain	Demand finance	US \$ 50	2008 - 2010	24 monthly	6 month LIBOR + 2.55%	-	1,052,500
Standard Chartered Bank	Syndicate finance	Rs 3,592	2009 - 2011	22 monthly	1 month KIBOR + 1.25%	653,082	2,122,518
National Bank of Pakistan - Bahrain	Demand finance	US \$ 70	2010 - 2012	24 monthly	1 month LIBOR + 5.50%	5,524,750	-
National Bank of Pakistan - Bahrain	Demand finance	US \$ 30	2010 - 2012	24 monthly	1 month LIBOR + 5.50%	1,265,831	-
Hong Kong Shanghai Banking Corporation	Demand finance	Rs 1,000	2010 - 2011	17 monthly	3 month KIBOR + 0.90%	600,000	-
Others - unsecured							
Long term loan - GoP	Term loan	Rs 9,000	2011 - 2020	16 half yearly	10% fixed	8,000,000	7,000,000
Subsidiary - PIAIL							
J P Morgan Chase	Loan	-	2006-2010	Variable	6.025%	8,320,759	8,137,142
J P Morgan Chase	Mezzanine Finance	-	2006-2010	Variable	6.025%	5,166,000	5,052,000
Hong Kong Shanghai Banking Corporation	Loan	-	2004-2012	Variable	3 month EURIBOR + 1.15%	2,559,088	2,885,477
						50,455,800	45,956,190
Current maturity shown under current liabilities						(7,570,979)	(5,655,812)
						42,884,821	40,300,378

11.1. There has been no change in the securities for the above loans as disclosed in note 21 to the annual consolidated financial statement for the year ended December 31, 2009.

12. TERM FINANCE AND SUKUK CERTIFICATES

	Repayment period	Number of installments / mode	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
				Rs '000	
Term finance certificates	2009- 2014	10 half yearly	6 month KIBOR + 0.85%	12,792,320	12,797,440
		Less: Current portion		(2,135,040)	(5,120)
				10,657,280	12,792,320
Sukuk certificates	2012 - 2014	6 half yearly	6 month KIBOR + 1.75%	6,800,000	6,800,000
				17,457,280	19,592,320

	September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
Rs '000		
13. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE		
Present value of future rental obligations - aircraft fleet		
A-310 - 300	4,877,618	5,504,821
B-777 - 200 ER	14,247,716	15,859,793
B-777 - 200 LR	15,135,492	16,122,513
B-777 - 300 ER	30,366,518	31,907,001
	<u>64,627,344</u>	<u>69,394,128</u>
Present value of future rental obligations - vehicles equipments	-	1,551
	<u>53,604</u>	<u>66,879</u>
	<u>64,680,948</u>	<u>69,462,558</u>
Current maturity shown under current liabilities	(8,540,743)	(8,140,663)
	<u>56,140,205</u>	<u>61,321,895</u>
14. SHORT-TERM BORROWINGS - secured		
Short term loans	14.1	16,265,900
Running finance under mark up arrangements	14.2	5,488,635
		<u>21,754,535</u>
		<u>23,982,160</u>

14.1 Short term loans - secured

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010 (unaudited)	December 31, 2009 (audited)
Rs '000						
From Banking Companies						
Habib Bank Limited	GoP guarantee	Rs 2,000	3 months	3 month KIBOR + 0.90%	2,000,000	2,000,000
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 2,230 million	Rs 1,600	1 Year	1 month KIBOR + 0.90%	1,600,000	1,600,000
Habib Allied International Bank Limited - London	Euro receivables	US \$ 9	1 Year	1 month LIBOR + 3.00%	774,900	757,800
National Bank - Bahrain	Charge over UK and Saudi Arabia receivables	US \$ 60	1 Year	1 month LIBOR + 5.25%	2,583,000	-
National Bank - Bahrain	Charge over UK, Saudi Arabia, Bangladesh & Oman receivables	US \$ 20	1 Year	1 month LIBOR + 5.25%	1,291,500	-
National Bank - Bahrain	UK receivables	GBP 20	1 Year	1 month LIBOR + 5.00%	-	1,803,191
National Bank - Bahrain	Charge over Saudi Arabia, Bangladesh, Dhaka, Oman & Muscat receivables	SAR 75	6 months	1 month SIBOR + 5.00%	-	1,122,247
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 2,400 million	Rs 2000	1 Year	1 month KIBOR + 0.85%	2,000,000	2,000,000
Carried forward on next page					<u>10,249,400</u>	<u>9,283,238</u>

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010	December 31, 2009
					(unaudited)	(audited)
					Rs '000	
Brought forward from previous page					10,249,400	9,283,238
National Bank of Pakistan	GoP Guarantee	Rs 1,500	1 Year	3 month KIBOR + 0.90%	1,500,000	1,500,000
Habib Bank Limited	GoP guarantee, promissory note amounting to Rs 1,346 million	Rs 1,000	1 Year	3 month KIBOR + 0.90%	1,000,000	1,000,000
Hong Kong Shanghai Banking Corporation	GoP guarantee, promissory note amounting to Rs 1,600 million	Rs 1,000	3 months	3 month KIBOR + 0.90%	-	1,000,000
Barclays PLC	GoP Guarantee	Rs 690	6 months	3 month KIBOR + 0.90%	225,000	750,000
Askari Bank Limited	GoP Guarantee	Rs 1,500	1 Year	3 month KIBOR + 0.90%	1,500,000	1,500,000
KASB Bank Limited	GoP guarantee, promissory note amounting to Rs 595 million	Rs 500	1 Year	3 month KIBOR + 0.90%	500,000	500,000
Faysal Bank Limited	GoP guarantee and ranking hypothecation charge over all current assets	US \$ 15	1 Year	3 month LIBOR + 2.00%	1,291,500	1,263,000
					16,265,900	16,796,238

13.2 Running finance under mark-up arrangements - secured

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	September 30, 2010	December 31, 2009
					(unaudited)	(audited)
					Rs '000	
United Bank Limited	Domestic receivables	Rs 2,870	1 Year	1 month KIBOR + 2.50%	24,338	2,439,718
Habib Bank Limited - NYC	EURO receivables	Us \$ 3	1 Year	3 month LIBOR + 4.50%	-	240,974
National Bank of Pakistan	First pari passu hypothecation charge on all present and future current assets	Rs 1,000	1 Year	1 month KIBOR + 2.00%	80,725	575,017
Habib Allied International Bank Limited - London	EURO receivables	US \$ 3	1 Year	1 month LIBOR + 3%	257,925	251,931
KASB Bank Limited	Domestic receivables	Rs 400	1 Year	3 month KIBOR + 2.5%	400,000	400,000
United Bank Limited - Dubai	First pari passu hypothecation charge on all present and future current assets	US \$ 22	1 Year	1 month LIBOR + 5.00%	1,911,224	1,859,507
Carried forward on next page					2,674,212	5,767,147

Financier	Security	Facility amount (million)	Repayment period	Mark-up (%)	June	December
					30, 2010	31, 2009
					Rs '000	
Brought forward from previous page					2,674,212	5,767,147
Arif Habib Bank	Domestic receivables	Rs 300	1 Year	3 month KIBOR + 2.50%	52,331	123,936
United Bank Limited - Bahrain	First pari passu hypothecation charge on all present and future current assets	US \$ 13	1 Year	1 month LIBOR + 5.00%	1,128,991	1,092,752
Habib Bank Limited	Hypothecation charge over all present and future spare parts, accessories of aircraft and domestic receivables	Rs 350	1 Year	1 month KIBOR + 2.00%	1,633,101	202,087
					<u>5,488,635</u>	<u>7,185,922</u>

15. CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

- 15.1.1 The Civil Aviation Authority (CAA), has claimed additional amounts aggregating Rs 4,146 million (December 31, 2009: Rs 4,114 million) in respect of rent and allied charges, landing and housing charges, aviation security and bay charges, interest / surcharge etc. The matter has been referred to Ministry of Defence through which a reconciliation and settlement exercise is currently in progress. The management considers that no additional liability of material amount is likely to arise as a result of such exercise. However, as a matter of prudence, the Corporation has made a provision of Rs 1,500 million thereagainst.
- 15.1.2 The Collector Central Excise has raised demands of Rs 566.544 million (December 31, 2009: Rs 690 million), additional duty of Rs. 2,923.005 million and penalty of Rs 1 million in respect of duties levied on tickets provided by the Corporation to its staff either free of charge or at concessional rates, repairs or replacement of reimported aircraft engines, non-availability of invoices, import related to miscellaneous consignments, printed material sent at its various stations abroad for utilisation, late / short payment of sales tax and Central Excise Duty (CED) and excess baggage tickets. On this account, the Corporation has already paid an amount of Rs 100 million which is considered fully recoverable by it. The Corporation has filed appeals with the Customs, Central Excise and Sales Tax Appellate Tribunal which are pending adjudication. The Corporation is confident that the decision of the subject appeals would be made in its favor. Consequently, no provision has been made in these condensed interim consolidated financial statements.
- 15.1.3 A show cause notice was served to the Corporation by Additional Collector, LTU Karachi, as a result of findings during the audit of the Corporation's records pertaining to 2004 - 2005 and 2005 - 2006. The Collector has raised demands of Rs 6.804 million (December 31, 2009: Rs 6.804 million) for Federal Excise Duty (FED), Rs 277.621 million (December 31, 2009: Rs 277.621 million) for sales tax, Rs 1.205 million as penalty, Rs 2.911 million as additional duty and Rs 14.999 million as additional tax in respect of late filing of monthly returns of excise duty, sales tax of various taxable activities, incorrect / inadmissible adjustment of an exempt activity and incorrect rate of duty charged and paid along with input tax paid on various utilities. The Corporation has filed an appeal with the Additional Collector (Adjudication), which is currently pending for adjudication. The Corporation is confident that the decision of the subject appeal would be made in its favor. Consequently, no provision has been made in these condensed interim financial statements.

- 15.1.4 A show cause notice was served to the Corporation by Additional Collector, LTU for claim of Rs 1,319.101 million (December 31, 2009: Rs 1,319.101 million) as sales tax, Rs 2.065 million (December 31, 2009: Rs 2.065 million) as FED, Rs 66.058 million as penalty, Rs 0.835 million as additional duty and Rs 533.576 million as additional tax on the basis of investigation conducted by Directorate General Intelligence, Federal Board of Revenue relating to the period 2007 - 2008. The amount was claimed against incorrect / inadmissible adjustment on exempt activity and incorrect charging of rates on FED and sales tax. The Corporation has filed an appeal with the Additional Collector (Adjudication), which is currently pending for adjudication. The Corporation is confident that the decision of the subject appeal would be made in its favor. Consequently, no provision has been made in these condensed interim consolidated financial statements.
- 15.1.5 The Corporation 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. The Corporation's management is of the view that these cases have no sound legal footing and it does not expect these contingencies to materialise. Accordingly, no provision has been made in these condensed interim consolidated financial statements against these claims amounting to Rs 3,638.347 million (December 31, 2009: Rs 2,049.367 million).
- 15.1.6 The additional collector - LTU has raised demand for additional duty amounting to Rs 11.436 million, additional tax amounting to Rs 6.338 million and penalty amounting to Rs 5,877.351 million in respect of late submission of sales tax and FED returns for the months of November 2008 and December 2008. The Corporation has applied for waiver of additional duty, additional tax and penalty with Federal Board of Revenue, Ministry of Finance and Ministry of Defence. The Corporation is confident that this matter will be decided in its favor. Consequently, no provision has been made in these condensed interim consolidated financial statements.
- 15.1.7 There has been no change in the status of other contingencies as disclosed in the note 28.1 (d, e, h, j, k and l) to annual consolidated financial statements of the Corporation for the year ended December 31, 2009. Contingencies relating to income tax matters are disclosed in note 20.1 and 20.2.

September 30, 2010 (Un-audited)	December 31, 2009 (Audited)
Rs '000	

15.2 Commitments

Commitments for purchase of simulator	174,460	1,128,130
Commitments for other capital expenditure	13,838	103,150
Outstanding letters of credit	135,299	187,992
Outstanding letters of guarantee	556,298	587,039

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

16. REVENUE - net

Passenger	65,794,301	56,798,212	21,999,891	19,250,539
Cargo	4,783,312	3,671,318	1,669,093	1,471,936
Excess baggage	740,205	731,592	257,243	282,414
Charter	275,752	557,300	182,174	278,306
Engineering services	784,165	629,912	242,923	183,511
Handling and related services	515,515	452,714	222,258	185,861
Mail	343,624	217,999	133,010	77,211
Room sales, food & beverages	7,119,803	6,224,201	2,548,602	2,174,083
Others	1,123,135	724,290	346,979	130,911
	<u>81,479,812</u>	<u>70,007,538</u>	<u>27,602,173</u>	<u>24,034,772</u>

17. COST OF SERVICES - Others

Salaries, wages and allowances	7,225,604	6,310,640	2,417,046	2,124,029
Welfare and social security costs	321,897	282,883	114,351	75,023
Retirement benefits	1,849,613	1,202,372	746,759	640,117
Compensated absences	78,106	86,237	29,202	26,782
Legal and professional charges	79,235	84,974	39,585	41,661
Stores and spares consumed	2,169,112	1,530,650	686,878	653,055
Maintenance and overhaul	3,896,049	3,362,219	1,232,876	1,201,173
Flight equipment rental	932,825	879,776	330,773	286,461
Landing and handling	8,518,623	7,430,456	3,134,691	2,626,660
Passenger services	2,585,142	2,082,326	880,371	773,402
Crew layover	2,153,237	1,863,137	758,841	629,251
Staff training	65,863	49,378	17,804	17,038
Food Cost	1,486,367	1,312,943	377,407	300,158
Hotel running expenses	3,077,848	2,718,737	1,208,579	1,011,581
Utilities	17,227	38,730	7,014	13,409
Communication	55,863	45,086	27,404	18,268
Insurance	1,074,152	989,828	377,409	333,708
Rent, rates and taxes	390,365	355,194	47,078	83,922
Printing and stationery	141,349	148,624	29,691	34,661
Amortisation	1,932	3,656	644	2,368
Depreciation	4,068,479	6,811,094	1,337,105	2,288,925
Others	277,709	264,404	104,202	97,572
	<u>40,466,597</u>	<u>37,853,344</u>	<u>13,905,710</u>	<u>13,279,224</u>

18. OTHER PROVISION AND ADJUSTMENTS - net

Provision for slow moving stores and spares	159,154	285,359	65,584	81,366
Provision / (write back) against doubtful debts	104,188	(95,803)	749	(3,695)
Provision for doubtful debts receivable	-	214	-	214
Arrears of mandatory retirement	4,636	53,504	4,636	53,504
	<u>267,978</u>	<u>243,274</u>	<u>70,969</u>	<u>131,389</u>

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

19. FINANCE COSTS

Mark-up on:				
- long term financing	1,612,342	1,454,446	568,966	497,224
- murabaha financing	2,957	5,300	-	1,578
- short term borrowings	1,881,438	2,594,762	621,711	850,798
	<u>3,496,737</u>	<u>4,054,508</u>	<u>1,190,677</u>	<u>1,349,600</u>
Return on term finance certificates	1,273,086	1,377,967	432,903	456,739
Profit on sukuk certificates	723,222	-	241,670	-
Interest on liabilities against assets subject to finance leases	1,115,189	1,442,021	383,934	412,584
Interest to pension / provident fund	209,134	170,082	83,534	70,044
Arrangement, agency and commitment fee	196,793	95,334	2,167	5,012
Bank charges, guarantee commission and other related charges	196,996	206,220	65,877	81,037
	<u>7,211,157</u>	<u>7,346,132</u>	<u>2,400,762</u>	<u>2,375,016</u>

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

20. TAXATION

Current - for the period	1,003,085	465,700	366,810	110,091
-for prior period	4,827	-	-	-
Deferred	-	(951,672)	-	(227,839)
	<u>1,007,912</u>	<u>(485,972)</u>	<u>366,810</u>	<u>(117,748)</u>

20.1 During the period, the Commissioner Income Tax (CIT) issued an amended assessment order for tax year 2005 under section 122 (5A) raising an additional tax demand of Rs 1,146 million. The addition was primarily due to disallowance of tax depreciation on assets acquired on finance lease which are being considered depreciable assets for tax purposes. Management, based on tax advisor's opinion, considers the transaction as a financing agreement between EXIM Bank and the Corporation and not that of finance lease from a Special Purpose Vehicle (SPV). The Corporation has filed an appeal with the CIT - Appeals and currently, the case is pending for hearing.

20.2 There is no change in the status of tax contingency as set out in note 36.1 to the annual financial statements of the Corporation for the year ended December 31, 2009.

	Nine-months period ended		Quarter ended	
	September 30, 2010	September 30, 2009	September 30, 2010	September 30, 2009

Rs '000

21. EARNINGS PER SHARE

Loss for the period after taxation	(11,019,390)	(10,182,637)	(4,490,913)	(5,161,594)
	No. of ordinary shares			
Weighted average number of ordinary shares outstanding	2,440,214,802	2,142,060,245	2,445,053,525	2,142,060,245
	Rs			
Loss per share - basic (class A)	(4.52)	(4.75)	(1.84)	(2.41)
Loss per share - basic (class B)	(2.26)	(2.38)	(0.92)	(1.21)

21.1 Since the 'advance against share capital' is to be mandatory converted into ordinary share capital of the Corporation, the impact has been taken into account while calculating 'loss per share - basic (class A)'.

21.2 There were no dilutive potential ordinary shares outstanding as at September 30, 2009 and 2010.

22. CASH GENERATED FROM OPERATIONS AFTER WORKING CAPITAL CHANGES

	Nine months period ended	
	September 30, 2010	September 30, 2009
	Rs '000	
Loss before taxation	(10,011,478)	(10,668,609)
Adjustments for non cash items:		
Depreciation	4,689,306	7,472,535
Gain on disposal of property, plant and equipment	(5,731)	(1,492)
Amortisation of intangibles	16,912	18,138
Amortisation on premium	1,269	
Provision for slow moving stores and spares	159,154	285,359
Provision for employees' benefits	2,868,411	-
Provision for gratuity	2,700	
Provision for doubtful debts	104,188	(95,803)
Liability written back	(179,083)	
Finance costs	6,971,693	7,346,132
Profit on bank deposits	(15,073)	(22,835)
Cash generated from operations before working capital changes	4,602,268	4,333,425
Working capital changes:		
Decrease / (increase) in stores and spare parts	(1,069,543)	(160,017)
Decrease / (increase) in trade debts	(152,869)	(686,667)
Decrease in advances	384,686	(297,291)
Decrease in trade deposits and prepayments	(187,296)	719,561
Increase in other receivables	(925,457)	597,844
Increase / (decrease) in trade and other payables	9,317,008	1,127,163
	7,366,529	1,300,593
Cash generated from operations after working capital changes	11,968,797	5,634,018

23. TRANSACTIONS WITH RELATED PARTIES

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

	Nine months period ended	
	September 30, 2010	September 30, 2009
	Rs '000	
Retirement funds		
Contribution charged	301,926	272,286
Accrual of interest to pension / provident fund	209,134	170,082
Long term loan		
Long term loan - GoP	8,000,000	5,000,000
Share capital		
Advance against share capital from GoP	2,494,592	1,857,342
Key management personnel		
Salaries, wages and other benefits	70,843	29,406

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

24. CORRESPONDING FIGURES

For better presentation the following reclassifications in the corresponding figures have been made:

Description	Head of account of September 30, 2010	Head of account of December 31, 2009 / September 30, 2009	Amount (Rs '000)
Provision against Civil Aviation Authority's claims	Provision against Civil Aviation Authority's claims	Trade and other payables and provisions	1,500,000
Loss on derivative financial instrument	Other expenses	Aircraft fuel	192,725
Interest to pension / provident fund	Interest to pension / provident fund	Mark up on long term financing	170,082
Mark up on murabaha financing	Mark up on murabaha financing	Interest on liabilities against assets subject to finance leases	5,300
Amortisation of exposure fee	Bank charges, guarantee commission and other related charges	Arrangement, agency and commitment fee	160,571

25. DATE OF AUTHORISATION FOR ISSUE

These condensed interim consolidated financial statements were authorised for issue on October 28, 2010 by the Board of Directors of the Corporation.

Ch. Ahmed Mukhtar
Chairman

Husain Lawai
Director



Secretary - PIA
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