



Quarterly Report

Jan-Mar 2007



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PAKISTAN INTERNATIONAL AIRLINES CORPORATION CORPORATE PROFILE

Board of Directors

Mr. Zaffar A. Khan
Chairman & CEO

Mr. Kamal Afsar

Mr. Mueen Afzal

Syed Mohammad Fazal Agha

Mr. Nawid Ahsan
Secretary General Finance

Mr. Shahzad M. Husain

Mr. M. Hidayatulla Khan Khaishgi

Mr. Javed Saifullah Khan

Maj. Gen. Mir Haider Ali Khan
Additional Secretary-I Ministry of
Defence

Mr. S. Ali Raza

Mr. Farooq Rehmatullah
Director General - Civil Aviation Authority

Mr. Ghazanfar Mashkoor
Secretary

Audit Committee

Mr. Kamal Afsar - Chairman
Mr. Mueen Afzal
Maj. Gen. Mir Haider Ali Khan
Mr. Shahzad M. Husain
Mr. S. Ali Raza
Mr. Shehrzad Aminullah - Secretary

Human Resource & Corporate Governance Committee

Mr. Javed Saifullah Khan - Chairman
Mr. Zaffar A. Khan
Syed Mohammad Fazal Agha
Mr. M Hidayatullah Khan Khaishgi
Mr. Farooq Rehmatullah
Mr. Wasim Bari - Secretary

Registered Office

PIA Building
Jinnah International Airport
Karachi - Pakistan
Web site: www.piac.com.pk

Executive Management

Mr. Zaffar A. Khan
Chairman & CEO

Mr. Umar Ghafoor
Deputy Managing Director

Mr. Muhammad Abdul Aleem
Chief Financial Officer

Mr. Muhammad Tariq Farooq
Acting SVP Engineering

Mr. Arif Majeed
SVP Finance

Mr. Shahnawaz Rehman
SVP Financial Monitoring & Appraisal

Capt. Syed Furqan Ahmed
SVP Flight Operation

Capt. Shahnawaz Dara
SVP Flight Safety & HSE

Mr. Salah Uddin
SVP Flight Services

Mr. Wasim Bari
SVP Human Resources & Administration

Mr. Nadeem Ikram
SVP Information Technology

AVM Muhammad Rafi
SVP Precision Engineering

Mr. Anwaar Rasul
SVP Procurement Logistics &
Coordination

Capt. Javed Khan
SVP Quality Assurance

Mr. S. Kamran Hassan
SVP Sales

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
DIRECTORS REPORT TO THE SHAREHOLDERS

* The Directors of Pakistan International Airlines present their report along with condensed financial statements (un-audited) for the first quarter ended March 31, 2007

* Financial results for the first quarter are summarized below:

	Quarter ended March 31	
	2007	2006
	(Rupees in Million)	
Revenue	17,679	16,840
Cost & Expenditure	20,181	18,951
Financing Cost	1,569	906
(Other Income) / Provision - net	(206)	(21)
Loss before tax	3,865	2,996
Loss after tax	3,954	3,080

* The airline achieved a 5 % growth in revenue mainly supported by 7.6 % increased passenger revenue which was partially offset by a 10% reduction in Cargo revenue. The revenue growth was restricted partially due to some regulatory constraints from early March which allowed only Boeing 777 operation into Europe. While the fuel cost remained below 2006 level due to stable oil prices in the first quarter 2007, the operating and financing cost increased appreciably. The impact of 2006 salary hike, increased cost of leased aircraft and higher maintenance cost of PIA Fleet increased the overall operating expenses by 19%. Consequently, the airline suffered an operating loss of Rs 2.5 billion in the first quarter. Further, financing requirements of the Corporation increased appreciably on two counts. Firstly, due to the additional financing required to sustain operations in view of the increase in accumulated losses and, secondly, to finance the induction of new aircraft in the fleet. Overall the airline suffered an after tax loss of Rs 3.95 billion against the after tax loss of Rs 3.1 billion in the same period last year.

* The fleet modernization plan of the airline continues to be on target and during this quarter two new Boeing 777 aircraft joined the fleet. These aircraft have been put into full operation. In addition one ATR-42 turbo aircraft was also inducted in the service. The fleet renewal measures will bring about improved fuel efficiency and will lower maintenance costs.

* During the first quarter 2007, the performance of PIA's subsidiaries have shown some improvements. PIAIL reported a revenue of US \$ 24.5 million (2006: \$20.4 million) and loss of US \$ 0.5 million (2006 loss: \$1.7 million). During the same period, Sky Rooms earned a revenue of Rs 45.5 million (2006: Rs 32 million) and a Profit After Tax of Rs 7.4 million (Rs1.7 million).

* The PIA Board has taken a serious view of the deteriorating financial situation. The PIA Management is aware of the challenges ahead and is taking steps to arrest the declining financial health of the airline. A key near term priority of the Corporation is to address the issues raised by the European Union and have the operational restrictions removed.

For and on behalf of the Board

Zaffar A. Khan
 Chairman & CEO

April 27, 2007

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
AS AT MARCH 31, 2007

	MAR-2007 Note (Rupees in thousand)	DEC 2006	MAR-2007 (US\$ in thousand)
ASSETS			
NON - CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3 87,004,248	78,964,162	1,433,821
Intangibles	90,480	98,275	1,491
	87,094,728	79,062,437	1,435,312
Long term investments	4,518,104	4,528,198	74,458
Long term advances and other receivable	1,684,000	1,684,000	27,752
Long term deposits and prepayments	3,787,928	3,263,699	62,425
Total non - current assets	97,084,760	88,538,334	1,599,947
CURRENT ASSETS			
Stores and spares	3,953,246	3,371,040	65,149
Trade debts	6,155,349	6,129,673	101,440
Advances	995,659	592,068	16,408
Trade deposits and prepayments	1,252,064	1,229,333	20,634
Accrued interest	37,745	51,010	622
Other receivables	921,222	865,255	15,182
Short term investments	402,261	421,394	6,629
Taxation - net	240,285	233,738	3,960
Cash and bank balances	1,264,390	5,459,924	20,837
Total current assets	15,222,221	18,353,435	250,861
Total assets	112,306,981	106,891,769	1,850,808

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED BALANCE SHEET (UN-AUDITED)
As At March 31, 2007

	MAR-2007 Note	DEC 2006 (Rupees in thousand)	MAR-2007 (US\$ in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Share capital	19,473,631	19,473,631	320,923
Reserves	4,280,712	4,280,712	70,546
Unrealized gain / (loss) on remeasurement of investments - net	(6,899)	21,013	(114)
Accumulated losses	(28,382,309)	(24,563,386)	(467,737)
Total equity	(4,634,865)	(788,030)	(76,382)
Surplus on revaluation of fixed assets - net	791,570	926,318	13,045
	(3,843,295)	138,288	(63,337)
NON - CURRENT LIABILITIES			
Advance against equity from Gov	4 376,779	-	6,209
Long term financing	6,950,608	6,900,478	114,545
Term finance certificates	12,868,485	13,246,970	212,071
Liabilities against assets subject to finance lease	49,663,953	42,503,444	818,457
Long term deposits	267,195	261,711	4,403
Deferred liabilities	2,812,500	2,815,588	46,350
Total non - current liabilities	72,939,520	65,728,191	1,202,036
CURRENT LIABILITIES			
Trade and other payables	15,354,616	16,617,024	253,042
Accrued interest / mark-up / profit	588,142	812,278	9,693
Short term borrowings	5 18,305,121	15,543,446	301,666
Current portion of:			
Long term financing	3,510,414	2,599,916	57,851
Term finance certificates	756,970	756,970	12,475
Liabilities against assets subject to finance lease	4,129,147	3,914,491	68,048
Long term murabaha	566,346	781,165	9,333
Total current liabilities	43,210,756	41,025,290	712,109
CONTINGENCIES AND COMMITMENTS			
	6 112,306,981	106,891,769	1,850,808

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	Note	MAR-2007 (Rupees in thousand)	MAR-2006	MAR-2007 (US\$ in thousand)
Turnover - net	7	17,678,974	16,839,703	291,348
Cost of services				
Aircraft fuel		7,421,637	8,036,321	122,308
Others	8	10,655,383	8,964,089	175,600
		18,077,020	17,000,410	297,908
Gross loss		398,046	160,707	6,560
Distribution costs		1,134,506	1,164,320	18,697
Administrative expenses		969,360	786,473	15,975
		2,103,866	1,950,793	34,672
Loss from operations		2,501,912	2,111,500	41,232
Finance costs	9	1,569,185	906,109	25,860
Other provisions and adjustments - net		(150,289)	110,745	(2,477)
		1,418,896	1,016,854	23,383
Other operating income		55,528	132,118	915
Loss before tax		3,865,281	2,996,236	63,700
Taxation		88,395	84,199	1,457
Loss after tax		3,953,676	3,080,435	65,157
			(Rupees)	(US\$)
Loss per share				
'A' class ordinary shares		(2.03)	(1.71)	(0.03)
'B' class ordinary shares		(1.01)	(0.86)	(0.02)

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	MAR-2007 Note (Rupees in thousand)	MAR-2006 (Rupees in thousand)	MAR-2007 (US\$ in thousand)
Cash flows from operating activities			
Cash (used in) / generated from operations	10 (3,300,184)	(5,272,725)	(54,387)
Profit on bank deposits received	13,264	70,418	219
Deferred custom duty paid	(54,361)	-	(896)
Finance costs paid	(1,793,321)	(1,228,934)	(29,554)
Taxes paid	(94,035)	(1,972)	(1,550)
Staff retirement benefits paid	-	(87,123)	-
Compensated absences paid	(6,088)	(35,973)	(100)
Long term deposits - net	(524,229)	(502,164)	(8,639)
Net cash used in operating activities	(5,758,954)	(7,058,473)	(94,907)
Cash flows from investing activities			
Fixed capital expenditure	(9,343,001)	(16,581,875)	(153,972)
Proceeds from sale of fixed assets	(3,748)	1,431	(62)
Investments - net	29,227	(4,059,366)	482
Received from associated undertaking	-	176,418	-
Net cash used in investing activities	(9,317,522)	(20,463,392)	(153,552)
Cash flows from financing activities			
Advance against Equity	376,779	397,590	6,209
Proceeds / (repayment) of long term financing	960,627	(636,388)	15,831
Redemption of term finance certificates	(378,485)	(378,485)	(6,237)
Repayment of obligations under finance lease	7,375,165	19,330,969	121,542
Repayment of long term murabaha	(214,819)	(204,808)	(3,540)
Net cash generated from / (used in) financing activities	8,119,267	18,508,878	133,805
Decrease in cash and cash equivalents	(6,957,209)	(9,012,987)	(114,654)
Cash and cash equivalents at the beginning of the year	(10,083,522)	2,252,616	(166,175)
Cash and cash equivalents at the end of the quarter	(17,040,731)	(6,760,371)	(280,829)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	1,264,390	1,260,403	20,837
Short term borrowings	(18,305,121)	(8,020,774)	(301,666)
	(17,040,731)	(6,760,371)	(280,829)

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	Share Capital	Capital reserves	Revenue reserves	Un-realized gain/(loss) on re-measure-ments of Investment	Accum-ulated losses	Total equity
(Rupees in thousand)						
Balance as at						
December 31, 2005	17,980,659	2,501,038	1,779,674	(15,107)	(11,799,966)	10,446,298
Issue of share capital						
'A' class ordinary shares	1,492,972	-	-	-	-	1,492,972
Unrealized loss on re-measurement of investments	-	-	-	36,120	-	36,120
Loss for the year	-	-	-	-	(12,763,420)	(12,763,420)
Balance as at						
December 31, 2006	19,473,631	2,501,038	1,779,674	21,013	(24,563,386)	(788,030)
Unrealized gain on re-measurement of investments	-	-	-	(27,912)	-	(27,912)
Loss for the Quarter	-	-	-	-	(3,953,676)	
Less: Transfer from surplus on revaluation					134,753	
					(3,818,923)	(3,818,923)
Balance as at March 31, 2007	19,473,631	2,501,038	1,779,674	(6,899)	(28,382,309)	(4,634,865)

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

1 STATUS AND ACTIVITY

- 1.1 Pakistan International Airlines Corporation (the Corporation) was incorporated in Pakistan on April 18, 1956 under the Pakistan International Airlines Corporation Act, 1956 (PIAC Act) and its shares are quoted on all Stock Exchanges of Pakistan. The registered office is situated at Karachi Airport. Principal activity of the Corporation is to provide air transport services. Other activities of the Corporation include provision of engineering and allied services.
- 1.2 The Government of Pakistan (GoP) as a majority shareholder has committed to ensure the going concern status of the Corporation at all times. Also, historically support of the GoP is available to the Corporation as GoP has already issued guarantees to secure certain long term finance and Term Finance Certificates (TFCs) of the Corporation. The GoP had agreed to provide equity contribution to the Corporation equivalent to accumulated loss of the Corporation as at December 31, 2000, to cover interest / profit payments on long term finances and TFCs. As part of the financial package, an amount of Rs.7,300 million (2006: Rs.6,923 million) has been provided to the Corporation up to March 31, 2007 against which 692,306,294 (2006: 692,306,294) 'A' class ordinary shares of Rs.10 each were issued to GoP up to December 31, 2006. The remaining 37,677,903 ordinary shares are expected to be issued during the current year.

In addition GoP had approved a fleet replacement plan as a result of which the Corporation entered into an agreement for purchase of eight new Boeing 777 aircraft. GoP had provided funding of US\$ 150 million (Rs.8,816 million) in the form of equity and guarantees for acquisition of the said aircraft.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are un-audited and are being circulated to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

These financial statements are being presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' as applicable in Pakistan and shall be read in conjunction with the annual audited financial statements of the Corporation for the year ended December 31, 2006.

The accounting policies and methods of computation adopted in the preparation of these 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, 2006.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

3. PROPERTY, PLANT AND EQUIPMENT

	MAR-2007	DEC 2006
	(Rupees in thousand)	
Operating fixed assets (note 3.1)	82,586,970	72,326,396
Capital work-in-progress	4,417,278	6,637,766
	<u>87,004,248</u>	<u>78,964,162</u>

3.1 Following are the major additions and deletions during the quarter:

	Additions	Deletions
	(Rupees in thousand)	
Owned		
Buildings on leasehold land	3,222	
Renovation and improvements	2,810	
Aircraft fleet (note 3.1.1)	708,597	
Engineering equipment and tools	13,511	
Traffic equipment	617	
Furniture, fixture and fitting	197	
Office equipment	106	
Computer and office automation	8,229	
Other equipment	34,285	
Capital spares	346,066	1,726
	<u>1,117,640</u>	<u>1,726</u>
Leased		
Aircraft fleet (note 3.1.2)	10,445,849	
	<u>11,563,489</u>	<u>1,726</u>

3.1.1 Represents purchase of one ATR - 42 aircraft.

3.1.2 Represents purchase of one Boeing 777-300 ER aircraft as per fleet replacement plan approved by GoP.

4 ADVANCE AGAINST EQUITY FROM GoP

This represents the amount received from GoP towards equity contribution under the terms of Financial Package.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

5. SHORT TERM BORROWINGS - secured

	MAR-2007	DEC 2006
	(Rupees in thousand)	
Short term loans (note 5.1)	13,046,518	10,580,640
Running finance under mark-up arrangements (note 5.2)	5,258,603	4,962,806
	<u>18,305,121</u>	<u>15,543,446</u>

5.1 Short term loans - secured

Financier	Security	Repayment period	Mark-up	MAR-2007	DEC-2006
				(Rupees in thousand)	
From Banking Companies					
United Bank Limited - Dubai	First pari passu charge over present and future current assets	1 Year	One month LIBOR + 2.00%	699,826	-
Citibank - Karachi *	GoP Guarantee	3 months	One month KIBOR + 0.25%	2,000,000	2,000,000
United Bank Limited - Dubai	UAE Receivables	1 Year	One month LIBOR + 2.00%	30,482	58,840
National Bank of Pakistan - Bahrain	} GoP Guarantee	1 Year	One month LIBOR + 0.60%	4,252,500	4,260,900
Habib Bank Limited - Export Processing Zone					
Standard Chartered Bank - Dubai	GoP Guarantee	1 Year	One month LIBOR + 0.50%	3,029,710	3,043,500
Standard Chartered Bank - Dubai *	GoP Guarantee	3 months	Three months LIBOR + 1.325%	3,034,000	1,217,400
				<u>13,046,518</u>	<u>10,580,640</u>

* The Corporation intends to restructure these facilities as long term loans.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

5.2 Running Finance under mark-up arrangements - secured

Financier	Security	Repayment period	Mark-up	MAR-2007 (Rupees in thousand)	DEC-2006
From Banking Companies					
United Bank Limited - Karachi	First pari passu hypothecation charge over stock & trade debts	1 Year	One month KIBOR + 1.50%	1,019,919	365,372
Habib Allied International Bank Ltd.	First pari passu hypothecation charge over stock & trade debts	6 Months	One month KIBOR + 1.50%	300,000	-
National Bank of Pakistan - Karachi	First pari passu hypothecation charge over stock & trade debts	1 Year	One month KIBOR + 1.25%	575,000	50,000
Habib Allied International Bank Limited - London	Receivables in Europe	1 Year	One month LIBOR + 2.25%	364,080	547,830
Habib Bank Limited - Karachi	Lien over US\$ 20 million deposited with Habib Allied International Bank Limited - London	6 months	One month KIBOR + 0.50%	-	1,000,000
Standard Chartered Bank - Karachi	GoP Guarantee	6 months	Six months KIBOR + 0.75%	2,999,604	2,999,604
				5,258,603	4,962,806

The facilities for short term running finances from banks amounted to Rs.6,380 million (2006: Rs. 6,380 million). The re-purchase prices are repayable on various dates, during the year.

The rate of mark-up ranges between 5.50% and 11.50% (2006: Rs. 5.50% and 11.5%) per annum, payable monthly, quarterly or semi-annually.

Facilities amounting to Rs.1,417 million (2006: Rs. 1,417 million) remained unutilized as of the balance sheet date.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- a) Civil Aviation Authority (CAA), Pakistan has claimed additional amounts aggregating to Rs.4,215 million (2006: Rs.4,135 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. Accordingly, no provision in this respect has been made in these financial statements.
- b) There has been no change in the status of other contingencies as disclosed in the annual financial statements of the Corporation for the year ended December 31, 2006.

6.2 Commitments

- a) Commitments for purchase of aircraft amounted to Rs.9,426 million (2006: Rs.23,842 million).
- b) Commitments for capital expenditure amounted to Rs.10.6 million (2006: Rs.10.6 million).
- c) Outstanding letters of credit amounted to Rs.141 million (2006: Rs.141 million).
- d) Outstanding letters of guarantee amounted to Rs.141 million (2006: Rs.141 million).
- e) Rentals under operating lease commitments amounted to Rs.261.5 million (2006: Rs.962.7 million).

7. TURNOVER - net

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Passenger	15,693,266	14,579,665
Cargo	1,078,764	1,198,377
Excess baggage	226,743	215,387
Charter	71,291	118,764
Engineering services	158,586	186,697
Handling and related services	166,581	240,541
Mail	74,191	71,599
Others	209,552	228,673
	<u>17,678,974</u>	<u>16,839,703</u>

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

8. COST OF SERVICES - others

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Salaries, wages and allowances	1,765,941	1,387,212
Welfare and social security costs	97,717	69,372
Retirement benefits	114,608	141,555
Compensated absences	1,800	4,691
Legal and professional charges	14,730	17,106
Stores and spares consumed	605,758	627,417
Maintenance and overhaul	1,568,348	1,308,534
Flight equipment rental	1,403,914	1,144,446
Landing and handling	2,086,028	2,033,859
Passenger services	746,082	644,638
Crew layover	519,469	462,912
Staff training	21,446	22,614
Utilities	2,408	1,243
Communication	14,871	13,523
Insurance	264,251	263,268
Rent, rates and taxes	69,441	67,940
Repair and maintenance	26,638	30,359
Printing and stationery	15,739	16,255
Amortization	619	398
Depreciation	1,251,163	658,798
Others	64,412	47,949
	10,655,383	8,964,089

9. FINANCE COSTS

Mark-up on long term financing	150,411	82,398
Profit on term finance certificate	341,259	351,581
Interest on liabilities against assets subject to finance lease	662,516	326,766
Mark-up on long term murabaha	18,590	26,617
Mark-up on short-term borrowings	327,203	77,795
Arrangement, agency and commitment fee	56,313	30,114
Bank charges, guarantee commission and other related charges	12,893	10,838
	1,569,185	906,109

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

10. CASH (USED IN) / GENERATED FROM OPERATIONS

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Loss before tax	(3,865,281)	(2,996,236)
Adjustments for:		
Depreciation	1,302,916	732,558
Gain on disposal of fixed assets	3,748	(1,431)
Amortization	7,795	7,017
Exchange gain on accrued interest	-	(12,632)
Provision for employees' benefits	-	227,283
Finance costs	1,569,185	906,109
Interest income on advances to an associated company	-	(69,498)
Profit on bank deposits	(56,119)	(35,172)
	(1,037,756)	(1,242,002)
Working capital changes		
(Increase) in stores and spares	(582,206)	(56,729)
(Increase) in trade debts	(25,676)	(919,916)
(Increase) / decrease in advances	(403,591)	(60,417)
(Increase) in trade deposits and prepayments	(22,731)	(78,874)
(Increase) / decrease in other receivables	(55,967)	(499,789)
Increase in trade and other payables	(1,172,257)	(2,414,998)
	(2,262,428)	(4,030,723)
Cash (used in) / generated from operations	(3,300,184)	(5,272,725)

11. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue in the Board of Directors meeting held on April 27, 2007.

12. GENERAL

- 12.1** The information as to the available capacity and utilization thereof during the quarter is disclosed in the statistics annexed to the financial statements.
- 12.2** The US\$ amounts in balance sheet, profit and loss account and cash flow statement have been translated into US\$ at the rate of Rs.60.68 = US\$1 solely for convenience purposes.
- 12.3** Figures have been rounded off to the nearest thousand rupee.

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
As At March 31, 2007

	MAR-2007 Note	DEC 2006 (Rupees in thousand)	MAR-2007 (US\$ in thousand)
ASSETS			
NON - CURRENT ASSETS			
Fixed assets			
Property, plant and equipment	3	110,619,483	102,579,997
Intangibles		2,067,283	2,075,078
		112,686,766	104,655,075
Long term investments in:			
Related parties		44,135	44,135
Others		101,995	112,089
Receivable from Centre Hotel		459,825	459,825
Long term advances and other receivable		1,694,077	1,694,077
Long term deposits and prepayments		3,930,626	3,406,397
Total non - current assets		118,917,424	110,371,598
CURRENT ASSETS			
Stores and spares		3,964,503	3,382,328
Trade debts		6,392,920	6,521,586
Advances		955,322	552,856
Trade deposits and prepayments		1,498,876	1,476,145
Accrued interest		37,745	51,010
Other receivables		1,157,807	1,100,676
Short term investments		587,735	606,868
Taxation - net		263,840	261,674
Cash and bank balances		2,887,840	7,079,105
Total current assets		17,746,588	21,032,248
Total assets		136,664,012	131,403,846

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UN-AUDITED)
As At March 31, 2007

	MAR-2007 Note (Rupees in thousand)	DEC 2006	MAR-2007 (US\$ in thousand)
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
EQUITY ATTRIBUTABLE TO HOLDING COMPANY			
Share capital	19,473,631	19,473,631	320,923
Reserves	4,280,712	4,280,712	70,546
Unrealized gain / (loss) on remeasurement of investments - net	(6,899)	21,013	(114)
Foreign exchange translation reserve	1,847,591	1,847,591	30,448
Accumulated losses	(27,697,106)	(23,717,778)	(456,445)
	(2,102,071)	1,905,169	(34,642)
MINORITY INTEREST	521,023	520,692	8,586
TOTAL EQUITY	(1,581,048)	2,425,861	(26,056)
Surplus on revaluation of fixed assets - net	3,467,092	3,601,840	57,137
	1,886,044	6,027,701	31,081
NON - CURRENT LIABILITIES			
Advance against equity from Govt	4 376,779	-	6,209
Long term financing	18,732,959	18,682,829	308,717
Term finance certificates	12,868,485	13,246,970	212,071
Liabilities against assets subject to finance lease	49,663,953	42,503,444	818,457
Long term deposits	267,327	261,843	4,406
Deferred liabilities	8,043,090	8,045,670	132,549
Total non - current liabilities	89,952,593	82,740,756	1,482,409
CURRENT LIABILITIES			
Trade and other payables	16,765,596	18,023,185	276,295
Accrued interest / mark-up / profit	588,143	812,278	9,693
Short term borrowings	5 18,305,121	15,543,446	301,666
Tax payable	89,299	89,299	1,472
Current portion of:			
Long term financing	3,624,753	2,714,555	59,736
Term finance certificates	756,970	756,970	12,475
Liabilities against assets subject to finance lease	4,129,147	3,914,491	68,048
Long term murabaha	566,346	781,165	9,333
Total current liabilities	44,825,375	42,635,389	738,719
CONTINGENCIES AND COMMITMENTS 6			
	136,664,012	131,403,846	2,252,209

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CONSOLIDATED PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	Note	MAR-2007 (Rupees in thousand)	MAR-2006	MAR-2007 (US\$ in thousand)
Turnover - net	7	19,151,644	17,448,635	315,617
Cost of services				
Aircraft fuel		7,421,637	8,036,321	122,308
Others	8	11,945,618	9,564,023	196,862
		19,367,255	17,600,344	319,170
Gross loss		215,611	151,709	3,553
Distribution costs		1,134,506	1,164,320	18,696
Administrative expenses		973,360	789,922	16,041
		2,107,866	1,954,242	34,737
Loss from operations		2,323,477	2,105,951	38,290
Finance costs	9	1,793,820	928,015	29,562
Other provisions and adjustments - net		(150,289)	110,745	(2,477)
		1,643,531	1,038,760	27,085
Other operating income		80,794	91,056	1,331
Loss before tax		3,886,214	3,053,655	64,044
Taxation		92,783	84,199	1,529
Loss after tax		3,978,997	3,137,854	65,573
Attributable to:		(Rupees)		(US\$)
Shareholders of the holding company		3,979,328	3,138,361	65,578
Minority interest		(331)	(507)	(5)
		3,978,997	3,137,854	65,573
Loss per share				
'A' class ordinary shares		(2.04)	(1.61)	(0.03)
'B' class ordinary shares		(1.02)	(0.81)	(0.02)

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	MAR-2007 Note (Rupees in thousand)	MAR-2006 (Rupees in thousand)	MAR-2007 (US\$ in thousand)
Cash flows from operating activities			
Cash (used in) / generated from operations	10 (3,070,981)	(3,452,785)	(50,609)
Profit on bank deposits received	13,264	70,418	219
Deferred custom duty paid	(54,361)	-	(896)
Finance costs paid	(2,017,956)	(1,453,569)	(33,256)
Taxes paid	(94,035)	(1,972)	(1,550)
Staff retirement benefits paid	-	(87,123)	-
Compensated absences paid	(6,088)	(35,973)	(100)
Long term deposits - net	(524,229)	(502,164)	(8,639)
Net cash used in operating activities	<u>(5,754,386)</u>	<u>(5,463,168)</u>	<u>(94,831)</u>
Cash flows from investing activities			
Fixed capital expenditure	(9,343,001)	(16,581,875)	(153,972)
Proceeds from sale of fixed assets	(3,748)	1,431	(62)
Investments - net	29,227	(4,059,366)	482
Received from associated undertaking	-	176,418	-
Net cash used in investing activities	<u>(9,317,522)</u>	<u>(20,463,392)</u>	<u>(153,552)</u>
Cash flows from financing activities			
Advance against Equity	376,779	397,590	6,209
Proceeds / (repayment) of long term financing	960,328	(636,687)	15,826
Redemption of term finance certificates	(378,485)	(378,485)	(6,237)
Repayment of obligations under finance lease	7,375,165	19,330,969	121,542
Repayment of long term murabaha	(214,819)	(204,808)	(3,540)
Net cash generated from / (used in) financing activities	<u>8,118,968</u>	<u>18,508,579</u>	<u>133,800</u>
Decrease in cash and cash equivalents	<u>(6,952,940)</u>	<u>(7,417,981)</u>	<u>(114,583)</u>
Cash and cash equivalents at the beginning of the year	<u>(8,464,341)</u>	2,276,791	<u>(139,491)</u>
Cash and cash equivalents at the end of the quarter	<u><u>(15,417,281)</u></u>	<u><u>(5,141,190)</u></u>	<u><u>(254,074)</u></u>
CASH AND CASH EQUIVALENTS			
Cash and bank balances	2,887,840	2,879,584	47,591
Short term borrowings	<u>(18,305,121)</u>	<u>(8,020,774)</u>	<u>(301,665)</u>
	<u><u>(15,417,281)</u></u>	<u><u>(5,141,190)</u></u>	<u><u>(254,074)</u></u>

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

	Attributable to share holders of the holding company								
	Share capital	Capital reserves			Revenue reserves			Minority interest	Total equity
		Capital reserve	Unrealized gain/(loss) on re-measurement of investment	Foreign Exchange translation reserves	Revenue reserves	Accumulated			
------(Rupees in thousand)-----									
Balance as									
at December 31, 2005	17,980,659	2,501,038	(15,107)	1,562,720	1,779,674	(11,291,593)	-	12,517,391	
Loss for the year	-	-	-	-	-	(12,426,185)	3,369	(12,422,816)	
Issue of share capital									
'A' class ordinary shares	1,492,972	-	-	-	-	-	-	1,492,972	
Unrealized loss on re-measurement of investments	-	-	36,120	-	-	-	-	36,120	
Minority interest arising on acquisition	-	-	-	-	-	-	516,595	516,595	
Currency translation differences	-	-	-	284,871	-	-	728	285,599	
Balance as at									
December 31, 2006	19,473,631	2,501,038	21,013	1,847,591	1,779,674	(23,717,778)	520,692	2,425,861	
Loss for the Quarter						(3,979,328)	331	(3,978,997)	
Unrealized loss on re-measurement of investments	-	-	(27,912)	-	-	-	-	(27,912)	
Balance as									
at March 31, 2007	19,473,631	2,501,038	(6,899)	1,847,591	1,779,674	(27,697,106)	521,023	(1,581,048)	

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

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

1. STATUS AND ACTIVITY

1.1 Pakistan International Airlines Corporation (the Corporation) was incorporated in Pakistan on April 18, 1956 under the Pakistan International Airlines Corporation Act, 1956 (PIAC Act) and its shares are quoted on all Stock Exchanges of Pakistan. The registered office is situated at Karachi Airport. Principal activity of the Corporation is to provide air transport services. Other activities of the Corporation include provision of engineering and allied services.

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 world.	99%
Skyrooms (Private) Limited (SRL)	To manage Airport Hotel at Karachi.	100%

1.3 During the first quarter, the Group has incurred a net loss of Rs.3,979 million, resulting in accumulated losses of Rs.27,697 million as of the balance sheet date. Further, as of that date the current liabilities of the Group exceeded its current assets by Rs. 27,078 million.

The Government of Pakistan (GoP) as a majority shareholder has committed to ensure the going concern status of the Corporation at all times. Also, historically support of the GoP is available to the Corporation as GoP has already issued guarantees to secure certain long term finance and Term Finance Certificates (TFCs) of the Corporation. The GoP had agreed to provide equity contribution to the Corporation equivalent to accumulated loss of the Corporation as at December 31, 2000, to cover interest / profit payments on long term finances and TFCs. As part of the financial package, an amount of Rs.7,300 million (2006: Rs.6,923 million) has been provided to the Corporation up to March 31, 2007 against which 692,306,294 (2006: 692,306,294) 'A' class ordinary shares of Rs.10 each were issued to GoP up to December 31, 2006. The remaining 37,677,903 ordinary share are expected to be issued during the current year.

In addition GoP had approved a fleet replacement plan as a result of which the Corporation entered into an agreement for purchase of eight new Boeing 777 aircraft. GoP had provided funding of US\$ 150 million (Rs.8,816 million) in the form of equity and guarantees for acquisition of the said aircraft.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements are un-audited and are being circulated to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

These financial statements are being presented in condensed form in accordance with the requirements of International Accounting Standard (IAS) 34 'Interim Financial Reporting' as applicable in Pakistan and shall be read in conjunction with the annual audited consolidated financial statements of the Corporation for the year ended December 31, 2006.

The accounting policies and methods of computation adopted in the preparation of these financial statements are the same as those applied in the preparation of the annual consolidated audited financial statements of the Corporation for the year ended December 31, 2006.

3. PROPERTY, PLANT AND EQUIPMENT

	MAR-2007	DEC 2006
	(Rupees in thousand)	
Operating fixed assets (note 3.1)	106,202,205	95,942,231
Capital work-in-progress	4,417,278	6,637,766
	<u>110,619,483</u>	<u>102,579,997</u>

3.1 Following are the major additions and deletions during the quarter:

	Additions	Deletions
	(Rupees in thousand)	
Owned		
Buildings on leasehold land	3,222	
Renovation and improvements	2,810	
Aircraft fleet (note 3.1.1)	708,597	
Engineering equipment and tools	13,511	
Traffic equipment	617	
Furniture, fixture and fitting	197	
Office equipment	106	
Computer and office automation	8,229	
Other equipment	34,285	
Capital spares	346,066	1,726
	<u>1,117,640</u>	<u>1,726</u>
Leased		
Aircraft fleet (note 3.1.2)	10,445,849	
	<u>11,563,489</u>	<u>1,726</u>

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

3.1.1 Represents purchase of one ATR - 42 aircraft.

3.1.2 Represents purchase of one Boeing 777-300 ER aircraft as per fleet replacement plan approved by GoP.

4. ADVANCE AGAINST EQUITY FROM GoP

This represents the amount received from GoP towards equity contribution under the terms of Financial Package.

5. SHORT TERM BORROWINGS - secured

	MAR-2007	DEC 2006
	(Rupees in thousand)	
Short term loans (note 5.1)	13,046,518	10,580,640
Running finance under mark-up arrangements (note 5.2)	5,258,603	4,962,806
	<u>18,305,121</u>	<u>15,543,446</u>

5.1 Short term loans - secured

Financier	Security	Repayment period	Mark-up	MAR-2007	DEC-2006
				(Rupees in thousand)	
From Banking Companies					
United Bank Limited - Dubai	First pari passu charge over present and future current assets	1 Year	One month LIBOR+2.00%	699,826	-
Citibank - Karachi *	GoP Guarantee	3 months	One month KIBOR+0.25%	2,000,000	2,000,000
United Bank Limited - Dubai	UAE Receivables	1 Year	One month LIBOR+2.00%	30,482	58,840
National Bank of Pakistan - Bahrain	} GoP Guarantee	1 Year	One month LIBOR+0.60%	4,252,500	4,260,900
Habib Bank Limited - Export Processing Zone					
Standard Chartered Bank - Dubai	GoP Guarantee	1 Year	One month LIBOR+0.50%	3,029,710	3,043,500
Standard Chartered Bank - Dubai *	GoP Guarantee	3 months	Three months LIBOR+1.325%	3,034,000	1,217,400
				<u>13,046,518</u>	<u>10,580,640</u>

* The Corporation intends to restructure these facilities as long term loans.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

5.2 Running Finance under mark-up arrangements - secured

Financier	Security	Repayment period	Mark-up	MAR-2007	DEC-2006
				(Rupees in thousand)	
From Banking Companies					
United Bank Limited - Karachi	First pari passu hypothecation charge over stock & trade debts	1 Year	One month KIBOR + 1.50%	1,019,919	365,372
Habib Allied International Bank Ltd.	First pari passu hypothecation charge over stock & trade debts	6 Months	One month KIBOR + 1.50%	300,000	-
National Bank of Pakistan - Karachi	First pari passu hypothecation charge over stock & trade debts	1 Year	One month KIBOR + 1.25%	575,000	50,000
Habib Allied International Bank Limited - London	Receivables in Europe	1 Year	One month LIBOR + 2.25%	364,080	547,830
Habib Bank Limited - Karachi	Lien over US\$ 20 million deposited with Habib Allied International Bank Limited - London	6 months	One month KIBOR + 0.50%	-	1,000,000
Standard Chartered Bank - Karachi	GoP Guarantee	6 months	Six months KIBOR + 0.75%	2,999,604	2,999,604
				<u>5,258,603</u>	<u>4,962,806</u>

The facilities for short term running finances from banks amounted to Rs.6,380 million (2006: Rs. 6,380 million). The re-purchase prices are repayable on various dates, during the year.

The rate of mark-up ranges between 5.50% and 11.50% (2006: Rs. 5.50% and 11.50%) per annum, payable monthly, quarterly or semi-annually.

Facilities amounting to Rs.1,417 million (2006: Rs. 1,417 million) remained unutilized as of the balance sheet date.

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

6 CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

- a) Civil Aviation Authority (CAA), Pakistan has claimed additional amounts aggregating to Rs.4,215 million (2006: Rs.4,135 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. Accordingly, no provision in this respect has been made in these financial statements.
- b) There has been no change in the status of other contingencies as disclosed in the annual financial statements of the Corporation for the year ended December 31, 2006.

6.2 Commitments

- a) Commitments for purchase of aircraft amounted to Rs.9,426 million (2006: Rs.23,842 million).
- b) Commitments for capital expenditure amounted to Rs.10.6 million (2006: Rs.10.6 million).
- c) Outstanding letters of credit amounted to Rs.141 million (2006: Rs.141 million).
- d) Outstanding letters of guarantee amounted to Rs.141 million (2006: Rs.141 million).
- e) Rentals under operating lease commitments amounted to Rs.261.5 million (2006: Rs.962.7 million).

7. TURNOVER - net

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Passenger	15,693,266	14,579,665
Cargo	1,078,764	1,198,377
Excess baggage	226,743	215,387
Charter	71,291	118,764
Engineering services	158,586	186,697
Handling and related services	166,581	240,541
Mail & telephone	85,480	76,266
Rooms sales	1,082,408	447,563
Food & beverages	332,583	137,519
Shop and other rentals	38,859	16,068
Others	217,083	231,788
	<u>19,151,644</u>	<u>17,448,635</u>

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

8. COST OF SERVICES - others

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Salaries, wages and allowances	1,779,578	1,393,553
Welfare and social security costs	101,478	71,121
Retirement benefits	114,608	141,555
Compensated absences	1,800	4,691
Legal and professional charges	14,730	17,106
Stores and spares consumed	606,581	627,800
Maintenance and overhaul	1,575,296	1,311,765
Flight equipment rental	1,403,914	1,144,446
Landing and handling	2,086,028	2,033,859
Passenger services	746,082	640,362
Crew layover	519,469	462,912
Hotel running expenses	1,092,031	512,050
Staff training	21,446	22,614
Food cost	6,773	3,149
Utilities	6,974	3,366
Communication	14,922	13,547
Insurance	264,272	263,278
Rent, rates and taxes	71,031	68,679
Repair and maintenance	26,638	30,359
Printing and stationery	15,854	16,309
Amortization	619	398
Depreciation	1,411,081	733,157
Others	64,413	47,947
	11,945,618	9,564,023
9 FINANCE COSTS		
Mark-up on long term financing	375,046	104,304
Profit on term finance certificate	341,259	351,581
Interest on liabilities against assets subject to finance lease	662,516	326,766
Mark-up on long term murabaha	18,590	26,617
Mark-up on short-term borrowings	327,203	77,795
Arrangement, agency and commitment fee	56,313	30,114
Bank charges, guarantee commission and other related charges	12,893	10,838
	1,793,820	928,015

PAKISTAN INTERNATIONAL AIRLINES CORPORATION
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED MARCH 31, 2007

10. CASH (USED IN) / GENERATED FROM OPERATIONS

	MAR-2007	MAR-2006
	(Rupees in thousand)	
Loss before tax	(3,886,214)	(3,053,655)
Adjustments for:		
Depreciation	1,462,834	806,917
Gain on disposal of fixed assets	3,748	(1,431)
Amortization	7,795	7,017
Exchange gain on accrued interest	-	(12,632)
Provision for employees' benefits	-	227,283
Finance costs	1,793,820	928,015
Interest income on advances to an associated company	-	(69,498)
Profit on bank deposits	(56,119)	(35,172)
	(674,136)	(1,203,156)
Working capital changes		
(Increase) in stores and spares	(582,175)	(56,698)
(Increase) in trade debts	128,666	(765,574)
(Increase) / decrease in advances	(402,466)	(59,292)
(Increase) in trade deposits and prepayments	(22,731)	(78,874)
(Increase) / decrease in other receivables	57,131	(500,953)
Increase in trade and other payables	(1,575,270)	(788,238)
	(2,396,845)	(2,249,629)
Cash (used in) / generated from operations	(3,070,981)	(3,452,785)

11. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were authorized for issue in the Board of Directors meeting held on April 27, 2007.

12. GENERAL

12.1 The US\$ amounts in balance sheet, profit and loss account and cash flow statement have been translated into US\$ at the rate of Rs.60.68 = US\$1 solely for convenience purposes.

12.2 Figures have been rounded off to the nearest thousand rupee.

Zaffar A. Khan
Chairman & CEO

Kamal Afsar
Director

PAKISTAN INTERNATIONAL AIRLINES CORPORATION

QUARTERLY SUMMARY

		2007		2006			2005
		1st Quarter	4th Quarter	3rd Quarter	2nd Quarter	1st Quarter	1st Quarter
Traffic Operations							
Available Seat Kilometers (million)	International	4,045	4,103	4,645	4,490	4,209	3,694
	Domestic	771	697	681	670	649	627
	Hajj	772	773	-	-	882	1,271
	Total	5,588	5,573	5,326	5,160	5,740	5,592
Revenue Passenger Kilometers (million)	International	2,942	2,758	3,614	3,101	2,953	2,731
	Domestic	464	461	532	493	465	390
	Hajj	393	393	-	-	451	639
	Total	3,799	3,612	4,146	3,594	3,869	3,760
Seat Factor (%)	International	72.73	67.22	77.80	69.06	70.16	73.93
	Domestic	60.18	66.14	78.12	73.58	71.65	62.20
	Hajj	50.91	50.84	0.00	-	51.13	50.26
	Total	67.98	64.81	77.84	69.65	67.40	67.24
Available Freight Tonne Kilometers (million)	International	128	146	160	163	126	138
	Domestic	31	27	25	24	20	22
	Total	159	173	185	187	146	160
Revenue Freight Tonne Kilometers (million)	International	74	88	116	104	83	83
	Domestic	8	9	9	9	9	9
	Total	82	97	125	113	92	92
Load Factor (%)	International	57.81	60.27	72.50	63.80	65.87	60.14
	Domestic	25.81	33.33	36.00	37.50	45.00	40.91
	Total	51.57	56.07	67.57	60.43	63.01	57.50
Financial							
-----Rupees in million-----							
Operating Revenue		17,679	18,798	18,263	16,686	16,840	16,186
Operating Expenses		20,181	21,646	19,812	18,755	18,951	15,494
Operating profit/(loss)		(2,502)	(2,848)	(1,549)	(2,069)	(2,111)	692
Profit/(loss) before taxation		(3,865)	(4,286)	(2,952)	(2,981)	(2,996)	188
Profit/(loss) after taxation		(3,954)	(3,576)	(3,043)	(3,064)	(3,080)	19
Fixed Assets		87,095	79,062	68,505	67,802	67,219	50,150
Current Assets		15,222	18,353	14,163	14,566	12,865	14,956
Current Liabilities		43,211	41,025	38,437	34,891	30,497	15,805
Long-term Debts		69,483	62,651	52,254	52,310	51,938	40,994
Net Worth		(4,635)	(788)	1,246	4,262	7,345	13,445
Jet Fuel Prices (Rs. Per US Gallon)		114.28	118.23	135.31	128.26	113.88	82.48



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