

January March May  
February July April  
June August  
September



# 3rd Quarterly Report '09



Great People to Fly With

Secretary - PIA  
PIA Building,  
Jinnah International Airport,  
Karachi - 75200, Pakistan.  
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Great People to Fly With

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## **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. Mohammad Aijaz Haroon**

Managing Director - PIA

**Prof. Mian Ijaz ul Hassan**

**Mr Mubashir Iftikhar**

**Mr Husain Lawai**

**Mr Shaukat Ali Rana**

**Mr Salman Siddique**

Federal Secretary Finance

**Corporate Secretary**

**Mr Muhammad Shuaib**

**Head of Internal Audit**

**Mr S. Fazal Ahmad**

## **Executive Management**

**Capt. Mohammad Aijaz Haroon**

Managing Director

**Mr Salim Sayani**

Deputy Managing Director

**Mr Imran Ahmed Khan**

Director - Procurement, Logistics and Food  
Services / Marketing

**Mr M. Haneef Pathan**

Director - HR, Administration &  
Coordination

**Mr Shahnawaz Rehman**

Director - Corporate Planning

**AVM Muhammad Kamal Alam Siddiqui**

Director - Precision Engineering Complex

**Capt. Shuja Naqvi**

Director - Flight Operations

**Mr Shahid Sarwar**

Director - Information Technology

**Mr Mohammad Ziyad A. Syed**

Director - Finance /  
Chief Financial Officer

**Mr Dilawar Fareed Beg**

Director - Training and  
Development

**Mr Maqsood Ahmed**

Director - Engineering and Maintenance

**Mr Richard Bate**

Director - Special Projects

**Mr S. Kamran Hasan**

Director

## Auditors

Messrs Anjum Asim Shahid Rahman  
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)  
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Email: info@cdcpak.com  
Website: www.cdcpakistan.com

## Head Office

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

## Audit Committee

**Mr Husain Lawai**  
**Malik Nazir Ahmed**  
**Prof. Mian Ijaz ul Hassan**  
**Mr Mubashir Iftikhar**  
**Chief Internal Auditor**

Chairman  
Member  
Member  
Member  
Secretary (ex-officio)

## Brand and Advertisement Committee

**Prof. Mian Ijaz ul Hassan**  
**Malik Nazir Ahmed**  
**Mr Javed Akhtar**  
**Capt. Mohammad Aijaz Haroon**  
Managing Director  
**Mr Mubashir Iftikhar**  
**Director Marketing**

Chairman  
Member  
Member  
Member (ex-officio)  
Member  
Secretary (ex-officio)

## Finance Committee

**Mr Salman Siddique**  
**Capt. Mohammad Aijaz Haroon**  
Managing Director  
**Mr Mubashir Iftikhar**  
**Mr Husain Lawai**  
**Chief Financial Officer**

Chairman  
Member (ex-officio)  
Member  
Member  
Secretary (ex-officio)

## Human Resource Committee

**Syed Naseer Ahmad**  
**Capt. Mohammad Aijaz Haroon**  
Managing Director  
**Malik Nazir Ahmed**  
**Mr Javed Akhtar**  
**Mr Mubashir Iftikhar**  
**Mr Shaukat Ali Rana**  
**Director HRA&C**

Chairman  
Member (ex-officio)  
Member  
Member  
Member  
Member  
Secretary (ex-officio)

The Directors' of Pakistan International Airlines are pleased to present their report along with the unaudited interim financial statements for the nine months period ended September 30, 2009.

The financial results for the period under review are summarized below:

	Third Quarter Ended		Nine Month Ended	
	2009	2008	2009	2008
	(Rs. Billion)			
Turnover - net	22.0	22.8	63.9	60.4
Operating Cost & Expenses	23.0	27.2	63.2	69.5
Exchange (Loss)	2.3	13.9	5.3	22.8
Financial Costs	2.3	2.1	7.1	5.8
Loss Before Tax	5.6	20.4	11.4	38.4
Loss After Tax	5.4	20.4	10.8	38.4

PIA's after tax loss reduced by PKR 27.6 billion to PKR 10.8 billion in the nine months ended September 2009, compared to same period in the prior year. The reduction in losses was mainly due to reduction in costs and increase in revenues. The expenses declined mainly due to the reduction in exchange losses on foreign currency loans and fuel costs by PKR 17.5 billion and PKR 13.1 billion respectively, but were partly offset by increase in non-fuel expenses by PKR 5.5 billion and finance costs by PKR 1.3 billion. The reduced loss of PKR 10.8 billion includes: foreign exchange translation loss of PKR 5.3 billion, on USD denominated fleet loans / lease obligations; and finance cost of PKR 4.7 billion on non-fleet loans of PKR 64 billion.

Despite the economic downturn and the situation in the Country, in the nine months ending September 2009, compared to same period of last year, overall revenue of the airline increased to PKR 63.9 billion, an increase of around PKR 3.5 billion (5.9%); the increase was mainly due to increase in passenger revenue by PKR 3.3 billion (6.3%), due to improvement in passenger yield but partly offset by reduction in passenger traffic. PIA's revenue from chartered flights continued to show exceptional growth and increased by PKR 408 million (274%); non-transport revenue increased to PKR 1,963 million an increase of PKR 132 million (7.2%).

Management needs to mainly focus on the declining trend in both domestic and international passenger traffic, and also take counter measures to improve the cargo and MRO business. In the third quarter of 2009, compared to same period last year, overall revenue declined by PKR 816 million (3.6%). The reduction in passenger revenue by PKR 629 million (3.2%), decline in freight business by PKR 319 million (17.8%), and reduction in non-transport (MRO) business by PKR 145 million was partly offset by improvement of PKR 289 million in charter, mail and excess baggage revenue segments .

The depreciation charge for the nine months period ending September 2009 was higher by over PKR 1.3 billion mainly due to impact of revaluation in December 2008 of PIAC's aircraft fleet, lands and buildings.

In October 2009, for the second year, PIAC plan to undertake Hajj operation using its existing fleet including Boeing 747 aircraft. This year PIAC engineering services has successfully converted B747-200 Combi into a full passenger aircraft and have made it available for the Hajj flights. Other achievements include successful commissioning of test facilities for PW127E engine installed on ATR 42-500 aircraft and successful commissioning of in-house overhaul facility for A310 auxiliary power unit (APU).

In third Quarter of this year, PIA introduced additional flights on Sialkot-Muscat sector and Peshawar-Kabul sector increasing the weekly frequency on these routes to two and four respectively. Further extra capacity was deployed to meet the demand of Gulf region during Eid season.

Global recession has continued to adversely impact the hospitality business. PIA Investments Limited (PIA-IL) reported revenue of USD 75 million compared to USD102 million in the same period last year. PIA-IL was able to earn a profit of USD 9.0 million in the nine months ending September 2009 compared to USD 19.6 million last year. Despite the reduction in business and tourist travel, Sky Rooms (Private) Limited 100% owned subsidiary of PIAC reported revenue of PKR 172 Million and after tax profit of PKR3.0 million.

The Management with the full support of employees is working on additional measures to contain the high loss situation and bring about a sustainable improvement in the long term. In this regard the Corporation is developing a strategic plan and taking measures to boost revenue and manage costs.

For and on Behalf of the Board

**Ch. Ahmed Mukhtar**  
Chairman

October 29, 2009

	Note	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
		Rupees in '000		US\$ in '000	
<b>ASSETS</b>					
<b>NON - CURRENT ASSETS</b>					
<b>Fixed assets</b>					
Property, plant and equipment	4	109,862,218	115,010,337	1,323,641	1,457,673
Intangibles		97,629	113,154	1,176	1,434
		109,959,847	115,123,491	1,324,817	1,459,107
Long-term investments		4,446,912	4,497,642	53,577	57,004
Long-term deposits and prepayments		5,031,318	5,009,452	60,618	63,491
		119,438,077	124,630,585	1,439,012	1,579,602
<b>CURRENT ASSETS</b>					
Stores and spare parts	5	3,908,551	3,726,940	47,091	47,236
Trade debts		6,567,381	5,757,849	79,125	72,977
Advances		1,589,739	1,418,610	19,153	17,980
Trade deposits and prepayments		734,321	1,591,583	8,847	20,172
Accrued interest		-	1,325	-	17
Other receivables		832,475	1,441,564	10,030	18,271
Short-term investments		31,665	42,505	382	539
Taxation - net		1,037,797	269,351	12,504	3,414
Cash and bank balances		893,247	789,555	10,762	10,007
		15,595,176	15,039,282	187,894	190,613
<b>TOTAL ASSETS</b>		<b>135,033,253</b>	<b>139,669,867</b>	<b>1,626,906</b>	<b>1,770,215</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital		21,423,014	21,423,014	258,109	271,521
Reserves	6	(77,047,551)	(68,124,941)	(928,284)	(863,434)
<b>TOTAL EQUITY</b>		<b>(55,624,537)</b>	<b>(46,701,927)</b>	<b>(670,175)</b>	<b>(591,913)</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>12,354,185</b>	<b>14,192,700</b>	<b>148,846</b>	<b>179,882</b>
<b>ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN</b>	7	<b>1,857,342</b>	<b>-</b>	<b>22,378</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>					
Long-term financing	8	13,260,510	19,471,411	159,765	246,786
Term finance certificates		12,792,320	12,430,143	154,124	157,543
Liabilities against assets subject to finance lease	9	62,429,054	65,024,660	752,157	824,140
Long-term deposits		343,695	301,770	4,141	3,825
Deferred liabilities		4,272,037	3,243,205	51,470	41,105
		93,097,616	100,471,189	1,121,657	1,273,399
<b>CURRENT LIABILITIES</b>					
Trade and other payables, including provisions		27,158,386	27,127,000	327,209	343,815
Accrued interest / mark-up / profit		1,232,069	1,475,456	14,844	18,700
Short-term borrowings	10	30,699,985	30,500,062	369,879	386,566
Current maturities of:					
Long-term financing		16,361,213	5,352,528	197,123	67,839
Term finance certificates		5,120	-	62	-
Liabilities against assets subject to finance lease		7,891,874	7,252,859	95,083	91,927
		83,348,647	71,707,905	1,004,200	908,847
<b>CONTINGENCIES AND COMMITMENTS</b>					
<b>TOTAL EQUITY AND LIABILITIES</b>	11	<b>135,033,253</b>	<b>139,669,867</b>	<b>1,626,906</b>	<b>1,770,215</b>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

	Note	Nine-month period ended		Quarter Ended		Nine-month period ended	
		Sep. 30, 2009	Sep. 30, 2008	Sep. 30, 2009	Sep. 30, 2008	Sep. 30, 2009	Sep. 30, 2008
		Rupees in '000				US\$ in '000	
<b>REVENUE - net</b>							
	12	63,938,916	60,396,628	22,018,250	22,834,485	770,348	773,324
<b>COST OF SERVICES</b>							
Aircraft fuel		(20,552,675)	(33,615,704)	(8,172,314)	(13,990,807)	(247,623)	(430,419)
Others	13	(33,768,324)	(28,549,840)	(11,997,028)	(10,667,476)	(406,847)	(365,555)
		(54,320,999)	(62,165,544)	(20,169,342)	(24,658,283)	(654,470)	(795,974)
<b>GROSS PROFIT / (LOSS)</b>		<b>9,617,917</b>	<b>(1,768,916)</b>	<b>1,848,908</b>	<b>(1,823,798)</b>	<b>115,878</b>	<b>(22,650)</b>
Distribution costs		(4,042,130)	(3,338,309)	(1,430,672)	(1,144,812)	(48,700)	(42,744)
Administrative expenses		(4,819,744)	(3,989,913)	(1,467,854)	(1,419,943)	(58,069)	(51,087)
Other provisions and adjustments - net	14	(243,274)	(1,571,745)	(131,390)	(98,734)	(2,931)	(20,125)
Exchange loss - net	15	(5,258,737)	(22,784,133)	(2,258,981)	(13,935,917)	(63,358)	(291,730)
Other operating income		418,818	858,442	167,152	117,774	5,046	10,992
		(13,945,067)	(30,825,658)	(5,121,745)	(16,481,632)	(168,012)	(394,694)
<b>LOSS FROM OPERATIONS</b>		<b>(4,327,150)</b>	<b>(32,594,574)</b>	<b>(3,272,837)</b>	<b>(18,305,430)</b>	<b>(52,134)</b>	<b>(417,344)</b>
Finance costs	16	(7,076,067)	(5,841,454)	(2,291,775)	(2,131,270)	(85,254)	(74,795)
<b>LOSS BEFORE TAXATION</b>		<b>(11,403,217)</b>	<b>(38,436,028)</b>	<b>(5,564,612)</b>	<b>(20,436,700)</b>	<b>(137,387)</b>	<b>(492,139)</b>
Taxation							
Current		(319,695)	-	(110,091)	-	(3,852)	-
Deferred		951,672	-	298,656	-	11,466	-
		631,977	-	188,565	-	7,614	-
<b>LOSS FOR THE PERIOD</b>		<b>(10,771,240)</b>	<b>(38,436,028)</b>	<b>(5,376,047)</b>	<b>(20,436,700)</b>	<b>(129,773)</b>	<b>(492,139)</b>
		------(Rupees)-----				------(US\$)-----	
<b>LOSS PER SHARE</b>							
'A' class Ordinary shares of Rs.10 each		(5.03)	(18.41)	(2.51)	(9.79)	(0.06)	(0.24)
'B' class Ordinary shares of Rs. 5 each		(2.52)	(9.21)	(1.26)	(4.90)	(0.03)	(0.12)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

	Nine-month period ended		Quarter ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
	Rupees in '000			
Net loss for the period	(10,771,240)	(38,436,028)	(5,376,047)	(20,436,700)
<b>Other Comprehensive Income</b>				
Unrealised (loss) / gain on re-measurement of investments	(44,027)	(18,502)	(10,885)	(13,315)
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon	2,719,059	807,855	853,303	403,928
Income tax relating to components of other comprehensive income	(951,673)	(282,749)	(298,656)	(141,375)
<b>Other comprehensive income for the period (net of tax)</b>	1,723,359	506,604	543,762	249,238
<b>COMPREHENSIVE INCOME TRANSFERRED TO EQUITY</b>	(9,047,881)	(37,929,425)	(4,832,285)	(20,187,462)
<b>COMPONENTS OF COMPREHENSIVE INCOME NOT TRANSFERRED TO EQUITY</b>				
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon (net of tax)	(1,767,387)	(525,106)	(554,647)	(403,928)
	<u>(10,815,268)</u>	<u>(38,454,531)</u>	<u>(5,386,932)</u>	<u>(20,591,390)</u>

The annexed notes 1 to 20 form an integral part of these interim condensed financial statements.

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

	Note	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
		Rupees in '000		US\$ in '000	
<b>Cash flows from operating activities</b>					
Cash generated from / (used in) operations after working capital changes	17	4,520,827	(22,960,066)	54,468	(293,983)
Profit on bank deposits received		24,160	146,429	291	1,875
Finance costs paid		(7,319,454)	(5,681,574)	(88,186)	(72,747)
Taxes paid		(165,556)	(166,736)	(1,995)	(2,135)
Deferred custom duty paid		(113,554)	(113,554)	(1,368)	(1,454)
Long term deposits - net		(20,059)	(950,867)	(242)	(12,175)
Net cash used in operating activities		(3,073,636)	(29,726,368)	(37,032)	(380,619)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(2,092,436)	4,827,470	(25,210)	61,811
Proceeds from sale of property, plant and equipment		4,008	211,688	48	2,710
Dividend income received		-	500,588	-	6,410
Net cash (used in) / generated from investing activities		(2,088,428)	5,539,746	(25,162)	70,931
<b>Cash flows from financing activities</b>					
Advance against equity from Government of Pakistan		1,857,342	544,940	22,378	6,977
Proceeds from long term financing-net		4,797,785	3,199,142	57,805	40,962
Proceeds from term finance certificates		367,297	(816,827)	4,425	(10,459)
Repayment of obligations under finance lease-net		(1,956,591)	9,550,272	(23,573)	122,283
Net cash generated from financing activities		5,065,833	12,477,527	61,035	159,763
Decrease in cash and cash equivalents		(96,231)	(11,709,095)	(1,159)	(149,925)
<b>Cash and cash equivalents at the beginning of the period</b>		(29,710,507)	(16,130,425)	(357,958)	(206,535)
<b>Cash and cash equivalents at the end of the period</b>		<u>(29,806,738)</u>	<u>(27,839,520)</u>	<u>(359,117)</u>	<u>(356,460)</u>
<b>Cash and cash equivalents</b>					
Cash and bank balances		893,247	2,186,883	10,762	28,001
Short-term borrowings	10	(30,699,985)	(30,026,403)	(369,879)	(384,461)
		<u>(29,806,738)</u>	<u>(27,839,520)</u>	<u>(359,117)</u>	<u>(356,460)</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

	issued, subscribed, and paid-up capital	Capital reserves	RESERVES			Other Reserves	Total
			Revenue reserves	Unrealized gain / (loss) on re-measurement of investments	Accumulated losses		
..... Rupees in '000 .....							
Balance as at January 01, 2008	20,878,074	2,501,038	1,779,674	97,366	(37,159,710)	-	(11,903,558)
Total comprehensive income for the period transferred to equity	-	-	-	(18,502)	(37,910,923)	-	(37,929,425)
Balance as at September 30, 2008	20,878,074	2,501,038	1,779,674	78,864	(75,070,633)	-	(49,832,983)
Balance as at January 01, 2009	21,423,014	2,501,038	1,779,674	73,265	(72,353,647)	(125,271)	(46,701,927)
Total comprehensive income for the period transferred to equity	-	-	-	(44,027)	(9,003,854)	-	(9,047,881)
Loss on cash flow hedge arising during the period	-	-	-	-	-	125,271	125,271
Balance as at September 30, 2009	21,423,014	2,501,038	1,779,674	29,238	(81,357,501)	-	(55,624,537)

The annexed notes 1 to 20 form an integral part of these condensed interim financial statements.

## 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 (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. 10,771 (September 30, 2008: Rs. 38,436) million, resulting in accumulated losses of Rs. 81,357 (December 31, 2008: Rs. 72,354) million as of the balance sheet date. Further, as of the balance sheet date current liabilities of the Corporation exceeded its current assets by Rs.67,753 (December 31, 2008: Rs. 56,669) million. The Government of Pakistan (GoP), as a majority shareholder, is committed to ensure the going concern status of the Corporation at all times. Historically, the support of the GoP has always been available to the Corporation, as evident by the GoP issuing guarantees to secure certain long-term finances and term finance certificates (TFCs).

The GoP had also agreed to provide equity contribution to the Corporation to cover interest/profit payments on long term financing and TFCs and an amount of Rs. 10,729 (December 31, 2008: Rs. 8,872) million has been provided to the Corporation up to September 30, 2009 against which 887,244,605 (2008: 887,244,605) 'A' class Ordinary shares of Rs. 10 each have been issued to the GoP. The remaining 185,734,200 Ordinary shares are expected to be issued during the current year.

During the current period, the Ministry of Finance (MoF) has also provided support with long term loans of Rs. 5 billion. Short term loans amounting to Rs.6.8 billion were also restructured under five years Islamic Financing Syndicated Sukuk facility with financial close on October 20, 2009. The GoP has also agreed to provide further equity contribution during the coming months as well as restructuring of short term loans.

The Corporation, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these condensed interim financial statements on this basis.

## 2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan and submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

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 annual financial statements for the year ended December 31, 2008.

The US\$ amounts in the balance sheet have been translated into US\$ at the rate of Rs. 83.00 = US\$1 (December 31, 2008: Rs. 78.90 = US\$1). The US\$ amounts in profit and loss account and cash flow statement have been translated into US\$ at the rate of Rs.83.00 = US\$1 (September 30, 2008: Rs. 78.10 = US\$1)

## 3. SIGNIFICANT ACCOUNTING POLICIES

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 annual audited financial statements of the Corporation for the year ended December 31, 2008.



**4. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets  
Capital work-in-progress

(Un-audited) September 30, 2009	(Audited) December 31, 2008
Rupees in '000	
108,906,646	114,538,250
955,572	472,087
<u>109,862,218</u>	<u>115,010,337</u>

September 30, 2009	September 30, 2008
Rupees in '000	

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

Addition / transfers

Owned

Buildings on leasehold land	360	18,173
Workshops and hangars	40,401	-
Renovation and improvements	48,051	46,439
Aircraft fleet / Engines overhauling	280,972	373,867
Operating ground equipment, catering, communication and meteorological equipment	4,526	2,310
Engineering equipment and tools	11,573	25,738
Motor transport	21,234	19,505
Traffic equipment	7,509	15,401
Furniture, fixture and fittings	20,169	30,311
Office equipment	562	532
Computers and office automation	151,418	19,174
Precision engineering equipment	773	299
Other equipment	4,173	29,778
Capital spares	267,274	471,665
	<u>858,995</u>	<u>1,053,192</u>

Leased

Aircraft fleet / Engines overhauling	749,956	13,496,354
Vehicles	-	1,878
	<u>1,608,951</u>	<u>14,551,424</u>

Deletions

Owned

Land	-	103
Operating ground equipment, catering, communication and meteorological equipment	-	7,210
Motor transport	5,104	12,261
Traffic equipment	5,301	26,164
Furniture, fixture and fittings	98	1,034
Office equipment	-	455
Computers and office automation	190	132
Capital spares	98	7,187
	<u>10,791</u>	<u>54,546</u>

Leased

Vehicles	2,325	15,479
	<u>13,116</u>	<u>70,025</u>

**5. STORES AND SPARE PARTS**

Stores  
Spare parts

Provision for slow moving and obsolete stores and spare parts

Inventory held for disposal  
Adjustment for write down of surplus inventory to net realizable value  
Disposal during the period

Stores and spares-in-transit

**6. RESERVES**

Capital reserves

Reserve for replacement of fixed assets  
Capital redemption reserve fund  
Others

Revenue reserve

Unrealised gain on remeasurement of investments  
Accumulated losses  
Other reserves

**7. ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN (GoP)**

This represents the amount received from GoP towards equity contribution under the terms of financial package, as disclosed in note 1.2 to these condensed interim financial statements.

(Un-audited) September 30, 2009	(Audited) December 31, 2008
Rupees in '000	
852,259	938,488
5,011,219	4,449,512
<u>5,863,478</u>	<u>5,388,000</u>
(2,501,699)	(2,216,611)
<u>3,361,779</u>	<u>3,171,389</u>
252,859	2,207,092
-	(1,944,539)
-	(9,694)
<u>252,859</u>	<u>252,859</u>
293,913	302,692
<u>3,908,551</u>	<u>3,726,940</u>

**8. LONG TERM FINANCING**

Financier	Type of facility	Limit in million	Repayment period	Number of instalments/ mode	Mark-up %	(Un-audited)	(Audited)
						September 30, 2009	December 31, 2008
-----Rupees in '000-----							
<b>From Banking Companies-secured</b>							
United Bank Limited	Syndicate Finance	1,650 PKR	2007 - 2010	6 Half-yearly	6 month KIBOR +0.79%	405,274	675,458
Habib Bank Limited	Demand Finance	530 PKR	2006 - 2009	36 Monthly	1 month KIBOR +1.50%	-	88,333
Citibank, N.A.	Demand Finance	82 US\$	2006 - 2017	20 Half-yearly	5.28% fixed	5,151,508	5,261,363
Habib Bank Limited	Demand Finance	200 PKR	2006 - 2009	36 Monthly	1 month KIBOR +1.75%	5,556	55,556
Royal Bank of Scotland	Demand Finance	50.98 US\$	2009 - 2013	19 Quarterly	3 month LIBOR +1.60%	4,194,077	4,339,396
National Bank Pakistan/ Habib Bank Limited	Syndicate Finance	120 US\$	2010	1 Bullet	3 month LIBOR +1.325%	9,960,000	9,468,000
Standard Chartered Bank - Dubai	Demand Finance	50 US\$	2007-2010	12 Quarterly	3 month LIBOR +1.325%	691,667	1,643,750
National Bank of Pakistan	Demand Finance	500 PKR	2007-2010	12 Quarterly	3 month KIBOR +1.50%	208,333	333,333
National Bank of Pakistan-Bahrain	Demand Finance	50 US\$	2008-2010	24 Monthly	6 month LIBOR +2.55%	1,556,250	2,958,750
Standard Chartered Bank (Pakistan) Limited	Syndicate Finance	3,591 PKR	2009 - 2011	22 Monthly	1 month KIBOR +1.25%	2,449,058	-
<b>Others - unsecured</b>							
Long-term loan - GoP	Term loan	5,000 PKR	2011 - 2019	16 Half-yearly	10% fixed	5,000,000	-
						29,621,723	24,823,939
Current maturity shown under current liabilities						(16,361,213)	(5,352,528)
						13,260,510	19,471,411

Current maturity shown under current liabilities

**9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

	(Un-audited)	(Audited)
	September 30, 2009	December 31, 2008
Rupees in '000		
Present value of future rental obligations - aircraft fleet		
A-310 - 300	5,588,420	5,845,881
B-777 - 200 ER	16,252,174	17,176,361
B-777 - 200 LR	16,313,296	16,682,976
B-777 - 300 ER	32,163,357	32,555,909
	70,317,247	72,261,127
Present value of future rental obligations - vehicles	3,681	16,392
	70,320,928	72,277,519
Current maturity shown under current liabilities	(7,891,874)	(7,252,859)
	62,429,054	65,024,660

**10. SHORT-TERM BORROWINGS - secured**

		(Un-audited) September 30, 2009	(Audited) December 31, 2008
Rupees in '000			
Short term loans	10.1	26,453,971	27,183,250
Running finance under mark-up arrangements	10.2	4,246,014	3,316,812
		30,699,985	30,500,062

**10.1 Short term loans - secured**

Financier	Security	Repayment period	Mark-up %	(Un-audited)	(Audited)
				September 30, 2009	December 31, 2008
Rupees in '000'					
<b>From Banking Companies</b>					
Habib Bank Limited	GoP Guarantee	3 months	1 month KIBOR +0.65%	2,000,000	2,000,000
Habib Bank Limited	GoP Guarantee	1 Year	1 month KIBOR +0.90%	1,600,000	1,600,000
Habib Bank Limited	Charge over domestic receivables	1 Year	1 month KIBOR +2.50%	125,000	600,000
Habib Bank Limited - NYC	Euro Receivables	1 Year	3 month LIBOR +4.50%	363,871	384,788
United Bank Limited - Dubai	First pari passu hypothecation charge on all present and future current assets	1 Year	1 month LIBOR +2.0% - 2.25%	2,910,050	1,736,211
United Bank Limited	GoP Guarantee	3 months	6 month LIBOR +2.0%	830,000	789,000
Habib Allied Bank Limited - London	Euro Receivables	1 Year	1 month LIBOR +2.50%	747,000	710,100
Habib Allied Bank Limited - London	Euro Receivables	1 Year	1 month LIBOR +2.50%	-	328,750
United Bank Limited - Bahrain	First pari passu hypothecation charge on all present and future current assets	1 Year	1 month LIBOR +2.25%	-	1,030,381
National Bank - Bahrain	Saudi Receivables	6 months	1 month SIBOR +5.0%	-	-
Habib Bank Limited	Domestic Receivable	1 Year	3 month KIBOR +2.50%	250,000	250,000
Habib Bank Limited	Domestic Receivable	1 Year	3 month KIBOR +2.50%	600,000	600,000
Habib Bank Limited	GoP Guarantee	1 Year	1 month KIBOR +0.65%	2,000,000	2,000,000
Standard Chartered Bank - Dubai	GoP Guarantee	3 months	1 month LIBOR +2.0%	-	3,578,115
Standard Chartered Bank (Pakistan) Limited	GoP Guarantee	1 Year	Relevant KIBOR +0.75%	3,000,000	2,999,905
National Bank of Pakistan	GoP Guarantee	1 Year	3 month KIBOR +0.90%	1,100,000	1,100,000
National Bank of Pakistan	GoP guarantee and ranking hypothecation charge over all current and fixed assets	1 Year	3 month KIBOR +0.65%	1,500,000	1,500,000
United Bank Limited	GoP Guarantee	3 months	3 month KIBOR +0.90%	976,000	976,000
Habib Bank Limited	GoP Guarantee	1 Year	3 month KIBOR +0.65%	1,000,000	1,000,000
Hong Kong Shanghai Bank Corporation	GoP Guarantee	3 months	3 month KIBOR +0.90%	1,000,000	1,000,000
Barclays PLC	GoP Guarantee	1 Year	3 month KIBOR +0.65%	1,000,000	1,000,000
Askari Bank Limited	GoP guarantee and charge on current assets	1 Year	3 month KIBOR +0.65%	1,500,000	1,500,000
KASB Bank Limited	GoP Guarantee	1 Year	3 month KIBOR +0.65%	500,000	500,000
National Bank - Bahrain GBP	UK Receivables	1 Year	1 month LIBOR +5.0%	2,207,050	-
Faysal Bank	GoP guarantee and ranking hypothecation charge over all current assets	1 Year	3 month LIBOR +2.0%	1,245,000	-
				26,453,971	27,183,250

**10.2 Running finance under mark-up arrangements - secured**

Financier	Security	Repayment period	Mark-up %	(Un-audited)	(Audited)
				September 30, 2009	December 31, 2008
Rupees in '000					
<b>From Banking Companies</b>					
United Bank Limited	First pari passu hypothecation charge on all present and future current assets	On demand	1 month KIBOR +2.50%	2,561,478	2,505,112
Habib Allied Bank Limited - London	Receivables in Europe	On demand	1 month LIBOR +2.50%	247,655	236,700
National Bank of Pakistan	First pari passu hypothecation charge on all present and future current assets	On demand	1 month KIBOR +2.0%	575,018	575,000
KASB Bank Limited	Domestic Receivables	On demand	3 month KIBOR +2.0%	400,000	-
Arif Habib Bank Limited	Domestic receivables and mortgage charge over Air Bus A-310 aircraft	On demand	3 month KIBOR +2.5%	461,863	-
				4,246,014	3,316,812

**11. CONTINGENCIES AND COMMITMENTS**

There has been no significant change in the status of contingencies and commitments as disclosed in the annual financial statements of the corporation for the year ended December 31, 2008

	Nine-month period ended		Quarter ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
Rupees in '000				
<b>12. REVENUE - net</b>				
Passenger	56,798,212	53,457,237	19,250,539	19,879,289
Cargo	3,671,318	4,150,184	1,471,936	1,790,762
Excess baggage	731,592	607,759	282,414	226,164
Charter	557,300	148,770	278,306	52,438
Engineering services	629,912	611,350	183,513	327,622
Handling and related services	452,714	539,826	185,861	248,478
Mail	217,999	201,337	77,210	69,618
Others	879,869	680,165	288,471	240,114
	63,938,916	60,396,628	22,018,250	22,834,485

**13. COST OF SERVICES - Others**

Salaries, wages and allowances	6,310,640	5,917,194	2,156,700	2,087,320
Welfare and social security costs	282,883	210,468	86,812	76,602
Retirement benefits	1,202,372	531,222	640,117	181,672
Compensated absences	86,237	74,305	26,782	24,108
Legal and professional charges	84,974	74,169	41,661	40,497
Stores and spares consumed	1,530,650	1,079,357	654,526	410,517
Maintenance and overhaul	3,340,584	2,817,160	1,196,075	1,267,958
Flight equipment rental	879,776	713,332	286,461	239,332
Landing and handling	7,430,456	6,354,070	2,626,660	2,406,066
Passenger services	2,082,326	2,091,578	773,402	819,828
Crew layover	1,863,137	1,559,002	629,251	601,090
Staff training	49,378	41,008	17,038	15,469
Utilities	16,982	13,256	6,470	4,774
Communication	45,086	40,209	18,384	13,712
Insurance	989,828	858,024	333,748	289,698
Rent, rates and taxes	349,280	232,213	81,899	74,916
Printing, stationery and manuals	148,015	66,968	34,472	20,085
Amortization	1,932	1,691	644	564
Depreciation	6,809,384	5,620,124	2,288,355	2,003,490
Others	264,404	254,490	97,571	89,778
	33,768,324	28,549,840	11,997,028	10,667,476

	Nine-month period ended		Quarter ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
Rupees in '000				
<b>14. OTHER PROVISION AND ADJUSTMENTS - net</b>				
Loss on fixed assets written off	-	1,453	-	-
Provision for slow moving stores and spares	285,359	244,434	81,367	98,734
Provision written back of doubtful debts	(95,803)	(174,142)	(3,481)	-
Provision for doubtful receivable	214	-	-	-
Provision against claims by the CAA	-	1,500,000	-	-
Arrears of mandarty retirement	53,504	-	53,504	-
	243,274	1,571,745	131,390	98,734
<b>15. EXCHANGE GAIN / (LOSS) - net</b>				
Exchange loss on aircraft fleet related loans,	3,949,013	17,210,113	1,688,586	10,428,178
Others	1,309,724	5,574,020	570,395	3,507,739
	5,258,737	22,784,133	2,258,981	13,935,917

**16. FINANCE COSTS**

Mark-up on:				
long-term financing	1,426,241	992,879	524,104	343,426
short-term borrowings	2,522,785	1,655,781	810,720	691,801
	3,949,026	2,648,660	1,334,824	1,035,227
Return on term finance certificates	1,377,967	1,102,356	456,739	399,966
Interest on liabilities against assets subject to finance lease	1,447,520	1,835,036	414,163	607,085
Arrangement, agency and commitment fee	255,905	225,588	61,231	77,286
Bank charges, guarantee commission and other related charges	45,649	29,814	24,818	11,706
	7,076,067	5,841,454	2,291,775	2,131,270

	September 30, 2009	September 30, 2008
	Rupees in '000	
<b>17. CASH GENERATED FROM / (USED IN) FROM OPERATIONS</b>		
Loss before taxation	(11,403,217)	(38,436,028)
Adjustments for:		
Depreciation	7,042,122	5,738,552
Loss on disposal of store and spares	-	1,453
Gain on disposal of property, plant and equipment	(1,492)	(202,822)
Amortization	16,869	18,754
Dividend income	-	(500,588)
Provision for slow moving stores and spares	285,359	244,434
Provision (written back) / made for doubtful debts	(95,803)	(174,142)
Finance costs	7,076,067	5,841,454
Profit on bank deposits	22,835	(115,657)
Operating gain / (loss) before working capital changes	2,942,740	(27,584,590)
Working capital changes		
(Increase)/decrease in stores and spare parts	(181,611)	(641,953)
(Increase)/Decrease in trade debts	(685,202)	(2,592,893)
(Increase)/Decrease in advances	(171,343)	259,950
(Increase)/Decrease in trade deposits and prepayments	857,262	(77,653)
Increase/(Decrease) in other receivables	610,415	(753,596)
Increase / (Decrease) in trade and other payables including provisions	1,148,566	8,430,669
	1,578,087	4,624,524
Cash generated from / (used in) operations	4,520,827	(22,960,066)

**18. TRANSACTIONS WITH RELATED PARTIES**

The Corporation has related parties relationship with the following undertakings:

Skyrooms (Private) Limited - Subsidiary	Subsidiary	Subsidiary
Midway House (Private) limited (under winding-up)	Subsidiary	Subsidiary
PIA Investment Limited (PIAIL)	Subsidiary	Subsidiary
Abacus Distribution Systems Limited	Joint Venture	Joint Venture
Minhal Incorporated - Sharjah	Associate	Associate

**19. AUTHORIZATION OF FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on October 29, 2009.

**20. GENERAL**

- 20.1 Figures have been rounded off to the nearest thousand rupees.
- 20.2 The information as to the available capacity and utilization thereof during the quarter is disclosed in the statistics annexed to the interim condensed financial statements.

	2009			2008			
	1st Quarter	2nd Quarter	3rd Quarter	1st Quarter	2nd Quarter	3rd Quarter	
<b>Traffic Operations</b>							
Available Seat Kilometers (million)	International Domestic Hajj	3,429 629 295	4,164 650 -	4,087 666 -	3,314 652 615	3,801 607 -	4,127 645 -
Total		4353	4814	4,753	4581	4,408	4,772
Revenue Passenger Kilometers (million)	International Domestic Hajj	2,589 416 143	2,943 452 -	2,842 458 -	2,383 464 313	2,756 477 -	3,184 458 -
Total		3148	3395	3,300	3160	3,233	3,642
Seat Factor (%)	International Domestic Hajj	75.50 66.14 48.47	70.68 69.54 0.00	69.94 68.77 0.00	71.91 71.17 50.89	72.51 78.58 0.00	77.15 71.01 0.00
Total		72.32	70.52	69.43	68.98	73.34	76.32
Available Freight Tonne Kilometers (million)	International Domestic	109 17	124 18	121 18	107 20	118 17	132 18
Total		126	142	139	127	135	150
Revenue Freight Tonne Kilometers (million)	International Domestic	45 5	56 7	74 7	60 9	71 9	94 10
Total		50	63	81	69	80	104
Load Factor (%)	International Domestic	41.28 29.41	45.16 38.89	61.16 38.89	56.07 45.00	60.17 52.94	71.21 55.56
Total		39.68	44.37	58.27	54.33	59.26	69.33

**Financial**

(----- Rupees in million -----)

Operating Revenue	21,247	20,673	22,018	17,826	19,736	22,834
Operating Expenses	19,288	20,883	23,068	19,801	22,470	27,223
Operating profit/(loss)	1,959	(210)	(1,050)	(1,975)	(2,734)	(4,389)
Profit/(loss) before taxation	(2,049)	(5,839)	(5,565)	(5,398)	(12,601)	(20,437)
Profit/(loss) after taxation	(2,049)	(5,395)	(5,376)	(5,487)	(12,601)	(20,437)
Fixed Assets	113,395	111,698	109,960	100,973	99,061	97,468
Current Assets	15,256	16,198	15,595	14,236	14,809	17,375
Current Liabilities	70,140	83,418	83,349	55,198	62,066	71,516
Long-term Debts	97,580	86,925	88,485	83,211	87,033	99,487
Net Worth	(48,028)	(50,814)	(55,625)	(17,171)	(29,383)	(49,833)
Jet Fuel Prices (Rs. Per US Gallon)	122.53	126.64	162.67	174.47	241.22	274.01

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**GROUP CONSOLIDATED  
FINANCIAL STATEMENTS**

### Condensed Interim Consolidated Balance Sheet As at September 30, 2009

	Note	(Un-audited)	(Audited)	(Un-audited)	(Audited)
		September 30, 2009	December 31, 2008	September 30, 2009	December 31, 2008
		Rupees in '000		US\$ in '000	
<b>ASSETS</b>					
<b>NON - CURRENT ASSETS</b>					
Fixed assets					
Property, plant and equipment	4	154,850,453	157,811,321	1,865,668	2,000,143
Intangibles		2,866,472	2,745,223	34,536	34,794
		157,716,925	160,556,544	1,900,204	2,034,937
Long-term investments		92,899	140,185	1,119	1,777
Receivable from Centre Hotel		626,999	596,027	7,554	7,554
Long term loans, advances and other receivable		9,129	7,629	110	97
Long-term deposits and prepayments		5,205,645	5,173,580	62,719	65,571
		163,651,597	166,473,965	1,971,706	2,109,936
<b>CURRENT ASSETS</b>					
Stores and spare parts	5	3,926,030	3,764,276	47,302	47,709
Trade debts		7,031,890	6,190,561	84,722	78,461
Advances		1,517,530	1,379,248	18,283	17,481
Trade deposits and prepayments		1,472,793	1,688,239	17,744	21,397
Accrued interest		-	1,325	-	17
Other receivables		991,705	1,623,644	11,948	20,579
Short-term investments		231,043	97,977	2,784	1,242
Taxation - net		1,101,826	321,855	13,275	4,079
Cash and bank balances		4,501,129	4,059,865	54,230	51,456
		20,773,946	19,126,990	250,288	242,421
<b>TOTAL ASSETS</b>		<b>184,425,543</b>	<b>185,600,955</b>	<b>2,221,994</b>	<b>2,352,357</b>
<b>EQUITY AND LIABILITIES</b>					
<b>SHARE CAPITAL AND RESERVES</b>					
Share capital		21,423,014	21,423,014	258,109	271,521
Reserves	6	(75,259,856)	(67,359,472)	(906,745)	(853,732)
		(53,836,842)	(45,936,458)	(648,636)	(582,211)
Minority Interest		833,132	743,935	10,038	9,429
<b>TOTAL EQUITY</b>		<b>(53,003,710)</b>	<b>(45,192,523)</b>	<b>(638,598)</b>	<b>(572,782)</b>
<b>SURPLUS ON REVALUATION OF FIXED ASSETS</b>		<b>27,729,456</b>	<b>28,493,164</b>	<b>334,090</b>	<b>361,130</b>
<b>ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN</b>	7	<b>1,857,342</b>	<b>-</b>	<b>22,378</b>	<b>-</b>
<b>NON CURRENT LIABILITIES</b>					
Long-term financing	8	28,908,561	34,426,312	348,296	436,328
Term finance certificates		12,792,320	12,430,143	154,124	157,543
Liabilities against assets subject to finance lease	9	62,482,351	65,088,789	752,799	824,953
Long-term deposits		343,827	301,902	4,142	3,826
Advance rent		1,824	3,486	22	44
Deferred liabilities		18,177,494	16,269,775	219,006	206,208
		122,706,377	128,520,407	1,478,389	1,628,902
<b>CURRENT LIABILITIES</b>					
Trade and other payables, including provisions		28,562,640	28,860,083	344,127	365,781
Accrued interest / mark-up / profit		1,232,069	1,475,456	14,844	18,700
Short-term borrowings	10	30,699,985	30,500,062	369,879	386,566
Tax Payable		41,936	23,534	505	298
Current maturities of:					
Long-term financing		16,684,711	5,649,136	201,021	71,599
Term finance certificates		5,120	-	62	-
Advance rent		2,487	3,300	30	42
Liabilities against assets subject to finance lease		7,907,130	7,268,336	95,267	92,121
		85,136,078	73,779,907	1,025,735	935,107
<b>CONTINGENCIES AND COMMITMENTS</b>					
<b>TOTAL EQUITY AND LIABILITIES</b>	11	<b>184,425,543</b>	<b>185,600,955</b>	<b>2,221,994</b>	<b>2,352,357</b>

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

### Condensed Interim Consolidated Profit and Loss Account (Un-audited) For the nine-month period ended September 30, 2009

	Note	Nine-month period ended		Quarter Ended		Nine-month period ended	
		Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
		Rupees in '000		US\$ in '000			
<b>REVENUE - net</b>							
	12	70,007,538	67,169,261	24,034,772	25,318,430	843,464	860,042
<b>COST OF SERVICES</b>							
Aircraft fuel		(20,552,675)	(33,615,704)	(8,172,314)	(13,990,807)	(247,623)	(430,419)
Others	13	(37,853,344)	(33,220,867)	(13,279,224)	(12,816,857)	(456,064)	(425,363)
		(58,406,019)	(66,836,571)	(21,451,538)	(26,807,664)	(703,687)	(855,782)
<b>GROSS PROFIT / (LOSS)</b>		<b>11,601,519</b>	<b>332,690</b>	<b>2,583,234</b>	<b>(1,489,234)</b>	<b>139,777</b>	<b>4,260</b>
Distribution costs		(4,362,003)	(3,569,130)	(1,529,392)	(1,155,225)	(52,554)	(45,699)
Administrative expenses		(5,536,605)	(4,032,457)	(1,782,869)	(1,005,629)	(66,706)	(51,632)
Other provisions and adjustments - net		(243,274)	(1,571,745)	(131,389)	(13,935,917)	(2,931)	(20,125)
Exchange loss - net		(5,258,737)	(22,784,133)	(2,258,981)	(98,734)	(63,358)	(291,730)
Other operating income		476,623	345,050	215,071	(47,042)	5,742	4,418
		(14,923,996)	(31,612,415)	(5,487,560)	(16,242,547)	(179,807)	(404,768)
<b>LOSS FROM OPERATIONS</b>		<b>(3,322,477)</b>	<b>(31,279,725)</b>	<b>(2,904,326)</b>	<b>(17,731,781)</b>	<b>(40,030)</b>	<b>(400,508)</b>
Finance costs		(7,346,132)	(6,326,389)	(2,375,016)	(2,290,391)	(88,508)	(81,004)
<b>LOSS BEFORE TAXATION</b>		<b>(10,668,609)</b>	<b>(37,606,114)</b>	<b>(5,279,342)</b>	<b>(20,022,172)</b>	<b>(128,538)</b>	<b>(481,512)</b>
Taxation		485,972	(478,156)	117,748	(217,507)	5,855	(6,122)
<b>LOSS FOR THE PERIOD</b>		<b>(10,182,637)</b>	<b>(38,084,270)</b>	<b>(5,161,594)</b>	<b>(20,239,679)</b>	<b>(122,683)</b>	<b>(487,634)</b>
Attributable to:							
Shareholders of the holding company		(10,211,249)	(38,105,414)	(5,174,349)	(20,248,692)	(123,028)	(487,905)
Minority interest		28,612	21,144	12,755	9,013	345	271
		(10,182,637)	(38,084,270)	(5,161,594)	(20,239,679)	(122,683)	(487,634)
------(Rupees)----- (US\$)-----							
<b>LOSS PER SHARE</b>							
'A' class Ordinary shares of Rs.10 each		(4.75)	(18.24)	(2.41)	(9.69)	(0.06)	(0.23)
'B' class Ordinary shares of Rs. 5 each		(2.38)	(9.12)	(1.21)	(4.85)	(0.03)	(0.12)

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**Condensed Interim Consolidated Statement of  
Comprehensive Income (Un-audited)  
For the nine-month period ended September 30, 2009**

	Nine-month period ended		Quarter ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
	Rupees in '000			
Net loss for the period	(10,182,637)	(38,084,270)	(5,161,594)	(20,239,679)
<b>Other Comprehensive Income</b>				
Unrealised (loss) / gain on re-measurement of investments	(44,027)	(18,502)	(10,885)	(13,315)
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon	2,719,059	1,211,785	85,303	403,928
Income tax relating to components of other comprehensive income	(799,994)	(307,133)	(298,656)	(141,375)
<b>Other comprehensive income for the period (net of tax)</b>	<b>1,875,038</b>	<b>886,150</b>	<b>(224,238)</b>	<b>249,238</b>
<b>COMPREHENSIVE INCOME TRANSFERRED TO EQUITY</b>	<b>(8,307,599)</b>	<b>(37,198,120)</b>	<b>(5,385,832)</b>	<b>(19,990,441)</b>
<b>COMPONENTS OF COMPREHENSIVE INCOME NOT TRANSFERRED TO EQUITY</b>				
Surplus on revaluation of fixed assets realised during the period on account of incremental depreciation charged thereon (net of tax)	(1,767,387)	(525,106)	(554,647)	(403,928)
	<u>(10,074,986)</u>	<u>(37,723,226)</u>	<u>(5,940,479)</u>	<u>(20,394,369)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**Ch. Ahmed Mukhtar**  
Chairman

**Hussain Lawai**  
Director

**Condensed Interim Consolidated Cash Flow Statement  
(Un-audited)  
For the nine-month period ended September 30, 2009**

	Note	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
		Rupees in '000		US\$ in '000	
<b>Cash flows from operating activities</b>					
Cash generated from / (used in) operations after working capital changes	14	5,634,018	(20,391,372)	67,879	(261,093)
Profit on bank deposits received		24,160	146,429	291	1,875
Finance costs paid		(7,621,479)	(6,260,581)	(91,825)	(80,161)
Taxes paid		(278,304)	(932,264)	(3,353)	(11,937)
Deferred custom duty paid		(113,554)	(113,554)	(1,368)	(1,454)
Long term deposits - net		(20,484)	(950,867)	(247)	(12,175)
Net cash used in operating activities		(2,375,643)	(28,502,209)	(28,623)	(364,945)
<b>Cash flows from investing activities</b>					
Purchase of property, plant and equipment		(2,221,011)	4,452,944	(26,759)	57,016
Proceeds from sale of property, plant and equipment		4,008	221,346	48	2,834
Net cash (used in) / generated from investing activities		(2,217,003)	4,674,290	(26,711)	59,850
<b>Cash Flows From Financing Activities</b>					
Advance against equity from Government of Pakistan		1,857,342	544,940	22,377	6,977
Proceeds from long term financing-net		4,725,287	3,014,016	56,931	38,592
Proceeds from term finance certificates		367,297	(816,827)	4,425	(10,458)
Repayment of obligations under finance lease-net		(1,971,781)	9,633,072	(23,755)	123,343
Net cash generated from financing activities		4,978,145	12,375,201	59,978	158,454
Decrease in cash and cash equivalents		385,499	(11,452,718)	4,644	(146,641)
<b>Cash and cash equivalents at the beginning of the period</b>		<b>(26,584,355)</b>	<b>(13,640,522)</b>	<b>(320,293)</b>	<b>(174,655)</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>(26,198,856)</b>	<b>(25,093,240)</b>	<b>(315,649)</b>	<b>(321,296)</b>
<b>Cash and cash equivalents</b>					
Cash and bank balances		4,501,129	4,933,163	54,230	63,165
Short-term borrowings		(30,699,985)	(30,026,403)	(369,879)	(384,461)
		<u>(26,198,856)</u>	<u>(25,093,240)</u>	<u>(315,649)</u>	<u>(321,296)</u>

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

	Issued, subscribed, and paid-up capital	Capital reserves	Revenue reserves	RESERVES				Total	Minority Interest	Total
				Unrealized loss on remeasur- ment of investments	Foreign Exchange Translation Reserves	Accumulated losses	Other reserves			
..... Rupees in '000 .....										
Balance as at January 01, 2008	20,878,074	2,501,038	1,779,674	97,366	2,116,441	(36,029,644)	-	(8,657,051)	527,860	(8,129,191)
Foreign currency translation	-	-	1,728	-	3,134,155	-	-	3,135,883	21,144	3,157,027
Total comprehensive income for the period transferred to equity	-	-	-	(18,502)	-	(37,237,360)	-	(37,255,862)	57,742	(37,198,120)
Balance as at September 30, 2008	20,878,074	2,501,038	1,781,402	78,864	5,250,596	(73,267,004)	-	(42,777,030)	606,746	(42,170,284)
Balance as at January 01, 2009	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 for 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)	(79,279,868)	-	(53,836,842)	833,132	(53,003,710)

The annexed notes 1 to 16 form an integral part of these condensed interim consolidated financial statements.

## 1. THE GROUP AND ITS OPERATIONS

### The Group consist of:

- 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 (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 The following subsidiary companies have been consolidated in the financial statements of Pakistan International Airlines (PIA: the Holding Company).

Subsidiary Companies	Nature of Business	Holding
PIA Investments Ltd. (PIA-IL)	Promoters of and investors in projects related to construction, development and operations of hotels, motels and restaurants throughout the world.	99%
Skyrooms (private) Limited (SRL)	To manage Airport Hotel at Karachi.	100%

- 1.3 During the current nine months period, the Group incurred a net loss of Rs. 10,183 (September 30, 2008: Rs. 38,084) million, resulting in accumulated losses of Rs. 79,280 (December 31, 2008: Rs. 71,016) million as of the balance sheet date. Further, as of the balance sheet date current liabilities of the Group exceeded its current assets by Rs. 64,362 (December 31, 2008: Rs. 54,653) million. The Government of Pakistan (GoP), as a majority shareholder, is committed to ensure the going concern status of the Holding Company at all times. Historically, the support of the GoP has always been available to the Holding Company, as evident by the GoP issuing guarantees to secure certain long-term finances and term finance certificates (TFCs).

The GoP had also agreed to provide equity contribution to the Holding Company to cover interest/profit payments on long term financing and TFCs and an amount of Rs. 10,729 (December 31, 2008: Rs. 8,872) million has been provided to the Group up to September 30, 2009 against which 887,244,605 (2008: 887,244,605) 'A' class Ordinary shares of Rs. 10 each have been issued to the GoP. The remaining 185,734,200 Ordinary shares are expected to be issued during the current year.

During the current period, the Ministry of Finance (MoF) has also provided support with long term loans of Rs. 5 billion. Short term loans amount to Rs.6.8 billion were also restructured under five years Islamic Financing Syndicated Sukuk facility with financial close on October 20, 2009. The GoP has also agreed to provide further equity contributions during the coming months as well as restructuring of short term loans.

The Group, therefore, believes that the going concern assumption is appropriate and has, as such, prepared these condensed interim consolidated financial statements on this basis.

## 2. BASIS OF PREPARATION

These condensed interim consolidated financial statements have been prepared in accordance with the requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting", as applicable in Pakistan and submitted to shareholders in accordance with Section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi, Lahore and Islamabad Stock Exchanges.

These condensed interim consolidated 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 annual financial statements for the year ended December 31, 2008.

The US\$ amounts in the balance sheet have been translated into US\$ at the rate of Rs. 83.00 = US\$1 (December 31, 2008: Rs. 78.90 = US\$1). The US\$ amounts in profit and loss account and cash flow statement have been translated into US\$ at the rate of Rs. 83.00 = US\$1 (Sep 30, 2008: Rs.78.10= US\$1)

## 3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies, estimates, judgments and methods of computation adopted in the preparation of these condensed interim consolidated financial statements are the same as those applied in the preparation of the annual audited financial statements of the Group for the year ended December 31, 2008.



**4. PROPERTY, PLANT AND EQUIPMENT**

Operating fixed assets  
Capital work-in-progress

(Un-audited) September 30, 2009	(Audited) December 31, 2008
Rupees in '000	

153,894,881	157,332,451
955,572	478,870
<u>154,850,453</u>	<u>157,811,321</u>

September 30, 2009	September 30, 2008
Rupees in '000	

4.1 Following are the major additions and deletions during the period:

Addition / transfers

Owned

Buildings on leasehold land	360	39,278
Workshops and hangars	40,401	-
Renovation and improvements	48,051	169,244
Aircraft fleet / Engines Overhauling	280,972	373,867
Operating ground equipment, catering, communication and meteorological equipment	4,526	2,310
Engineering equipment and tools	11,573	25,738
Motor transport	21,234	19,505
Traffic equipment	7,509	15,401
Furniture, fixture and fittings	20,169	260,485
Office equipment	562	532
Computers and office automation	151,418	17,174
Precision engineering equipment	773	299
Other equipment	4,173	29,778
Capital spares	267,274	471,665
<u>858,995</u>	<u>1,425,276</u>	

Leased

Aircraft fleet / Engines overhauling	749,956	13,498,232
<u>1,608,951</u>	<u>14,923,508</u>	

Deletions

Owned

Land	-	103
Operating ground equipment, catering, communication and meteorological equipment	-	7,210
Motor transport	5,104	12,261
Traffic equipment	5,301	26,164
Furniture, fixture and fittings	98	1,034
Office equipment	-	455
Computers and office automation	190	132
Capital spares	98	7,187
<u>10,791</u>	<u>54,546</u>	

Leased

Vehicles	2,325	15,479
<u>13,116</u>	<u>70,025</u>	

**5. STORES AND SPARE PARTS**

Stores  
Spare parts

Provision for slow moving and obsolete stores and spare parts

Inventory held for disposal  
Adjustment for write down of surplus inventory to net realizable value  
Disposal during the period

Stores and spares-in-transit

**6. RESERVES**

**Capital reserves**

Reserve for replacement of fixed assets  
Capital redemption reserve fund  
Others

Revenue reserve

Unrealised gain on remeasurement of investments  
Accumulated losses  
Foreign exchange translation reserve  
Other reserves

**7. ADVANCE AGAINST EQUITY FROM GOVERNMENT OF PAKISTAN (GoP)**

This represents the amount received from GoP towards equity contribution under the terms of financial package, as disclosed in note 1.3 to these condensed interim financial statements.

(Un-audited) September 30, 2009	(Audited) December 31, 2008
Rupees in '000	

869,738	974,157
5,011,219	4,451,179
<u>5,880,957</u>	<u>5,425,336</u>

(2,501,699)	(2,216,611)
<u>3,379,258</u>	<u>3,208,725</u>

252,859	2,207,092
-	(1,944,539)
-	(9,694)
<u>252,859</u>	<u>252,859</u>

293,913	302,692
<u>3,926,030</u>	<u>3,764,276</u>

1,966,779	1,966,779
250,000	250,000
284,259	284,259
<u>2,501,038</u>	<u>2,501,038</u>

1,779,674	1,779,674
<u>4,280,712</u>	<u>4,280,712</u>

29,238	73,265
(79,279,868)	(71,016,296)
(289,938)	(602,014)
-	(95,139)
<u>(79,540,568)</u>	<u>(71,640,184)</u>

<u>(75,259,856)</u>	<u>(67,359,472)</u>
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**8. LONG TERM FINANCING**

Financier	Type of facility	Limit in million	Repayment period	Number of instalments/ mode	Mark-up %	Un-audited	Audited
						September 30, 2009	December 31, 2008
						Rupees in '000	
<b>From Banking Companies-secured</b>							
United Bank Limited	Syndicate Finance	1,650 PKR	2007 - 2010	6 Half-yearly	6 month KIBOR +0.79%	405,274	675,458
Habib Bank Limited	Demand Finance	530 PKR	2006 - 2009	36 Monthly	1 month KIBOR +1.50%	-	88,333
Citibank, N.A.	Demand Finance	82 US\$	2006 - 2017	20 Half-yearly	5.28% fixed	5,151,508	5,261,363
Habib Bank Limited	Demand Finance	200 PKR	2006 - 2009	36 Monthly	1 month KIBOR +1.75%	5,556	55,556
Royal Bank of Scotland	Demand Finance	50.98 US\$	2009 - 2013	19 Quarterly	3 month LIBOR +1.60%	4,194,077	4,339,396
National Bank Pakistan/ Habib Bank Limited	Syndicate Finance	120 US\$	2010	1 Bullet	3 month LIBOR +1.325%	9,960,000	9,468,000
Standard Chartered Bank - Dubai	Demand Finance	50 US\$	2007-2010	12 Quarterly	3 month LIBOR +1.325%	691,667	1,643,750
National Bank of Pakistan	Demand Finance	500 PKR	2007-2010	12 Quarterly	3 month KIBOR +1.50%	208,333	333,333
National Bank of Pakistan-Bahrain	Demand Finance	50 US\$	2008-2010	24 Monthly	6 month LIBOR +2.55%	1,556,250	2,958,750
Standard Chartered Bank (Pakistan) Limited	Syndicate Finance	3,591 PKR	2009 - 2011	22 Monthly	1 month KIBOR +1.25%	2,449,058	-
JP Morgan Chase	Loan	8,300 PKR	2006-2009	variable	6.025% pa	8,021,173	7,624,947
JP Morgan Chase	Mezzanine finance	34,980 PKR	2006-2009	variable	6.025% pa	4,980,000	4,734,000
Hong Kong Shanghai Banking Corporation	Loan	3,221 PKR	2004-2017	variable	3months EURIBOR + 1.15%	2,970,376	2,892,562
<b>Others - unsecured</b>							
Long-term loan - GoP	Term loan	5,000 PKR	2011 - 2019	16 Half-yearly	10% fixed	5,000,000	-
Current maturity shown under current liabilities						45,593,272	40,075,448
						(16,684,711)	(5,649,136)
						<u>28,908,561</u>	<u>34,426,312</u>

(Un-audited)	(Audited)
September 30, 2009	December 31, 2008
Rupees in '000	

**9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

Present value of future rental obligations - aircraft fleet

A-310 - 300	5,588,420	5,845,881
B-777 - 200 ER	16,252,174	17,176,361
B-777 - 200 LR	16,313,296	16,682,976
B-777 - 300 ER	32,163,357	32,555,909
	<u>70,317,247</u>	<u>72,261,127</u>
Present value of future rental obligations - vehicles Equipments	3,681	16,392
	68,553	79,606
	<u>70,389,481</u>	<u>72,357,125</u>
Current maturity shown under current liabilities	(7,907,130)	(7,268,336)
	<u>62,482,351</u>	<u>65,088,789</u>

**10. SHORT-TERM BORROWINGS - secured**

Short term loans	10.1	26,453,971	27,183,250
Running finance under mark-up arrangements	10.2	4,246,014	3,316,812
		<u>30,699,985</u>	<u>30,500,062</u>

**10.1 Short term loans - secured**

Financier	Security	Repayment period	Mark-up %	(Un-audited)	(Audited)
				September 30, 2009	December 31, 2008
Rupees in '000					
<b>From Banking Companies</b>					
Habib Bank Limited	GoP Guarantee	3 months	1 month KIBOR +0.65%	2,000,000	2,000,000
Habib Bank Limited	GoP Guarantee	1 Year	1 month KIBOR +0.90%	1,600,000	1,600,000
Habib Bank Limited	Charge over domestic receivables	1 Year	1 month KIBOR +2.50%	125,000	600,000
Habib Bank Limited - NYC	Euro Receivables	1 Year	3 month LIBOR +4.50%	363,871	384,788
United Bank Limited - Dubai	"First pari passu hypothecation charge on all present and future current assets"	1 Year	"1 month LIBOR +2.0% - 2.25%"	2,910,050	1,736,211
United Bank Limited	GoP Guarantee	3 months	6 month LIBOR +2%	830,000	789,000
Habib Allied Bank Limited - London	Euro Receivables	1 Year	1 month LIBOR +2.50%	747,000	710,100
Habib Allied Bank Limited - London	Euro Receivables	1 Year	1 month LIBOR +2.50%	-	328,750
United Bank Limited - Bahrain	First pari passu hypothecation charge on all present and future current assets	1 Year	"1 month LIBOR + 2.25%"	-	1,030,381
Habib Bank Limited	Domestic Receivable	1 Year	3 month KIBOR +2.50%	250,000	250,000
Habib Bank Limited	Domestic Receivable	1 Year	3 month KIBOR +2.50%	600,000	600,000
Habib Bank Limited	GoP Guarantee	1 Year	1 month KIBOR +0.65%	2,000,000	2,000,000
Standard Chartered Bank - Dubai	GoP Guarantee	3 months	1 month LIBOR +2.0%	-	3,578,115
Standard Chartered Bank (Pakistan) Limited	GoP Guarantee	1 Year	Relevant KIBOR +0.75%	3,000,000	2,999,905
National Bank of Pakistan	GoP Guarantee	1 Year	3 month KIBOR +0.90%	1,100,000	1,100,000
National Bank of Pakistan	GoP guarantee and ranking hypothecation charge over all current and fixed assets	1 Year	3 month KIBOR +0.65%	1,500,000	1,500,000
United Bank Limited	GoP Guarantee	3 months	3 month KIBOR +0.90%	976,000	976,000
Habib Bank Limited	GoP Guarantee	1 Year	3 month KIBOR +0.65%	1,000,000	1,000,000
Hong Kong Shanghai Bank Corporation	GoP Guarantee	3 months	3 month KIBOR +0.90%	1,000,000	1,000,000
Barclays PLC	GoP Guarantee	1 Year	3 month KIBOR +0.65%	1,000,000	1,000,000
Askari Bank Limited	GoP guarantee and charge on current assets	1 Year	3 month KIBOR +0.65%"	1,500,000	1,500,000
KASB Bank Limited	GoP Guarantee	1 Year	3 month KIBOR +0.65%	500,000	500,000
National Bank - Bahrain GBP	UK Receivables	1 Year	1 month LIBOR +5.0%	2,207,050	-
Faysal Bank	GoP guarantee and ranking hypothecation charge over all current assets	1 Year	3 month LIBOR +2.0%	1,245,000	-
				<u>26,453,971</u>	<u>27,183,250</u>

**10.2 Running finance under mark-up arrangements - secured**

Financier	Security	Repayment period	Mark-up %	(Un-audited)	(Audited)
				September 30, 2009	December 31, 2008
Rupees in '000					
<b>From Banking Companies</b>					
United Bank Limited	First pari passu hypothecation charge on all present and future current assets	On demand	1 month KIBOR +2.50%	2,561,478	2,505,112
Habib Allied Bank Limited - London	Receivables in Europe	On demand	1 month LIBOR +2.50%	247,655	236,700
National Bank of Pakistan	First pari passu hypothecation charge on all present and future current assets	On demand	1 month KIBOR +2.0%	575,018	575,000
KASB Bank	Domestic Receivables	On demand	3 month KIBOR +2.0%	400,000	-
Arif Habib Bank	Domestic receivables and mortgage charge over Air Bus A-310 aircraft	On demand	3 month KIBOR +2.5%	461,863	-
				4,246,014	3,316,812

**11. CONTINGENCIES AND COMMITMENTS**

There has been no significant change in the status of contingencies and commitments as disclosed in the annual financial statements of the group for the year ended December 31, 2008

**12. REVENUE - net**

	Nine-month period ended		Quarter ended	
	Sep 30, 2009	Sep 30, 2008	Sep 30, 2009	Sep 30, 2008
Rupees in '000				
Passenger	56,798,212	53,457,237	19,250,539	19,879,289
Cargo	3,671,318	4,150,184	1,471,936	1,790,761
Excess baggage	731,592	607,759	282,414	226,164
Charter	557,300	148,770	278,306	52,438
Engineering services	629,912	611,350	183,511	327,623
Handling and related services	452,714	539,826	185,861	248,477
Mail	217,999	201,337	77,211	76,985
Room sales, food & beverages	6,224,201	6,590,400	2,174,083	2,408,330
Others	724,290	862,398	130,911	308,363
	70,007,538	67,169,261	24,034,772	25,318,430

**13. COST OF SERVICES - Others**

Salaries, wages and allowances	6,310,640	5,917,194	2,124,029	2,087,320
Welfare and social security costs	282,883	210,468	75,023	80,035
Retirement benefits	1,202,372	531,222	640,117	181,672
Compensated absences	86,237	74,305	26,782	24,108
Legal and professional charges	84,974	74,169	41,661	40,497
Stores and spares consumed	1,530,650	1,079,357	653,055	410,109
Maintenance and overhaul	3,362,219	2,828,681	1,201,173	1,268,240
Flight equipment rental	879,776	713,332	286,461	239,332
Landing and handling	7,430,456	6,354,070	2,626,660	2,406,066
Passenger services	2,082,326	2,091,578	773,402	819,828
Crew layover	1,863,137	1,559,002	629,251	601,090
Staff training	49,378	41,008	17,038	15,469
Food cost	1,312,943	1,208,623	300,158	427,752
Hotel running expenses	2,718,737	3,164,998	1,011,581	1,447,293
Utilities	38,730	27,020	13,409	9,593
Communication	45,086	40,430	18,268	13,677
Insurance	989,828	858,084	333,708	289,718
Rent, rates and taxes	355,194	236,990	83,922	75,725
Printing and stationery	148,624	67,395	34,661	20,190
Amortization	3,656	3,415	2,368	2,288
Depreciation	6,811,094	5,885,036	2,288,925	2,267,077
Others	264,404	254,490	97,572	89,778
	37,853,344	33,220,867	13,279,224	12,816,857

September 30, 2009	September 30, 2008
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Rupees in '000

**14. CASH GENERATED FROM / (USED IN) FROM OPERATIONS**

Loss before taxation	(10,668,609)	(37,606,114)
Adjustments for:		
Depreciation	7,472,535	6,289,618
Gain on disposal of property, plant and equipment	(1,492)	(202,822)
Scrappage	-	1,453
Amortization	18,138	18,755
Provision for slow moving stores and spares	285,359	244,434
Provision (written back) / made for doubtful debts	(95,803)	(174,142)
Finance costs	7,346,132	6,417,109
Profit on bank deposits	(22,835)	(115,657)
Operating gain / (loss) before working capital changes	4,333,425	(25,127,366)
Working capital changes		
Increase in stores and spare parts	(160,017)	(638,934)
Increase in trade debts	(686,667)	(2,542,555)
Increase / (decrease) in advances	(297,291)	159,907
Increase / (decrease) in trade deposits and prepayments	719,561	(77,653)
Increase / (decrease) in other receivables	597,844	(753,597)
(Increase) / Decrease in trade and other payables including provisions	1,127,163	8,588,826
	1,300,593	4,735,994
Cash generated from / (used in) operations	5,634,018	(20,391,372)

**15. AUTHORIZATION OF FINANCIAL STATEMENTS**

These condensed interim financial statements were authorized for issue in the Board of Directors meeting held on October 29, 2009.

**16. GENERAL**

Figures have been rounded off to the nearest thousand rupees.