

**PAKISTAN INTERNATIONAL AIRLINES**

ANNUAL REPORT 1994/95

CONTENTS

Notice of 39th Annual General Meeting	2
Board of Directors and Management	3
Directors' Report	4
Highlights	5
Chairman's Brief	6
Performance Review	7
Auditors' Report to the Members	9
Balance Sheet	10
Profit & Loss Account	11
Statement of Changes in Financial Position	12
Notes to the Accounts	13
Statement Under Section 237 of the Companies Ordinance, 1984	29
Decade in Statistics	30
Pattern of Shareholding	32

**NOTICE OF 39TH ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 39th Annual General Meeting of the Shareholders of Pakistan International Airlines Corporation will be held at 1500 Hours on Saturday, 9th December, 1995, behind Airport Hotel, Quaid-e-Azam International Airport Karachi, to transact the following business:

1. To confirm the minutes of the 38th Annual General Meeting held on 22nd December, 1994.
2. To receive and adopt the Audited Accounts for the year ended 30th June, 1995, together with the Auditors' and Directors' reports.
3. To consider and pass with or without modification the following resolution as a resolution under Section 208 of the Companies Ordinance, 1984:  
  
"RESOLVED that an advance of Rs. 142.06 million in US Dollars to an Associated Company - PIA Investments Limited is hereby approved."
4. To transact any other business which may legally be transacted at any AGM.

By order of the Board  
(GHAZANFAR MASHKOOR)  
SECRETARY-PIAC

Karachi: 17th November, 1995

**Notes:**

- a) The Share Transfer Books of the Corporation will remain closed from 4th December, 1995, to 17th December, 1995, both days inclusive. Transfer documents received in order during the office hours by Sunday, 3rd December, 1995, will be in time for registration of transfer of shares.
- b) A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint another Shareholder as proxy. Proxies and Powers of Attorney in order to be effective, must be deposited at the Head Office of the Corporation not less than 48 hours before the time fixed for holding the Meeting unless

the Power of Attorney has already been registered in the Corporation books, and must be duly stamped, signed and witnessed.

c)Shareholders are requested to promptly notify the Corporation of any change in their addresses.

d)Entry at the Meeting place will start at 1400 hours and close at 1500 hours. Shareholders cooperation in this regard will be appreciated.

**Board of Directors**

**As on 26th October, 1995**

Sardar Noor llahi Leghari  
Chairman - PIAC

Air Chief Marshal  
Mohammad Abbas Khattak

Altaf Ali Bhayo

Dinshaw H. Anklesaria

Javed Hasan Aly

Mohammad Mobeen Jumani

M.B. Abbasi

Muhammad Younus Dalia

AVM {Retd) Farooq Umar  
Managing Director

Ghazanfar Mashkooor  
Secretary - PIAC

Registered Office  
PIA Building  
Quaid-e-Azam International Airport  
Karachi - Pakistan

**Management**

As on 26th October, 1995

Sardar Noor llahi Leghari  
Chairman - PIAC

AVM (Retd) Farooq Umar  
Managing Director

Arshad Mahmud  
Deputy Managing Director (Finance)

Khurshid Anwar  
Deputy Managing Director (Marketing]

Dr. S. Mir Muhammad Shah  
Deputy Managing Director (PM&C)

M. Jalaluddin  
Director Finance & Director Corporate Planning

M. Sadiq Siddiqui  
Director

S.U. Zaman  
Oftg. Director Engineering & Maintenance

Badshah Gul  
Director Information System/lnspection

Jawaid Akhtar  
Director Training & Development

S.M. Tarin  
Director Marketing

Kaleem Malik  
Director Airport Services

AVM (Retd) Sardar Khan  
Director Precision Engineering

Brig. (Retd) Javed Hasan  
Director Sports

Shahid Islam  
Director Subsidiaries

Capt. S.S. Zaman  
Director Flight Operations

Ali Abbas Brohi  
Director

Anwarul Hasan  
Director International Affairs

Syed Ghulam Qadir Shah Jamote  
Director Administration

Ghulam Shabbir Pechuho  
Director Flight Services

Imran A. Khan  
Director Stores & Purchases

Capt. Nadeem Yousufzai  
 Director General Services

**DIRECTORS' REPORT**

The Directors have pleasure in placing before you their report together with the Audited Annual Accounts for the year ended June 30. 1995.

**ACCOUNTS**

Rupees in thousand)

Profit for the year before provision for bonus	416,013
Provision for bonus to employees	(95000)
	-----
Profit for the year	321,013
Effect due to change in accounting estimates	113,862
	-----
Profit before taxation	434,875
Provision for taxation	(141410)
	-----
Profit after taxation	293,465
Profit brought forward	325,599
	-----
Profit available for appropriations	619,064
<b>APPROPRIATION</b>	
Dividend on preference shares	16,500
	-----
Unappropriated profit carried forward	602564
	=====

**CHAIRMAN'S BRIEF**

The Directors endorse the Chairman's Brief.

**DIRECTORS**

Since the last Annual General Meeting held on December 22, 1994 some changes have occurred in the Board of Directors of the Corporation. Mr. Javed Hasan Aly, Mr. Mohammad Mobeen Jumani, Mr. M.B. Abbasi & Mr. Muhammad Younus Dalia joined as Board Members whereas Mr. Maqbool Ahmed Soomro and Mr. M. Aslam Siddiqui relinquished charge as Board Members. The Board welcomes the new Directors and wishes to place on record its appreciation of the valuable services rendered by the outgoing members.

**PATTERN OF SHAREHOLDING**

The pattern of shareholding is available at page No. 32

For and on behalf of the Board  
 SARDAR NOOR ILAHI LEGHARI  
 Chief Executive

**HIGHLIGHTS**

Operating revenue	(Rs. in million)	25,417	23,839
Operating expenses	(Rs. in million)	24,198	23,024
Operating income	(Rs. in million)	1,219	815
Net worth	(Rs. in million)	8,618	8,341
Revenue passenger kilometres	(000)	10,382,398	10,108,486
Passenger load factor		65.50%	66.70%
Revenue tonne kilometres	(000)	1,408,345	1,365,011
Revenue load factor		57.40%	58.20%
Earning per ordinary share			
Rs. 10 each	(Re.)	0.74	0.36
Rs. 5 each	(Re.)	0.37	0.18

#### CHAIRMAN'S BRIEF

Dear Shareholders,

I am pleased to present the Annual Report for 1994-95. I would like to take this opportunity to review the financial performance for the year and to apprise you on the future plans and prospects of your airline.

The financial results are briefly set out below:

	1994-95	1993-95
	(Rupees in million)	
Revenues	25,417	23,839
Costs and expenditure	24,198	23,024
Operating profit	1,219	815
Profit before Taxation	434	258
Provision for Taxation	141	118
Profit after Taxation	293	140

As per the audited accounts, the national airline has earned an operating profit of Rs. 1,219 million as compared to a profit of Rs. 815 million earned in the year ended 30 June 1994, thus showing an increase of 50 percent.

After charging financial costs, providing for doubtful debts etc., profit for the year amounted to Rs. 321 million compared to Rs. 258 million of last year, an increase of 24.4 percent. Profit before taxation is Rs. 434 million as compared to Rs. 258 million last year. The revenue has increased by 6.6 percent and expenditure by 5.1 percent.

The cash position however remained under pressure due purchase of one used A-300-B4 aircraft and B-747-200 simulator from own resources besides debt service repayments peaking in 1994-95.

The airline recorded a seat factor of 66% in 1994-95 and has expanded its network in Central Asian countries and Europe and for the first time, operated Haj flights from all provincial capitals besides Multan, Sukkur and the Federal capital.

We are now embarking on fleet modernization plan through the replacement by ageing B-747-200. In this respect, the Government had during the year waived off import duties levied on aircraft/spares, allowed domestic fares to increase and set aside an amount of Rs. 1,000 million in the National Budget for equity induction.

The Employees-Management relations remained cordial throughout the year and wage negotiations were successfully concluded with CBA and other Associations.

I would like to express my appreciation for the sincere efforts made by all in this direction. I also wish to thank both the employees as well as the Managing Director and his management team for their dedicated skill, team work and well-timed actions to meet the challenges in achieving profitability, despite adverse circumstances.

May Allah bless us all in our efforts.

Yours sincerely,  
(SARDAR NOOR ILAHI LEGHARI)  
CHAIRMAN

#### **PERFORMANCE REVIEW**

The airline was faced with yet another challenging year due to severe inflationary conditions and changing aviation scenario. The positive performance during the year reflects the resolve of the management and employees to steer the airline successfully through a difficult period. The airline is exploring all avenues to further improve operating efficiency and enhance the level of profitability in the future.

The activities of some key departments during the year are detailed below:

#### **MARKETING**

During the year, Marketing Department was confronted with stiff competition both on International and Domestic routes. Despite the situation in Karachi and various marketing constraints like the plague in India, introduction of new competitors in the Gulf Market, the overall increase of revenue by 6.62% is commendable.

In order to off-set the impact of mounting competition the Department revamped its marketing strategy and made the following changes in PAK-NYC and PAK-UK flights:

- Daily B-747 flights with single stop enroute were provided on the PAK-NYC route. More flights from up-country to NYC have been provided and Frankfurt, Paris, Amsterdam are all connected with Karachi, Lahore and Islamabad.
- 8/weekly B-747 flights to UK out of which 4/weekly KHI-LON non-stop flights have been made available with 2/weekly LHE-LON connections.

In consonance with the Govt of Pakistan's policy of providing an airlink to Myanmar, operations to Yangon have been planned. Additionally, the following new routes have also been planned for the not too distant future:

1. Pasni-Sharjah v.v. with one weekly B-737.
2. Islamabad-Bishkek-Almatay v.v. with one weekly B-737.
3. Islamabad-Urumqi v.v.

#### **AIRPORT SERVICES/FLIGHT SERVICES**

The airline continued its concerted efforts to provide an improved level of ground services. Haj flights were introduced for the first time from Multan and Sukkur, thus offering 7 stations from where Pakistanis are proceeding for Haj. This is a record amongst the Muslim countries of the world. The movement of Hajjis from these areas was facilitated by complete Check-in, Customs and Immigration control at their home station. Transit System DEPAKI and documentation procedures were developed to meet the Government requirement in Saudi Arabia and Pakistan. The system has worked well.

PIA joined the Common User/Terminal Equipment (CUTE) System of Departure Control at London Heathrow. The experience will be beneficial for similar systems expected at other large airports in the future.

Quality of in-flight service has so far been a key factor in the airline's success and image. This is being further improved to enhance PIA's profile. For this purpose, Attitude Development Refresher Courses are held at PIA Training Centre to reemphasise the finer points of service. A comprehensive programme is also being launched to improve the quality of meals, crockery, cutlery and inflight entertainment.

#### **ENGINEERING AND MAINTENANCE**

Engineering and Maintenance Department has kept a continuous vigil on Airworthiness of PIA Fleet through the periodic inspection of Aircraft and System; incorporation of evaluated modifications on Aircraft and its Equipment. Departures from design criteria were identified and corrective measures taken to meet the Airworthiness requirements, thus ensuring flight safety. Flight regularity was also ensured through timely and smooth maintenance support. Engineering related exports are being planned.

#### **CORPORATE PLANNING DEPARTMENT**

During the year, agreement for exercising purchase option on one used A-300-B4 aircraft from Air France was successfully concluded and the lease was converted into outright purchase. Also, one used B747-200 simulator has been acquired and commissioned in December 1994 which has enabled PIA to train B747-200 crew at its own facility, thereby saving a substantial amount of foreign exchange. Economic feasibility for the acquisition of used simulator for A310-300, B737-300 and F-27 aircraft is currently under study.

#### **INFORMATION SYSTEM**

The process of expansion of the Reservation System Network continued during the year. An online system (FREPAK}, connecting all the major airports and operational departments, has been installed to enable effective monitoring and to improve flight regularity.

Automation at airports has been extended to Sukkur, where computerised check-in system is now installed, which will improve operational efficiency and enhance convenience to the passengers.

#### **TRAINING**

The PIA Training Centre at Karachi, during the year under review, conducted 938 training courses. A number of new courses such as "Tourist Guide", "Leadership", "Customer Service", "Total Quality Management" and "IIISO-9000" were introduced. A new training facility for passenger service training was also set up. This facility is in the shape of a mini airport with check-in counters, waiting-lounges, weighing machines and other similar equipment.

The training centre has also opened training facility to Non-PIA trainees, which is a big step towards national skill development and a big step in preparing citizens for aviation-related jobs. The training centre continues to receive trainees from Syria, Nepal, Bangladesh and a number of African Airlines.

#### **SPORTS**

The airline has been taking active interest in promoting sports as a national service, and has over the years given solid and substantial support to sportsmen. PIA players have been winning almost all national events in squash, cricket, football and hockey year after year, and its share in the formation of national teams for competition in Olympic and other international events is substantial. In football, polo, chess and bridge too, PIA players have made their mark in international contests.

PIA's Jansher Khan has won all the international ranking squash tournaments throughout the world in 1994/1995 including the prestigious World Open and British Open.

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of Pakistan International Airlines Corporation as at June 30, 1995 and the related profit and loss account and statement of changes in financial position, together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and, after due verification thereof, we report that:

a) in our opinion, proper books of account have been kept by the Corporation as required by the Pakistan International Airlines Corporation Act, 1956 and rules made thereunder and the Companies Ordinance, 1984:

b) in our opinion, the balance sheet and profit and loss account together with the notes thereon have been drawn up:

(i) in conformity with the Pakistan International Airlines Corporation Act, 1956;

(ii) in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

(c) in our opinion:

(i) the expenditure incurred during the year was for the purpose of the Corporation's business; and

(ii) the business conducted, investment made and the expenditure incurred during the year were in accordance with the objects of the Corporation;

(d) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and the statement of changes in financial position, together with the notes forming part thereof, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Corporation's affairs as at June 30, 1995 and of the profit and the changes in financial position for the year then ended; and

(e) in our opinion, no zokot was deductible at source under the Zakat and Ushr Ordinance, 1980.

**SIDAT HYDER QAMAR MAQBOOL & CO.**  
Chartered Accountants

**FORD, RHODES, ROBSON, MORROW**  
Chartered Accountants

Karachi: October 31, 1995

**BALANCE SHEET AS AT JUNE 30, 1995**

	Note	1995 (Rupees in thousand)	1994 (US\$ in thousand)	1995 (note 31.4)	1994
SHAREHOLDERS' FUNDS					
Shore Capital	3	3,884,618	3,545,107	124,957	115,526



Reserves	4	4,130,712	4,470,223	132,874	145,674
Unappropriated profit		602,564	325,599	19,383	10,610
		-----	-----	-----	-----
		8,617,894	8,340,929	277,214	271,810
SURPLUS ON REVALUATION OF FIXED ASSETS	5	10,640	22,330	342	728
REDEEMABLE CAPITAL	6	400,000	400,000	12,867	13,035
LONG-TERM LOANS	7	865,573	1,474,200	27,843	48,041
OBLIGATIONS UNDER HIRE PURCHASE	8	9,893,770	10,842,820	318,255	353,341
LONG-TERM DEPOSITS AND OTHER LIABILITIES	9	1,639,355	1,225,327	52,733	39,930
CURRENT LIABILITIES					
Current maturity of long-term loans/ obligations under hire purchase	7-8	1,546,566	1,705,236	49,749	55,570
Short-term loans	10	1,235,846	1,283,172	39,754	41,815
Creditors, accrued expenses and other liabilities	11	4,584,143	4,858,197	147,459	158,317
		7,366,555	7,846,605	236,962	255,702
CONTINGENT LIABILITIES AND COMMITMENTS					
	12	-----	-----	-----	-----
		28,793,787	30,152,211	926,216	982,587
		=====	=====	=====	=====
FIXED ASSETS					
Operating assets	13	19,502,437	19,638,251	627,339	639,963
Capital work-in-progress	14	34,171	165,249	1,099	5,385
		-----	-----	-----	-----
		19,536,608	19,803,500	628,438	645,348
LONG-TERM INVESTMENTS	15	290,969	236,773	9,360	7,716
LONG-TERM ADVANCES	16	1,334,896	1,110,708	42,940	36,195
LONG-TERM DEPOSITS AND OTHER RECEIVABLES	17	192,048	222,414	6,178	7,248
CURRENT ASSETS					
Stores and spares	18	2,998,904	2,856,229	96,466	93,078
Trade debts	19	2,049,395	2,393,746	65,923	78,006
Advances, deposits and prepayments	20	467,341	479,239	15,033	15,617
Other receivables	21	1,133,768	726,696	36,470	23,681
Cash and bank balances	22	789,858	2,322,906	25,408	75,698
		-----	-----	-----	-----
		7,439,266	8,778,816	239,300	286,080
		-----	-----	-----	-----
		28,793,787	30,152,211	926,216	982,587
		=====	=====	=====	=====

The annexed notes form an integral part of these accounts.

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 1995**

1995                      1994                      1995                      1994

	Note	(Rupees in thousand)	(US\$ in thousand)		(note 31.4)
Revenues	23	25,417,356	23,839,040	817,605	776,856
Costs and expenditure	24	24,198,740	23,024,349	778,406	750,307
OPERATING PROFIT		1,218,616	814,691	39,199	26,549
Financial charges	25	1,190,291	1,000,962	38,288	32,619
Provision for doubtful debts		90,000	—	2,895	—
Interest and other income	26	(184,370)	{362,212}	(5,931)	(11,803)
Provision for diminution in value of investments and advances reversed	16.2	(134,455)	—	(4,325)	—
Profit on disposal of fixed assets	27	(63,863)	(81,678)	(2,054)	(2,662)
		897,603	557,072	28,873	18,154
PROFIT FOR THE YEAR		321,013	257,619	10,326	8,395
Effect due to change in accounting estimates	2.3	113,862	—	3,663	—
PROFIT BEFORE TAXATION		434,875	257,619	13,989	8,395
PROVISION FOR TAXATION	28	127,087	18,154	4,088	3,850
Current year		14,323	—	461	
Prior years		141,410	118,154	4,549	3,850
PROFIT AFTER TAXATION		293,465	139,465	9,440	4,545
Unappropriated profit brought forward		325,599	542,145	10,474	17,667
		619,064	681,610	19,914	22,212
APPROPRIATIONS					
Dividend - preference shares	29	16,500	16,500	531	538
Reserve for issue of bonus shares		—	339,511	—	11,064
		16,500	356,011	531	11,602
UNAPPROPRIATED PROFIT CARRIED FORWARD		602,564	325,599	19,383	10,610

The annexed notes form an integral part of these accounts.

**STATEMENT OF CHANGES IN FINANCIAL POSITION  
(CASH FLOW STATEMENT)  
FOR THE YEAR ENDED JUNE 30, 1995**

	1995 (Rupees in thousand)	1994	1995 (US\$ in thousand)	1994 (note 31.4)
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net profit before taxation	434,875	257,619	13,989	8,395

## Adjustments for:

Depreciation	1,819,750	1,878,612	58,536	61,219
Capital spares scrappage	71,067	142,108	2,286	4,631
Profit on disposal of fixed assets	(63,863)	(81,678)	(2,054)	(2,662)
Effect due to change in accounting estimates	(113,862)	-	(3,663)	-
	-----	-----	-----	-----
Operating profit before working capital	2,147,967	2,196,661	69,094	71,583
(Increase) in current assets	(193,498)	(1,442,974)	(6,224)	(47,023)
(Decrease)/Increase in current liabilities	(250,199)	32,169	(8,048)	1,049
	-----	-----	-----	-----
Cash generated from operations	1,704,270	785,856	54,822	25,609
Taxes paid	(212,593)	(131,939)	(6,839)	(4,300)
	-----	-----	-----	-----
Net cash from operating activities	1,491,677	653,917	47,983	21,309
	-----	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:				
Fixed capital expenditure	(1,605,103)	(6,431,592)	(51,632)	(209,590)
Sale proceeds on disposal of fixed assets	147,215	83,930	4,735	2,735
(Decrease) in long-term investments	(54,196)	-	(1,743)	-
(Increase) in long-term advances	-224,188	(184,093)	(7,211)	(59,999)
Decrease/(Increase) in long-term deposits and other receivables	30,366	(51,435)	977	(1,676)
	-----	-----	-----	-----
Net cash used in investing activities	(1,705,906)	(6,583,190)	(54,874)	(214,530)
	-----	-----	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from long-term borrowings	185,328	5,867,161	5,961	191,197
Repayments of long-term borrowings	-1,901,675	(1,505,830)	(61,171)	(49,071)
Increase in long-term deposits and other liabilities	414,028	991,741	13,318	32,318
Dividend paid	-16,500	(22,250)	(531)	(725)
	-----	-----	-----	-----
Net cash used in financing activities	-1,318,819	5,330,822	(42,423)	173,719
	-----	-----	-----	-----
NET (DECREASE) IN CASH	-1,533,048	(598,451)	(49,314)	(19,502)
CASH AT BEGINNING OF YEAR	2,322,906	2,921,357	74,722	95,200
	-----	-----	-----	-----
CASH AT END OF YEAR	789,858	2,322,906	25,408	75,698
	=====	=====	=====	=====

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED JUNE 30, 1995

## 1. STATUS AND ACTIVITY

Pakistan International Airlines Corporation was incorporated on April 18, 1956 under the Pakistan International Airlines Corporation Act, 1956 and its shares are quoted on the stock exchanges in Pakistan. Principal activity of the Corporation is to provide air transport services.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## 2.1 Accounting convention

These accounts have been prepared under the historical cost convention as modified by capitalisation of exchange differences and revaluation of certain fixed assets as indicated in note 2.3.

## 2.2 Taxation

Charge for current taxation is based on taxable income. The Corporation accounts for deferred taxation under the liability method for all major timing differences likely to be reversed in the foreseeable future (note 28).

## 2.3 Tangible fixed assets and depreciation

### Owned Assets

Fixed assets except leasehold land are stated at cost less accumulated depreciation. Leasehold land is stated at cost

Cost in relation to aircraft fleet, workshops, hangars and other equipment signifies historical cost and exchange differences arising on conversion of long-term loans, adjusted to the related loan bearing assets. Aircraft fleet and other equipment were revalued in 1974 as described in note 5.

Depreciation is calculated on straight line method to write off the cost or revalued amount of assets including the related net exchange differences over their expected useful lives.

In case of aircraft fleet, depreciation is calculated after considering 10 percent of the cost including the related net exchange differences as the residual value at the expiry of their operational lives. In 1993, a study was conducted and the expected useful lives of the air( as were revised as follows, which were approved by the Board of Directors effective from 1 July 1992:

	Effective 1 July 1992 From the date of manufacture	Upto 30 June 1992 From the date of induction
Wide body aircraft	16 Years	12 Years
Narrow body aircraft	20 Years	10 Years

The effect of the revision of expected useful lives of aircraft has resulted in writing back depreciation pertaining to 1993 and 1994 amounting to Rs. 114 million and the impact on the current year charge has been reduced by Rs. 70 million. {note 13.1}

Assets under finance lease and hire purchase

Assets acquired under finance lease and hire purchase are recorded at cost. The Corporation follows the same depreciation policy as is in the case of owned assets.

For assets other than aircraft fleet, full year's depreciation is charged on additions upto December 31 and six months depreciation is charged on additions after December 31. No depreciation is charged on assets disposed off during the year.

Gains and losses on disposal of fixed assets are included in income.

Repairs and maintenance costs are charged to income as and when incurred.

## 2.4 Long-term investments

Long-term investments are valued at cost after providing for any permanent diminution in the market/break-up value of such investments.

## 2.5 Stores and spares

Stores and spares are valued at moving average cost except goods-in-transit which are valued at cost, and fuel and medical inventories which are valued at first in first out basis.

## 2.6 Bad and doubtful debts

Known bad debts are written oh and provision is made for debts considered doubtful.

## 2.7 Foreign currencies

Assets and liabilities at the year end are translated at the rates of exchange prevailing at the balance sheet date.

Exchange differences on long-term loans and obligations under hire purchase are capitalized to the related loan bearing assets. All gains/losses on other monetary items are dealt with in the profit and loss account.

*2.8 Retirement benefits*

Contributions to the funded pension schemes based on actuarial valuation are charged to profit and loss account.

*2.9 Traffic pool*

Receivables / payables on account of traffic pool arrangements are accounted for on settlement basis.

*2.10 Revenue recognition*

Passenger ticket sales are recognized as revenue when the transportation is provided. The value of unutilized tickets is shown as advance against transportation.

All other sales are recognized as and when made.

**3. SHARE CAPITAL**

	1995	1994
	(Rupees in thousand)	
Authorised		
449,250,000 ordinary 'A' class shares of Rs. 10 each	4,492,500	4,492,500
1,500,000 ordinary 'B' class shares of Rs. 5 each	7,500	7,500
50,000,000 preference shares of Rs. 10 each	500,000	500,000
	-----	-----
	5,000,000	5,000,000
	=====	=====
Issued		
372,711,778 ordinary 'A' class shares of Rs. 10 each	3,727,118	3,387,607
1,499,999 ordinary 'B' class shares of Rs. 5 each	7,500	7,500
5,000,000 10% cumulative preference shares of Rs. 10 each	50,000	50,000
1,000,000 11 1/2% redeemable cumulative preference shares of Rs. 10 each	100,000	100,000
	-----	-----
	3,884,618	3,545,107
	=====	=====
Subscribed and paid-up ordinary shares		
Issued for consideration in cash		
137,846,268 'A' class shares of Rs. 10 each	1,378,463	1,378,463
1,003,374 'B' class shares of Rs. 5 each	5,017	5,017
	-----	-----
	1,383,480	1,383,480
Issued for consideration other than cash		
931,028 'A' class shares of Rs. 10 each	9,310	9,310
2,625 'B' class shares of Rs. 5 each	13	13
	-----	-----
	9,323	9,323
Issued as bonus shares		
233,934,482 'A' class shares of Rs. 10 each	2,339,345	1,999,834
494 000 'B' class shares of Rs. 5 each	2,470	2,470
	-----	-----
	2,341,815	2,002,304
	-----	-----
	3,734,618	3,395,107
Preference shares		
Issued for consideration in cash		
5,000,000 10% cumulative shares of Rs. 10 each	50,000	50,000
0,000,000 11 1/2 % redeemable cumulative shares		

of Rs. 10 each redeemable at the option of the holders.

100,000	100,000
-----	-----
3,884,618	3,545,107
=====	=====

During the year the Corporation issued 33,951,071 ordinary 'A' class shares of Rs 10 each as bonus shares being 10% on ordinary shares as at June 30, 1994.

#### 4. RESERVES

	Capital			(Rupees in thousand)		
	Reserve for replacement of fixed assets	Capital redemption reserve fund	Others	General	Reserve for issue of bonus shares	Total
At July 1, 1994	1,966,779	100,000	284,259	1,779,674	339,511	4,470,223
Transferred to Ordinary Share Capital	-	-	-	-	(339,511)	(339,511)
At June 30, 1995	1,966,779	100,000	284,259	1,779,674	-	4,130,712
	=====	=====	=====	=====	=====	=====

4.1 In previous years i.e. upto June 1988 depreciation on fully depreciated aircraft was charged and credited to the Reserve for replacement of fixed assets and excess of sales proceeds over cost of fixed assets disposed of was also credited to aforesaid account. With effect from 1989-90 the Corporation changed this policy to comply with the International Accounting Standards and the excess proceeds over cost of relevant assets are credited to the profit and loss account.

#### 5. SURPLUS ON REVALUATION OF FIXED ASSETS

Consequent to rupee devaluation in 1972, it was considered appropriate to restate the aircraft fleet and other equipment at June 30, 1974 at their historical written down dollar values at the then prevailing exchange rates. An amount of Rs. 127.6 million arising as a result of this restatement was transferred to surplus on restatement of fixed assets account. In 1986 the balance of Rs. 38.29 million relating to the then existing aircraft fleet and other equipment was transferred to surplus on revaluation of fixed assets account to comply with the Companies Ordinance, 1984. Since 1986, Rs. 27.65 million (1994 Rs. 15.96 million) has been credited from the above amount to the profit and loss account, as the relevant assets have been sold/disposed of.

#### 6. REDEEMABLE CAPITAL - secured

The long-term finance of Rs. 400 million on mark-up basis from a Pakistani bank is secured by way of hypothecation of stores and spares and equipment. The rate of mark-up is 10.5% p.a. The amount is repayable in June 1996. However, efforts are being made to roll-over the facility, and it is expected that the same will be considered by the bank.

#### 7. LONG TERM LOANS

7.1 All the long-term loans summarised below are denominated in foreign currency:

1995	1994
(Rupees in thousand)	

#### Aircraft loans - secured

(a)	Six B737-300 and spares maturing 1995-96		
	Agent: National Westminster Bank Ltd., London	160,702	433,067
	Agent: City Bank (Channel Island) Ltd.	198,902	496,361
(b)	One B737-300 (VVIP configuration aircraft) maturing 200405		
	Agent: National Westminster Bank Ltd., London	661,392	721,583
Other loans			
Secured			
(c)	Airbus A310-300 spares maturing 2000-01		
	Agent: Banque Nationale De Paris and others	300,404	345,950
Unsecured			
(d)	Consortium loans from Pakistani Banks		
	Agent: National Bank of Pakistan	-	184,119
		-----	-----
		1,321,400	2,181,080
		455,827	706,880
		-----	-----
		865,573	1,474,200

7.2 The Government of Pakistan has guaranteed the repayment of the loans under (a) to (c). Aircraft loans are also secured by charge on the aircraft and other related assets.

7.3 Individual interest rates as required under the Companies Ordinance, 1984 have not been indicated in view of syndicated loans, varying base rates and the margins over the base rates. However, the rates of interest range from 4.81% to 9.63% p.a (1994: 3.57% to 9.63% p.a).

#### 8. OBLIGATIONS UNDER HIRE PURCHASE

	1995	1994
	(Rupees in thousand)	
Present value of future rental obligations	10,984,509	11,841,176
Less: current maturity	1,090,739	998,356
	-----	-----
	9,893,770	10,842,820
	=====	=====

8.1 Six A310-300 aircraft have been acquired under the hire purchase agreements. These aircraft were acquired on 25-06-1991, 30-07-1991, 02-09-1991, 23-09-1992, 21-12-1993 and 11-05-1994.

8.2 The aggregate amount of future rental payments, made up of the amounts payable on account of purchase and consideration for hire in the period in which they become due are as follows:

Year ending	(Rupees in thousand)
June, 1996	1,935,721
1997	1,934,488
1998	1,933,450
1999	2,047,451
2000- 2005	6,962,703

Aggregate future rental payments	14,813,813
Less: consideration for hire	3,829,304
	-----
Present value of obligations under hire purchase	10,984,509
	=====

8.3 Individual discount rates as required under the Companies Ordinance, 1984 have not been indicated, in view of multiplicity of rental payment tranches. However, the rates of discount range from 6.05% to 9.07% p.a (1994: 6.05% to 9.07% p.a).

8.4 Under the hire purchase financing structure, all or part of the downpayment amounting to 15% of the initial aircraft price, has been financed by the owners through a non-recourse commercial loan secured on PIA owned aircraft.

For the first three A310-300 aircraft, the whole of the 15% downpayment has been secured through a mortgage on one B747-200 aircraft. For the 4th A310-300 aircraft 9% and for the 5th and 6th A310-300 aircraft 15% each of the downpayment has been secured through a mortgage on one A300-B4 aircraft respectively.

8.5 At the expiry of the hire term, the Corporation has an option to purchase each of the A310-300 aircraft at nil price.

#### 9. LONG TERM DEPOSITS AND OTHER LIABILITIES

	1995	1994
	(Rupees in thousand)	
Deposits (note 9.1)		
From suppliers	19,935	17,379
Other deposits and retention money	56,634	44,869
Other Liabilities		
Advance payment for VVIP B737	241,825	266,429
Airport related charges	1,320,961	896,650
	1,562,786	1,163,079
	-----	-----
	1,639,355	1,225,327
	=====	=====

9.1 The above non-interest bearing deposits are repayable/adjustable in more than one and upto five years.

10. SHORT-TERM LOANS - Unsecured	1,235,846	1,283,172
----------------------------------	-----------	-----------

10.1 Credit facilities available under short-term finance arrangements and not availed as at June 30, 1995 amounted to Rs. 2,624 million 1994: Rs. 2,325 million!. Interest rates range from 4.75% to 18.00% p a.

#### 11. CREDITORS, ACCRUED EXPENSES AND OTHER LIABILITIES

Creditors	786,876	1,047,501
Accrued expenses	1,612,424	1,410,907
Advances received	3,669	25,501
Interest accrued - secured loan	191,192	206,213
- unsecured loan	-	1,579
Mark-up on redeemable capital	10,500	10,471
Mark-up on short-term finances	20,800	10,872
Workers' profit participation fund	-	2,342
Custom and central excise duty	91,328	102,532



Taxation	127,087	198,268
Advance against transportation	1,228,473	1,334,288
Dividend-preference shares	19,797	19,797
Others	491,997	487,926
	-----	-----
	4,584,143	4,858,197
	=====	=====

## 12. CONTINGENT LIABILITIES AND COMMITMENTS

### 12.1 Contingent liabilities

Contingent liabilities in respect of claims lodged but not acknowledged by the Corporation amounted to Rs. 646.07 million (1994: Rs. 666.89 million). The Corporation does not expect these contingencies to materialize. Some of these claims are covered by the Corporation's insurance policies. The Ministry of Commerce is also claiming import licence fee in respect of licences issued from 1977 to 1988 aggregating to Rs. 300 million. The Corporation has made representation to the concerned authorities and management is confident that on the merit of its case, no material liability is likely to arise.

Outstanding guarantees Rs. 204.29 million (1994: Rs. 129.00 million)

### 12.2 Commitments

Capital commitments as at dune 30, 1995 amounted to Rs. 108.00 million (1994: Rs. 683.71 million)

Outstanding letters of credit Rs. 157.98 million (1994: Rs. 355.23 million).

## 13. FIXED ASSETS - tangible

	Cost as at July 1, 1994	Additions/ (disposals/ adjustments}	Cost as at June 30, 1995	Accumulated depreciation	Book value as at dune 30, 1995	Depreciation for the year	Annual depreciation rate %	
	-----		Rupees in thousand		-----			
Land and buildings								
Leasehold land	42,133	-	42,133	-	42,133	-	-	
Buildings on leasehold land	499,390	17,434	516,824	131,337	385,487	12,881	2.50	
Workshops and hangars	665,082	18,314	683,396	414,859	268,537	32,520	5	
Renovation and improvements	248,783	4,274	252,894	213,228	39,666	24,899	20	
		(163)						
Aircraft fleet (note 13.1-13.41)	16,716,335	880,202	17,172,390	11,955,844	5,216,546	427,702	5-6.25	
		(424,147)						
Aircraft Fleet- under hire purchase	12,347,017	173,896	12,520,913	1,975,056	10,545,857	708,005	6.25	
Operating ground equipment Catering, communication and meteorological equipment		305,496	11,956	316,959	182,868	134,091	26,126	10
			(493)					
Engineering equipment & tools	765,115	47,551	812,666	624,504	188,162	43,502	10-20	
Motor transport	300,681	46,300	327,893	256,633	71,260	36,558	25	
		(19,088)						
Traffic equipment	800,417	131,328	931,509	552,130	379,379	56,067	10-20	
		(236)						
Furniture, fixture and Fittings	428,141	19,330	445,227	320,130	125,097	25,509	10	
		(2,244)						
Office equipment	57,794	4,962	62,452	49,941	12,511	4,004	15	
		(304)						

Computer and office automation	535,569	33,823 (1,726)	567,666	388,155	179,511	52,390	10-20
Precision engineering equipment	612,672	3,510	616,182	495,169	121,013	39,621	10
Printing press equipment	14,245	-	14,245	14,041	204	125	20
Reservation equipment leased	12,866	-	12,866	10,271	2,595	1,010	10
Other equipment (note 13.4)	253,072	136,946 (6)	390,012	186,852	203,160	20,155	10
Capital spares	2,177,574	206,355 (102,181)	2,281,748	694,520	1,587,228	194,814	8.33-10
	36,782,382	1,736,181 (550,588)	37,967,975	18,465,538	19,502,437	1,705,888	
1994	30,296,020	6,755,696 (269,334)	36,782,382	17,144,131	19,638,251	1,878,612	

13.1 The depreciation for the year has been presented as follows:

Charge for the year (note 241)	1,819,750
Effect due to change in accounting estimates {note 2.3}	(113,862)
	-----
	1,705,888)
	=====

13.2 Includes a 737-300 aircraft acquired in 1992 which is on lease to GOP.

13.3 Additions to aircraft fleet include exchange differences of Rs. 184.79 million 1994: Rs. 1225.57 million! arising on translation of long-term loans and obligations under hire purchase.

13.4 Aircraft fleet and other equipment represent values subsequent to restatement at June 30, 1974 with additions thereafter stated at cost. Had there been no restatement on that date, the values would have been as follows:

	Cost as at 30-Jun-95	Accumulated depreciation	Book value as at 30-Jun-95
	Rupees in thousand		
Aircraft fleet	17,146,114	11,937,912	5,208,202
Other equipment	386,391	185,527	200,864
	-----	-----	-----
	17,532,505	12,123,439	5,409,066
	-----	-----	-----
1994	16,908,419	11,991,387	4,917,032

13.5 The following fixed assets were disposed off/adjusted/exchanged during the year:

	Cost	Accumulated depreciation	Net book value	Sale/insurance proceeds
	(Rupees in thousand)			
Aircraft engines				
Operating ground equipment				
Auction	2,366	2,366	-	1,827
Adjustments	1,000	551	449	-
Negotiation/exchange	16,451	12,410	4,041	7,200

	19,817	15,327	4,490	9,027
Other ground equipment				
Auction	1,809	1,809	—	68
Adjustments	642	615	27	—
Negotiation /exchange	1,823	1,031	792	542
	4,274	3,455	819	610
Other equipment				
Auction	6	6	—	21
Negotiation/exchange	163	147	16	110
	169	153	16	131
Capital spares				
Disposal	1,914	1,145	769	1,913
Scrappage	100,267	29,200	71,067	—
	102,181	30,345	71,836	1,913
	-----	-----	-----	-----
	550,588	384,479	166,109	147,215
	=====	=====	=====	=====
	269,334	124,974	144,360	83,930
	=====	=====	=====	=====

Sales of fixed assets are made through disposal committee strictly in accordance with the laid down procedures. In view of large number of purchasers, management considers it impractical to disclose the particulars required under Companies Ordinance, 1984.

#### 14. CAPITAL WORK IN PROGRESS

	1995	1994
	(Rupees in thousand)	
Buildings	16,389	18,506
Other projects/equipment	16,410	105,436
Renovation and improvements	1,372	8,145
Advances and ancillary cast for acquisition of aircraft	—	33,162
	-----	-----
	34,171	165,249
	=====	=====

#### 15. LONG-TERM INVESTMENTS

	1995		Percentage of shareholding	Fully paid ordinary shares	1994	
	(Rupees in thousand)				(Rupees in thousand)	
	Market value/ break-up value	1994			1995	1994
SUBSIDIARIES - unlisted						
PIA Holdings (Pvt.) Limited (under voluntary winding-up)						
Shares of Rs. 100 each	33,819	33,819	100	750,000	75,000	75,000
Advance against equity					376	376
					-----	-----
					75,376	75,376
Less: Diminution in value of investments					—	(54,196)
					-----	-----
					75,376	21,180
					-----	-----

ASSOCIATED COMPANIES - unlisted

OVERSEAS - Sharjah

Minhal Incorporated

Shares of DH 100 each	14,653	14,653	40	1,600	396	396
-----------------------	--------	--------	----	-------	-----	-----

(As per accounts of 1993)

PIA Investments Limited (note 15.1)

Shares of DH 100 each	939,254	957,232	50	400,000	213,902	213,902
					214,298	214,298

OTHERS

PAKISTAN

Pakistan Services Limited - listed

Shares of Rs. 10 each	4,251	6,716	-	142,903	1,195	1,195
-----------------------	-------	-------	---	---------	-------	-------

Pakistan Tourism Development

Corporation Limited - unlisted

Shares of Rs. 10 each	-	-	-	10,000	100	100
-----------------------	---	---	---	--------	-----	-----

(Chief Executive Mr. Hamid Ahmad Qureshi)

-----	-----
	1,295
-----	-----
	290,969
=====	=====
	236,773

15.1 This includes Rs. 114.90 million (1994: Rs. 114.90 million) advanced to PIA Investments Limited for which shares have not yet been issued.

16. LONG TERM ADVANCES - Unsecured - considered good

	1995	1994
	(Rupees in thousand)	
PIA Holdings (Pvt.) Limited		
(under voluntary winding-up) - Subsidiary	104,528	102,658
PIA Investments Limited - Associated	1,230,368	1,088,309
	-----	-----
	1,334,896	1,190,967
Less: Provision for doubtful advances	-	80,259
[PIA Holdings (Pvt) Ltd.] (note 16.2)	-----	-----
	1,334,896	1,110,708
	=====	=====

16.1 Long-term advances include Rs. 792.44 million (1994: Rs. 630.06 million) which are outstanding for more than three years. Maximum amount due from a subsidiary and an associated company at any month end was Rs. 1,334.90 million (1994: Rs. 1,190.97 million).

16.2 A revaluation study of the subsidiary of PIA Holdings (Pvt.) Ltd (under voluntary winding-up) was conducted by an independent valuation consultant who revalued the asset of that subsidiary at a significant higher value. Based on that valuation report, the management considered it unnecessary to maintain the provisions of Rs. 54.196 million and Rs. 80.259 million against the diminution in the value of investment and advance given to PIA Holdings (Private) Limited respectively and hence have been written back to profit and loss account.

17. LONG-TERM DEPOSITS AND OTHER RECEIVABLES

Deposits

Rent	44,954	69,216
------	--------	--------

Aircraft fuel	9,405	10,084
Utilities	5,127	5,163
Postage and telephone	2,420	2,376
Miscellaneous	38,333	38,813
	-----	-----
	100,239	125,652
Other receivables		
Promissory notes issued by the Nigerian Government	91,809	96,762
	-----	-----
	192,048	222,414
	=====	=====
<b>18. STORES AND SPARES</b>		
Stores	371,168	288,418
Spares	2,554,698	2,479,465
Goods-in-transit	73,038	88,346
	-----	-----
	2,998,904	2,856,229
	=====	=====
<b>19. TRADE DEBTS</b>		
Considered good	2,049,395	2,393,746
Considered doubtful	151,358	61,358
Less: Provision for doubtful debts	151,358	61,358
	—	—
	-----	-----
	2,049,395	2,393,746
	=====	=====

19.1 Trade debts include debts due from Government agencies, other airlines and IATA approved agents. Certain portion of trade debts is secured by bank guarantees received from agents but due to very large number of agents all over the world the amount of secured debts is not determinable.

#### 20. ADVANCES, DEPOSITS AND PREPAYMENTS - considered good

Advances to		
Associated company (note 20.1)	8,803	8,458
Employees (note 20.2)	66,318	64,079
Suppliers	102,159	156,826
Others	38,219	42,097
	-----	-----
	215,499	271,460
Trade deposits	65,409	81,668
Prepayments	186,433	126,111
	-----	-----
	467,341	479,239
	=====	=====

20.1 Maximum amount due from an associated company at any month end was Rs 8.80 million (1994: Rs 8.46 million).

20.2 This includes Rs 13.26 million (1994: Rs 12.82 million) due from executives in respect of advances for expenses and furniture etc., in accordance with terms of employment. The maximum aggregate amount of advances due from the executives at the end of any month during the year was Rs 13 26 million (1994 Rs 12.82 million).

**21. OTHER RECEIVABLES**

Interest	19,114	11,200
Insurance and other claims	47,752	134,276
Others [including Rs 68.63 million due from subsidiaries and Rs 461 million from GOP on account of VVIP aircraft lease earnings)	1,066,902	581,220
	-----	-----
	1,133,768	726,696
	=====	=====

**22. CASH AND BANK BALANCES**

With banks		
On current accounts (note 22.1)	179,312	326,339
On short-term deposit accounts	590,643	1,993,317
In hand	1,734	1,548
In transit	18,169	1,702
	-----	-----
	789,858	2,322,906
	=====	=====

22.1 Includes Rs. 108 million held in PIA bank accounts in Iraqi and Libyan banks which are not currently repatriable due to United Nations sanctions.

**23. REVENUE**

Operating		
Passenger	19,956,059	18,828,167
Excess baggage	827,114	882,252
Freight	2,992,186	2,701,905
Mail	127,746	103,293
Charters	70,227	57,759
Engineering services	71,424	64,835
	-----	-----
	24,044,756	22,638,211
Others		
Aircraft lease earnings (note 23.1)	275,764	208,199
Income from subsidiaries	56,107	59,940
Other revenues	1,040,729	932,690
	-----	-----
	1,372,600	1,200,829
	-----	-----
	25,417,356	23,839,040
	=====	=====

23.1 Represent compensation by GOP on account of debt servicing and other related cost for the aircraft leased out.

**24. COSTS AND EXPENDITURE**

Staff (note 24.1)	7,090,687	6,222,446
Aircraft fuel & oil	4,943,449	4,778,873
Maintenance & overhaul	2,654,804	2,767,616

Landing & handling	3,432,580	3,300,091
Passenger services	1,538,695	1,326,590
Insurance	602,499	472,187
Advertising & selling	431,040	352,436
Rent, rates & taxes	324,162	306,870
General administration & others	1,265,222	1,548,381
Bad debts written off	852	247
Depreciation	1,819,750	1,878,612
	-----	-----
	24,103,740	22,954,349
Bonus to employees	95,000	70,000
	-----	-----
	24,198,740	23,024,349
	=====	=====

**24.1 REMUNERATION OF CHIEF EXECUTIVE AND EXECUTIVES**

	Chief Executive		Executives	
	1995	1994	1995	1994
	(Rupees in thousand)			
Managerial remuneration	217	218	518,373	498,309
Corporation's contribution to provident fund	-	-	14,794	13,951
Reimbursement of entertainment and transport expenses	-	-	2,916	2,733
Rent and other facilities	330	164	104,170	96,650
	-----	-----	-----	-----
	547	382	640,253	611,643
	=====	=====	=====	=====
Number of executives	1	1	1247	1181

The directors other than the Chief Executive are non-executive directors and these directors are not paid the director's fees. In addition to above, the Chief Executive and some other executives are provided with company maintained cars.

**24.2 AUDITORS' REMUNERATION**

	1995		1994	
	Sidat Hyder Qamar Magbool & Co.	Ford, Rhodes, Robson, Morrow	Taseer Hadi Khalid & Co.	Ford, Rhodes, Robson. Morrow
	(Rupees in thousand)			
Statutory audit	120	120	120	120
Other accounting related services	300	300	300	300
Expenses	60	60	60	60
	-----	-----	-----	-----
	480	480	480	480
	=====	=====	=====	=====

**25. FINANCIAL CHARGES**

1995                      1994  
(Rupees in thousand)

Interest on long-term loans	114,613	162,622
Interest on short-term loans	111,748	45,428
Mark-up on redeemable capital	42,000	41,971
Consideration for hire purchase	882,268	671,078
Bank charges, guarantee commission, commitment fee and other related charges	39,662	79,863
	-----	-----
	1,190,291	1,000,962
	=====	=====

**26. INTEREST AND OTHER INCOME**

From subsidiaries	15,545	9,302
On short-term deposits	108,885	170,296
Exchange gain	59,940	182,614
	-----	-----
	184,370	362,212
	=====	=====

**27. PROFIT ON DISPOSAL OF FIXED ASSETS**

Profit as per disposal of assets note 13.5 [excluding book value of scrapped spares charged off to repair and maintenance]	52,173	81,678
Surplus on revaluation of fixed assets released on disposal of assets	11,690	-
	-----	-----
	63,863	81,678
	=====	=====

**28. TAXATION**

The Corporation's income tax assessments have been finalised upto and including assessment year 1993-94. A provision of Rs. 127.09 million (1994: 118.15 million) has been made on account of minimum tax for the current year.

Deferred taxation arising due to timing differences computed under the liability method is estimated at Rs. 3,920 million (1994: Rs. 3,533 million) of which Rs. 387 million addition is in respect of the current year (1994: Rs. 990 million). The liability for deferred taxation has not been provided for in these accounts as the management considers that the timing differences are not likely to reverse in the foreseeable future due to capital expenditure plans of the Corporation.

**29. PROPOSED DIVIDEND - preference shares**

10% Cumulative preference shares	5,000	5,000
11.5% Redeemable preference shares	11,500	11,500
	-----	-----
	16,500	16,500
	=====	=====

**30. GEOGRAPHICAL SEGMENTS**

The analysis of material amounts of traffic revenue is as follows:

International		
USA/Canada	1,768,961	1,668,392
Europe	3,799,558	2,998,596
Middle East/Africa	5,951,787	6,109,922



	Asia (excluding Pakistan)	2,562,850	2,457,496
Domestic			
	Pakistan	9,890,176	9,338,970
		-----	-----
		23,973,332	22,573,376
		=====	=====

## 31. GENERAL

31.1 The Corporation purchased from subsidiaries and associated companies, goods, materials and services in the aggregate sum of Rs. 193.87 (1994: Rs. 182.90 million). The Corporation's sales to subsidiaries and associated companies are not determinable. However, all such sales are in the normal course of business.

31.2 The information as to the available capacity and utilization thereof during the year has been disclosed in the decade in statistics annexed to the accounts.

31.3 Due to regrouping according to revised chart of accounts, prior year's figures have been reclassified, wherever necessary, for the purpose of comparison.

31.4 The US Dollar amounts shown in the financial statements are solely stated for convenience and do not represent Pakistani Rupees that could be converted into US Dollars. These amounts have been arrived at by converting rupee amounts at the rate of Rs. 31.08755 = US\$ 1 (1994: Rs. 30.68655 = US\$ 1).

**DECADE IN STATISTICS**

(Year ended June 30)

	1995	1994	1993	1992
<b>OPERATION</b>				
Route Kilometres	353,221	303,321	270,535	258,558
Revenue Kilometres Flown (000)	72,544	69,024	69,377	66,570
Revenue Hours Flown	134,683	131,122	132,775	127,423
Available Tonne Kilometres (000)	2,452,504	2,347,245	2,352,071	2,265,432
Available Seat Kilometres (000)	15,847,693	15,159,016	15,732,650	15,066,498
<b>TRAFFIC</b>				
Revenue Passengers Carried(000)	5,517	5,645	5,780	5,584
Revenue Passengers Kilometres (000)	10,382,398	10,108,486	10,102,409	9,925,247
Passenger Load Factor	65.50%	66.70%	64.20%	65.90%
Revenue Freight Tonne Kilometres (000)	453,135	432,687	400,122	386,222
Kgs. of Excess Baggage & Cargo (000)	127,082	124,981	115,626	107,882
Kgs. of Mail (000)	1,814	2,227	2,690	2,791
Revenue Tonne Kilometres 000	1,408,345	1,365,011	1,333,108	1,303,528
Revenue Load Factor	57.40%	58.20%	56.70%	57.50%
Avg. Pax Stage Distance (Statute Km)	1,882	1,791	1,748	1,777
<b>FINANCIAL</b>				
Operating Revenue (Rs. in Million)	25,417	23,839	21,970	20,441
Operating Expenses (Rs. in Million)	24,199	23,024	21,347	18,861
Operating Income (Rs. in Million)	1,219	814.69	622.89	1,580

Cost per A.T.K. (Rs.)	9.87	9.81	9.08	8.33
Fixed Assets (Rs. in Million)	19,536.61	19,804	15,395	13,379
Current Assets (Rs. in Million)	7,439	8,779	7,934	6,614
Current Liabilities (Rs. in Million)	7,366.56	7,847	7,426	6,583
Long-Term Debts (Rs. in Million)	11,159.34	12,717	8,763	6,934
Net Worth (Rs. in Million)	8,617.89	8,341	8,218	7,595

**PERSONNEL**

Average Number of Employees	20,688	20,382	20,544	20,813
Revenue per Employee (Rs.)	1,228,604	1,169,612	1,069,395	982,105
A.T.K. per Employee	118,547	115,163	114,489	108,847

	1991	1990	1989	1988	1987	1986
	255,336	250,903	234,249	209,953	220,521	194,080
	60,255	62,626	60,705	56,937	52,041	51,217
	116,616	120,948	117,515	110,415	102,008	99,124
	2,045,320	2,177,20	2,108,597	1,984,443	1,796,140	1,654,168
	13,401,373	14,247,092	13,762,732	12,921,765	11,507,851	10,749,276

	5,033	5,136	5,067	4,717	4,264	3,988
	8,997,883	9,302,056	9,114,663	8,379,793	7,336,443	7,062,934
	67.10%	65.30%	66.20%	64.90%	63.80%	65.70%
	399,403	430,363	405,287	360,661	322,886	312,482
	109,190	118,150	110,482	101,697	97,376	98,424
	2,585	2,673	2,696	2,625	2,692	2,629
	1,277,997	1,287,099	1,245,202	1,126,371	990,928	959,323
	60.00%	59.10%	59.10%	56.80%	55.20%	58.00%
	1,788	1,811	1,799	1,777	1,721	1,771

	16,848.54	16,412	13,908	12,487	11,162	10,506
	16,965.88	15,728	12,938	11,663	10,382	9,667
	(117.34)	684.10	969.54	823.12	780.22	839.68
	8.29	7.22	6.14	5.88	5.78	5.84
	11,289.29	9,611	10,255	10,524	10,846	10,361
	5,187.61	5,702	4,706	3,907	3,770	4,283
	5,388.45	5,537	4,650	3,760	3,769	4,075
	4,411.26	3,189	3,534	4,013	4,432	5,242
	6,814.31	7,198	7,330	6,968	6,596	5,515

	20,911	19,950	19,358	19,356	18,909	19,459
	805,726	822,649	718,440	645,100	590,314	539,927
	97,811	109,133	108,926	102,523	94,989	85,008

**PATTERN OF SHAREHOLDING AS AT JUNE 30, 1995**

**TOTAL SHARES HELD**

NO. OF SHAREHOLDERS	SHAREHOLDING		TOTAL SHARES HELD		
	FROM	TO	ORDINARY 'A' CLASS SHARES OF RS. 10/- EACH	ORDINARY 'B' CLASS SHARES OF RS. 5/- EACH	PREFERENCE SHARES OF RS. 10/- EACH
8,709	1	100	207,819	9.11	
26,783	101	500	5,503,332	6,181	
3,744	501	1000	2,620,813	5,184	
4,639	1001	5000	9,311,749	4,475	
612	5001	10000	3,895,474	4	
141	10001	15000	1,643,022	2	
62	15001	20000	1,013,247	11,322	
27	20001	25000	596,967		
15	25001	30000	401,963		
15	30001	35000	471,716		
3	35001	40000	108,702		
10	40001	45000	424,866		
3	45001	50000	138,676		
3	50001	55000	164,171		
1	55001	60000	55,352		
8	65001	70000	53,947		
1	70001	75000	70,980		
1	75001	80000	75,003	903	
2	85001	90000	175,120		
1	90001	95000	91,135		
1	95001	100000	98,890		
2	100001	105000	208,370		
2	105001	110000	218,078		
1	110001	115000	112,769		
3	115001	120000	354,169		
1	120001	125000	120,477		
3	130001	135000	396,943		
3	135001	140000	406,514		
3	140001	145000	430,438		
1	150001	155000	154,552		
3	165001	170000	500,571	303	
2	190001	195000	382,893		
1	205001	210000	206,648		
1	235001	240000	236,357		
1	240001	245000	244,178		
1	255001	260000	256,905		
1	320001	325000	320,973		
1	375001	380000	377,383		
1	470001	475000	470,381		
1	510001	515000	513,823		
1	540001	545000	541,882		
1	553001	560000	555,612		
1	565001	570000	567,504		
1	630001	635000	630,066		
1	645001	650000	648,730		
1	660001	665000	664,683		
1	770001	775000	771,088		
1	1265001	1270000	1,269,088		

1	1960001	1965000	1,963,303	
1	2380001	2385000	2,383,651	
1	2495001	2500000	2,497,778	
1	2850001	2855000	2,852,709	
1	2965001	2970000	2,966,231	
1	3385001	3390000	3,388,532	
1	6455001	6460000	6,457,372	5,000,000
2	20260001	20265000	40,521,626	10,000,000
1	47275001	47280000	47,275,215	
1	223235001	223240000	223,236,242	1,462,515
-----			-----	
	44,832		372,711,778	1,499,999 15,000,000

**SHARES HELD**

CATEGORIES OF SHAREHOLDERS	NOS.	SHARES HELD			PERCENTAGE
		ORDINARY 'A'	ORDINARY 'B'	PREFERENCE	
		CLASS SHARES OF RS. 10/- EACH	CLASS SHARES OF RS. 5/- EACH	SHARES OF RS. 10/- EACH	
Government of Pakistan	1	223,236,242	1,462,515	-	57.66
Financial Institutions	16	98,371,520	-	15,000,000	29.18
Investment Companies	16	7,250,324	3,535	-	1.87
Insurance Companies	11	5,646,301	-	-	1.45
Individuals	44,676	30,752,778	33,638	-	7.92
Foreign Companies	34	4,924,183	-	-	1.27
Joint Stock Companies	68	2,117,777	8	-	0.54
Modaraba	9	222,951	-	-	0.06
Others	1	189,702	303	-	0.05
Total	44,832	372,711,778	1,499,999	15,000,000	100.00

**STATEMENT UNDER SECTION 237  
OF THE COMPANIES ORDINANCE, 1984**

(Rupees in thousand)							
PIA Holdings (Pvt.) Ltd (under voluntary winding-up)	Midway House (Pvt.) Ltd.	PIA Shaver Poultry Farms (Pvt.) Ltd	PIA Hotels Ltd.	International Advertising (Pvt.) Ltd.	Duty Free Shops Ltd.	Skyrooms (Pvt.) Ltd.	

BASED ON AUDITED ACCOUNTS

STATEMENT UNDER SUB-SECTION-1 (e)

(a) Extent of the interest of PIAC (the holding Company) in the equity of its subsidiaries at the end of the last of the financial years of the subsidiaries.

100%	100%	100%	100%	100%	55%	100%
------	------	------	------	------	-----	------

(b) The net aggregate amount of revenue profits less losses of the subsidiary companies so far as these concern members of the holding company and has not been dealt with in the accounts of the holding company for the year ended June 30, 1995, are:

(i) for the last of the financial years of the subsidiaries.

-	(29,879)	(8,391)	(35)	3,687	(9,831)	(16,178)
---	----------	---------	------	-------	---------	----------

(ii) for the previous years upto June 30, 1995 but subsequent to the acquisition of the controlling interest by the holding company

(41,557)	(66,951)	-123,353	(24,899)	(6,694)	13,822	(41,349)
----------	----------	----------	----------	---------	--------	----------

(c) The net aggregate amount of profits less losses of the subsidiary companies so far as these have been dealt with or provision made for losses in the account of the holding company for the year ended June 30, 1995.

(i) for the last of the financial years of the subsidiaries.

NIL	NIL	NIL	NIL	NIL	NIL	NIL
-----	-----	-----	-----	-----	-----	-----

(ii) for the previous years upto June 30, 1995 but subsequent to the acquisition of the controlling interest by the holding company.

NIL	NIL	NIL	NIL	NIL	NIL	NIL
-----	-----	-----	-----	-----	-----	-----