

Our Reference: SEC/D.7/039/20

28 April 2020

The General Manager
Pakistan Stock Exchange Ltd
Stock Exchange Building
Stock Exchange Road
KARACHI-74000

Dear Sir

CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED)
FOR THE 1ST QUARTER ENDED 31 MARCH 2020

As required under Section 237(2) of the Companies Act, 2017, we are pleased to transmit our Company's Condensed Interim Financial Information for the period ended 31 March 2020 through PUCARS.

You may please inform the TRE Certificate Holders of the Exchange accordingly.

Kindly acknowledge receipt.

Yours truly

A handwritten signature in blue ink, appearing to be 'Mazhar Iqbal', written over the printed name and title.

Mazhar Iqbal
Company Secretary

Encls: as above

**CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

FOR THE FIRST QUARTER ENDED

31 MARCH 2020



Pakistan Oxygen Limited



Vision

“Oxygen for Life & Sustainable Growth”

Mission

“Sustained fast growth to lead the market in safe, reliable and innovative solutions for industrial and medical gases, products and engineering services.”

Company information



Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive Officer
Siraj Ahmed Dadabhoy	Non-Executive Director
Syed Hassan Ali Bukhari	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Sheikh Muhammad Abdullah	Non-Executive Director
Shahid Abdul Sattar	Non-Executive Director
Feroz Rizvi	Independent Director
Muhammad Zindah Moin Mohajir	Independent Director
Tushna D Kandawalla	Independent Director

Chief Financial Officer

Syed Ali Adnan

Company Secretary

Mazhar Iqbal

Board Audit Committee

Feroz Rizvi	Chairman	Independent Director
Muhammad Zindah Moin Mohajir	Member	Independent Director
Sheikh Muhammad Abdullah	Member	Non-Executive Director
Shahid Abdul Sattar	Member	Non-Executive Director
Mazhar Iqbal	Secretary	Financial Controller & Company Secretary

Board Strategy Committee

Waqar Ahmed Malik	Chairman	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Siraj Ahmed Dadabhoy	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Syed Ali Adnan	Secretary	Chief Financial Officer

Board Human Resource, Remuneration and Nomination Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Syed Hassan Ali Bukhari	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of Human Resources

Share Transfer Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Matin Amjad	Member	Chief Executive Officer
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

Bankers

Standard Chartered Bank (Pakistan) Limited
Meezan Bank Limited
Habib Bank Limited
Citibank NA
MCB Bank Limited
National Bank of Pakistan Limited
Askari Bank Limited

Auditors

External Auditors
BDO Ebrahim & Co.

Internal Auditors
EY Ford Rhodes

Legal advisor

Ayesha Hamid of Hamid Law Associates

Entity Credit Rating by PACRA

A/A-1 (Single A/A-One) with “Stable” outlook

Registered office

West Wharf, Dockyard Road, Karachi-74000

Share Registrar

Central Depository Company of Pakistan Limited

Website

www.pakooxygen.com

Directors' Review

We are pleased to present the Directors' Review together with the Condensed Interim Financial Information (un-audited) of your Company for the first quarter ended 31 March 2020.

GDP growth slowed down to 3.3% due to policy measures undertaken by the Government to reverse macroeconomic imbalances. Large Scale Manufacturing declined by 3.3% with steel and automobiles sectors recording a decline of 12.3% and 36.4%, respectively. Moreover, infrastructure related projects, oil and gas and fabrication sectors remained depressed impacting industrial gases and welding and hardgoods sales. Net sales for the first quarter ended 31 March 2020 were recorded at Rs.1.2 billion, a 4% increase over last year. This was mainly due to the robust performance of the healthcare sector and a one-off revenue impact of a pipe-line customer's turnaround requirement. Margins continue to remain under pressure because of the 75% increase in electricity tariffs by K-Electric late last year. Results for the quarter under review have most significantly been impacted by the one-off arrears charge of Rs. 45 million by K-Electric on account of the unilateral withdrawal of Industrial Support Package (ISPA). As a result, gross profit at Rs. 211 million was lower by 27% compared to the same period last year. Overheads were controlled well below inflation and were recorded at Rs. 135 million, only 4% higher as compared to the same period last year. Profit before interest and taxes at Rs.80 million, registered a decline of 51% over last year. Finance costs increased by 61%, or Rs. 21 million over last year due to higher interest rates and higher utilization of credit facilities. Consequently, profit after tax was recorded at Rs. 17 million, a decline of 82% over the same period last year.

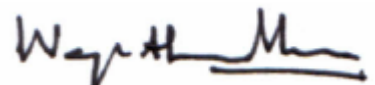
However, it was only in the last week or so of March that things took an unexpected turn with the spread of the Coronavirus in Pakistan. The impact of the pandemic on lives and businesses will be felt in the coming months and perhaps years. In order to control the spread of the disease, the Government following the rest of the world immediately imposed a lockdown. Many of the Company's key customer industries including steel, automobiles and chemicals have fully shutdown whereas oil and gas and manufacturing, among others, have drastically cut operations. Key pipe-line customers have also planned to curtail production given the slow-down in demand and this is something which will impact our revenues in the coming quarter.

The emerging new world gripped with the fallouts of the pandemic brings new challenges for lives and businesses across the world. Your Company is taking all possible precautions and measures to safeguard the health and safety of its employees who continue to work and operate the plants to ensure uninterrupted supply of medical oxygen to save precious lives of patients in public and private sector hospitals across the country.

On behalf of the Board

A handwritten signature in dark ink, appearing to read "Matin Amjad".

Matin Amjad
Chief Executive Officer

A handwritten signature in dark ink, appearing to read "Waqar Ahmed Malik".

Waqar Ahmed Malik
Chairman

Karachi:
21 April 2020

ہمیں ڈائریکٹر کا جائزہ مع آپ کی کمپنی کے مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے پہلی سہ ماہی ختمہ 31 مارچ 2020 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

حکومت کی جانب سے میکر واکنا مک کے عدم متوازن کو واپس متوازن بنانے کیلئے کئے گئے پالیسی اقدامات کے باعث جی ڈی پی کی نمو کم ہو کر 3.3% ہو گئی۔ بڑے پیمانے کی منیفیکچرنگ میں بھی 3.3% کمی آئی جب کہ اسٹیل اور انومو بالکل کے شعبہ جات میں بالترتیب 12.3% اور 36.4% کمی ریکارڈ کی گئی۔ اس کے علاوہ انفراسٹرکچر سے متعلق پروجیکٹس، آئل اینڈ گیس اور فیئر کیلکیشن کے شعبہ جات کساد بازاری کا شکار رہے جس کا اثر صنعتی گیسز اور ویلڈنگ اور ہارڈ ویئر کی سیلز پر 31 مارچ 2020 کو ختم ہونے والی پہلی سہ ماہی میں خالص سیلز 1.2 بلین روپے رہی، جو گزشتہ سال سے 4% زیادہ ہے۔ اس کی بڑی وجہ ہیلتھ کیئر کے شعبہ کی زبردست کارکردگی اور پائپ لائن کے صارف کی جانب سے طلب بڑھ جانے سے ایک مرتبہ کی اضافی آمدنی تھی۔ گزشتہ سال کے آخر میں کے الیکٹرک کی جانب سے بجلی کے نرخوں میں 75% اضافہ سے مارچنر دباؤ کی حالت میں رہے۔ کے الیکٹرک کے یکطرفہ طور پر انڈسٹریل سپورٹ پیکیج (ISPA) واپس لینے کی وجہ سے 45 ملین روپے کے بقایا جات کی یکمشت وصولی سے زیر جائزہ سہ ماہی کے نتائج پر نمایاں اثرات مرتب ہوئے۔ اس کے نتیجے میں مجموعی منافع 211 ملین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت کے منافع سے 27% کم ہے۔ اور ریپڈ زکو افرایط زرسے بھی کم تک کنٹرول کیا گیا جو 135 ملین روپے ہوئے، یہ گزشتہ سال کے اسی عرصے کے مقابلے میں صرف 4% زیادہ ہے۔ قبل از سود اور ٹیکسز منافع 80 ملین روپے رہا جس میں گزشتہ سال سے 51% کمی ریکارڈ ہوئی۔ مالیاتی اخراجات گزشتہ سال سے 61% یا 21 ملین روپے زیادہ رہے جس کی وجہ بلند تر شرح سود اور کریڈٹ کی سہولتوں کا زیادہ استعمال تھا۔ اس کے نتیجے میں بعد از ٹیکس منافع 17 ملین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں 82% کم ہے۔

تاہم مارچ کے آخری ہفتے میں پاکستان میں کورونا وائرس کے پھیلاؤ کے ساتھ ہی حالات نے غیر متوقع رخ اختیار کر لیا۔ اس عالمی وبا کے اثرات لوگوں کی زندگی اور کاروبار پر آئندہ کئی ماہ بلکہ شاید سالوں تک محسوس کئے جائیں گے۔ اس بیماری کے پھیلاؤ پر قابو پانے کیلئے، حکومت نے دنیا کے ملک کی طرح فوری طور پر لاک ڈاؤن نافذ کر دیا۔ کمپنی کی اہم صارف صنعتیں بشمول اسٹیل، انومو بالکل اور کیلکسز مکمل طور پر بند ہو گئیں جبکہ دیگر صنعتوں میں آئل اینڈ گیس اور منیفیکچرنگ نے آپریشنز میں بھی بڑی حد تک کمی کر دی گئی۔ تاہم پائپ لائن صارفین نے بھی طلب میں سست روی کے باعث پروڈکشن میں کمی کی منصوبہ بندی کر لی ہے اور اس کی وجہ سے اگلی سہ ماہی میں ہماری آمدنی پر بھی اثر پڑے گا۔

نئی ابھرنے والی دنیا عالمی وبا سے ہونے والے نقصانات کے ساتھ دنیا بھر میں لوگوں کی زندگیوں اور کاروبار کیلئے چیلنجز سے بھرپور رہو گی۔ آپ کی کمپنی اپنے ملازمین کی صحت اور تحفظ کے لئے تمام ممکنہ احتیاطی اقدامات کر رہی ہے جو مسلسل کام کرنے اور پائمنس کو چلانے میں مصروف عمل ہیں تاکہ ملک بھر کے سرکاری اور نجی شعبہ کے ہسپتالوں میں مریضوں کی قیمتی جانیں بچانے کیلئے میڈیکل آکسیجن کی بلا تعلق فراہمی کو یقینی بناسکیں۔

منجانب بورڈ

Mahmud

ستین امجد

چیف ایگزیکٹو آفیسر

Waqar

وقار احمد ملک

چیئرمین

کراچی

21 اپریل 2020



Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the period ended 31 March, 2020

	Note	31 March 2020	31 March 2019
		-----Rupees in '000-----	
Net sales		1,195,927	1,144,757
Cost of sales	5	(984,502)	(855,376)
Gross profit		211,424	289,381
Distribution and marketing expenses	5	(65,995)	(63,050)
Administrative expenses	5	(60,702)	(52,956)
Other operating expenses		(8,477)	(13,465)
		(135,175)	(129,471)
Operating profit before other income		76,249	159,910
Other income		4,152	2,834
Operating profit		80,401	162,744
Finance costs		(55,961)	(34,860)
Profit before taxation		24,440	127,884
Taxation		(7,728)	(33,205)
Profit for the period		16,712	94,679
			(Restated)
Earnings per share - basic and diluted (Rupees)		0.51	2.91

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman



Pakistan Oxygen Limited

Condensed Interim Statement of Comprehensive Income (Unaudited)

For the period ended 31 March, 2020

	31 March 2020	31 March 2019
	-----Rupees in '000-----	
Profit for the period	16,712	94,679
<i>Other comprehensive income</i>	-	-
Total comprehensive income for the period	16,712	94,679

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Handwritten signature of Syed Ali Adnan in dark ink.

Syed Ali Adnan
Chief Financial Officer

Handwritten signature of Matin Amjad in dark ink.

Matin Amjad
Chief Executive Officer

Handwritten signature of Waqar A. Malik in dark ink.

Waqar A. Malik
Chairman



Pakistan Oxygen Limited
Condensed Interim Statement of Financial Position
As at 31 March, 2020

	Note	31 March 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	6	4,443,484	4,486,584
Intangible assets		34,934	32,326
Investment in subsidiary		10	10
Long term Loans		6,614	7,203
Long term deposits		50,787	49,876
		4,535,829	4,575,999
Current assets			
Stores and spares		209,383	205,913
Stock-in-trade	7	603,404	604,481
Trade debts		887,288	838,909
Loans and advances		38,578	27,488
Deposits and prepayments		205,544	201,223
Other receivables		225,390	196,172
Taxation - net		424,298	393,785
Cash and bank balances		21,461	19,099
		2,615,346	2,487,070
Total assets		7,151,175	7,063,069
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorised:</i>			
70,000,000 (2019: 40,000,000) Ordinary shares of Rs. 10 each		700,000	400,000
<i>Issued, subscribed and paid-up:</i>			
32,550,336 (2019: 32,550,336) Ordinary shares of Rs. 10 each		325,503	325,503
<i>Revenue reserves</i>			
General reserves		1,725,250	1,725,250
Unappropriated profit		311,546	294,836
<i>Capital reserves</i>			
Surplus on revaluation of property, plant and equipment		1,798,150	1,798,150
		3,834,946	3,818,236
		4,160,449	4,143,739
Non-current liabilities			
Long term deposits		195,725	193,516
Lease liabilities	8	28,970	29,530
Deferred liabilities		272,470	282,803
		497,165	505,849
Current liabilities			
Trade and other payables		1,100,421	1,059,883
Short term borrowings		1,370,464	1,330,865
Un-claimed dividend		20,145	20,145
Current portion of lease liabilities	8	2,532	2,588
		2,493,561	2,413,481
Total equity and liabilities		7,151,175	7,063,069
Contingencies and Commitments			
	9		

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman



Pakistan Oxygen Limited
Condensed Interim Cash Flow Statement (Unaudited)
For the period ended 31 March, 2020

	Note	31 March 2020	31 March 2019
-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	10	97,597	273,353
Finance costs paid		(37,103)	(24,271)
Income tax paid		(48,803)	(36,552)
Post retirement medical benefits paid		(32)	(62)
Long term loans and deposits		(322)	(4,137)
Long term deposits - received		2,208	981
Net cash generated from operating activities		13,545	209,311
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(53,242)	(40,823)
Proceeds from disposal of operating assets		3,369	2,013
Interest received on balances with banks		525	-
Net cash used in investing activities		(49,349)	(38,810)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(1,435)	-
Dividends paid		-	(2,085)
Net cash used in financing activities		(1,435)	(2,085)
Net decrease in cash and cash equivalents		(37,238)	168,416
Cash and cash equivalents at beginning of the year		(1,311,766)	(833,788)
Cash and cash equivalents at end of the period	11	(1,349,004)	(665,372)

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman



Pakistan Oxygen Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the period ended 31 March, 2020

	Share capital	Capital Reserves	Revenue Reserves		
	Issued, subscribed and paid-up	Surplus on revaluation of property, plant & equipment	General reserve	Unappropriated profit	Total
	-----Rupees in '000-----				
Balance as at 1 January 2019	250,387	1,798,150	1,579,262	271,181	3,898,980
Total comprehensive income for the period:					
Profit for the period	-	-	-	94,679	94,679
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	94,679	94,679
Transactions with owners of the Company recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2019	250,387	1,798,150	1,579,262	365,860	3,993,659
Balance as at 1 January 2020	325,503	1,798,150	1,725,250	294,834	4,143,737
Total comprehensive income for the period:					
Profit for the period	-	-	-	16,712	16,712
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	16,712	16,712
Transactions with owners of the Company recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2020	325,503	1,798,150	1,725,250	311,546	4,160,449

The annexed notes 1 to 16 form an integral part of this condensed interim financial information.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman



Pakistan Oxygen Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the first quarter ended 31 March 2020

1 LEGAL STATUS AND OPERATIONS

Pakistan Oxygen Limited ("the Company") was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017), as a private limited company in 1949 and converted into a public limited company in 1958. Its shares are quoted on Pakistan Stock Exchange Limited. The address of its registered office is West Wharf, Dockyard Road, Karachi, Pakistan.

The Company is principally engaged in the manufacturing of industrial and medical gases, welding electrodes and marketing of medical equipment.

The Company owns a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities during the period. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (6) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the year ending December 31, 2020 and all interim periods within the aforementioned year.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2019 which have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

This condensed interim financial information of the Company for the first quarter ended March 31, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ from IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except as otherwise disclosed. These financial statements are prepared following accrual basis of accounting except for cash flow information.

The preparation of these financial statements in conformity with accounting and reporting standards as applicable in Pakistan requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.



3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2019.
- 3.2 Amendments to certain existing standards and new standards and interpretations on approved accounting standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4 ACCOUNTING ESTIMATES, JUDGMENTS, FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

Estimates and judgements made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended 31 December 2019.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended 31 December 2019.

5. SEGMENT RESULTS

For the three months ended

	31 March, 2020			31 March, 2019		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	(Rupees in '000)					
Gross sales	1,058,007	178,258	1,236,265	1,025,413	264,812	1,290,225
Less:						
Trade discount	3,172	-	3,172	5,686	-	5,686
Sales tax	11,265	25,901	37,166	102,035	37,748	139,782
	14,437	25,901	40,338	107,721	37,748	145,468
Net sales	1,043,570	152,357	1,195,927	917,693	227,064	1,144,756
Less:						
Cost of sales	849,858	134,645	984,502	664,976	190,400	855,376
Distribution and marketing expenses	60,467	5,529	65,995	55,061	7,989	63,050
Administrative expenses	55,617	5,085	60,702	46,246	6,710	52,956
	965,941	145,259	1,111,200	766,284	205,098	971,382
Segment result	77,629	7,098	84,726	151,409	21,966	173,374
Unallocated corporate expenses:						
- Other operating expenses			(8,477)			(13,465)
- Other income			4,152			2,834
			(4,326)			(10,631)
Operating profit			80,401			162,744
Finance costs			(55,961)			(34,860)
Taxation			(7,728)			(33,205)
Profit for the period			16,712			94,679

6. PROPERTY, PLANT AND EQUIPMENT

		31 March 2020 (Unaudited)	31 December 2019 (Audited)
	Note		
-----Rupees in '000-----			
Operating assets	6.1	4,370,410	4,440,947
Capital work-in-progress		45,256	17,072
Right-of-use assets - Building	6.2	27,818	28,565
		4,443,484	4,486,584

6.1 Operating assets

Net book value/revalued amount as at 1 January 2020 / 2019		4,440,947	4,395,764
Additions during the period / year:			
- Land and Building		498	4,354
- Plant and machinery		11,433	325,381
- Vehicles		7,890	38,931
- Furniture, fittings and office equipments		-	1,879
- Computer equipments		681	23,423
		20,501	393,968
Less:			
- Disposals during the period / year - net book value		(410)	(878)
- Depreciation charge during the period / year		(90,628)	(347,907)
		(91,038)	(348,785)
		4,370,410	4,440,947

6.2 Right-of-use assets - Building

Net Carrying value basis

Right of use assets as on January 01,		28,565	24,311
Additions during the period / year		-	8,737
Depreciation charge during the period / year		(747)	(4,483)
		27,818	28,565

7 STOCK-IN-TRADE

Raw and packing materials - in hand		206,604	190,958
Finished goods - in hand		381,821	413,523
- in transit		14,980	-
		396,801	413,523
		603,405	604,481

7.1 The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 32.697 million (31 December 2019: Rs. 31.947 millions).



	31 March 2020 (Unaudited)	31 December 2019 (Audited)
	-----Rupees in '000-----	
8 LEASE LIABILITIES		
Lease liabilities	31,501	32,119
Less: Current portion	(2,532)	(2,588)
	<u>28,970</u>	<u>29,530</u>
Maturity analysis-contractual undiscounted cashflow:		
Less than one year	5,872	5,760
One to five year	30,129	30,036
More than five year	9,041	10,682
Total undiscounted lease liability	<u>45,042</u>	<u>46,478</u>

8.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 15%.

9 CONTINGENCIES AND COMMITMENTS

9.1 Contingencies

The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the Lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at 31 March 2020 amounted to Rs. 51.207 million (31 December 2019: Rs.50.544 million).

9.2 Commitments

Capital commitments outstanding as at 31 March 2020 amounted to Rs.24.6 million (31 December 2019: Rs. 61.923 million).

10 CASH GENERATED FROM OPERATIONS

	Note	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
		-----Rupees in '000-----	
Profit before taxation		24,440	127,884
Adjustments for :			
Depreciation		91,375	87,842
Amortisation		1,951	1,718
Gain on disposal of property, plant and equipment		(2,958)	(1,136)
Mark-up income from savings and deposit accounts		(525)	-
Finance cost		55,961	34,860
Post retirement medical benefits		260	243
Working capital changes	10.1	(72,907)	21,942
		<u>97,597</u>	<u>273,353</u>

10.1 Working capital changes

Decrease / (increase) in current assets:

Stores and spares	(3,470)	(36,056)
Stock-in-trade	1,077	119,984
Trade debts	(48,379)	(82,562)
Loans and advances	(11,090)	(8,991)
Deposit and prepayments	(4,321)	(8,374)
Other receivables	(29,218)	26,357
	<u>(95,401)</u>	<u>10,359</u>

Increase/ (decrease) in current liabilities:

Trade and other payables	22,494	11,583
	<u>(72,907)</u>	<u>21,942</u>



31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
-----Rupees in '000-----	
21,461	26,976
(1,370,464)	(692,350)
(1,349,004)	(665,374)

11 CASH AND CASH EQUIVALENTS

Cash and bank balances
Short term borrowings - running finance under mark-up arrangement

12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated companies, entities with common directors, major shareholders, key management employees and retirement benefit funds. Transactions and balances with related parties and associated undertakings are given below:

12.1 Transactions with related parties are summarised as follows:

Nature of Relationship	Nature of Transaction	31 March 2020 (Un-audited)	31 March 2019 (Un-audited)
-----Rupees in '000-----			
	Sale of goods	61,724	24,090
	Markup expense	20,546	9,546
	Profit on Savings Account	526	-
	Purchase of goods and receipt of services	14,614	33,644
Key management personnel	Compensation	75,902	62,723
Directors	Meeting fee	2,025	1,538
Staff retirement benefits	Contributions to staff retirement	10,350	8,241

12.2 Balances with related parties are summarised as follows:

	31 March 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----		
Receivable from:		
Staff Retirement Funds	12,431	13,079
Associated companies by virtue of shareholding and common directorship	29,732	12,364
Payable to:		
Staff Retirement Funds	3,851	2,370
Associated companies by virtue of shareholding and common directorship	4,705	10,756
Short term financing facilities including markup payable:		
Standard Chartard Bank (Pakistan) Ltd	667,375	647,006

12.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and



13 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended December 31, 2019.

14. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

15. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 21 April 2020 by the Board of Directors of the Company.

16 GENERAL

Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.

Handwritten signature of Syed Ali Adnan in dark ink.

Syed Ali Adnan
Chief Financial Officer

Handwritten signature of Matin Amjad in dark ink.

Matin Amjad
Chief Executive Officer

Handwritten signature of Waqar A. Malik in dark ink.

Waqar A. Malik
Chairman

Our Products and Services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The ever changing requirements of customers are the driving force behind the development of all our products, technologies and support services. Pakistan Oxygen provides gas products, facilities and turnkey services and solutions which are customized to meet the unique needs of our customers and add value to their businesses. Our competitive advantage is our

extensive process engineering, project development and comprehensive product portfolio. We have the widest range of bulk and compressed gases product lines as well as welding consumables, equipments and safety gear. At Pakistan Oxygen, our highly qualified and experienced engineers, product managers, technologists and marketers excel at providing dedicated support. A Pakistan Oxygen customer receives for each gas application, the complete solution – gas, know-how, tailor-made hardware and customized services

Industrial gases

Bulk gases

- Liquid oxygen
- Liquid nitrogen
- Liquid argon
- Pipeline & Trailer hydrogen
- Liquid carbon dioxide
- Industrial pipelines

PGP gases

- Compressed oxygen
- Aviation oxygen
- Compressed nitrogen
- Compressed argon
- Compressed air
- Compressed hydrogen
- Compressed carbon dioxide
- Dissolved acetylene

Specialty gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Propane
- Helium (liquid & compressed)
- Refrigerants

Healthcare

Medical gases

- Liquid medical oxygen
- Compressed medical oxygen
- Nitrous oxide
- ENTONOX®
- Specialty Medical Gases & Mixtures e.g. Helium, Carbon dioxide, Heliox etc

Medical equipment

- Medical Air, Vacuum & AGSS Plants
- Medical Gases high & low-Pressure Monitoring & Alarm Systems, High precision flowmeters
- Suction injector units and oxygen therapy products
- ENTONOX® delivery systems complete with apparatus, regulators and cylinders

Medical engineering services

- Consultation, design, Installation and servicing of medical gas pipeline systems – (O₂, N₂O, Air, Suction etc)
- Safety, quality, risk analysis & training on medical gas pipeline systems.

Welding & others

Welding consumables

- Low hydrogen welding electrodes Fortrex E7018
- Mild Steel welding electrodes - Zodian Universal E6013
- Mild Steel welding electrodes - Matador47 E6013
- Mild Steel welding electrode - Spark E6013
- Stainless steel electrodes- Matador SS (E308 & E308L)
- Special Electrodes
- MIG welding wires- Matador

Welding machines

- Automatic
- Semi-automatic
- Manual

Welding accessories

- Regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (Cutting & Grinding discs)
- Welding Cable
- Gas control equipment
- Safety equipment

PGP – others

- Calcium Carbide
- Industrial gases pipeline (O₂, N₂, DA, Ar etc)
- Training on safe use of industrial gases and pipelines system.



BUSINESS LOCATIONS

Registered office/head office			
Karachi		Wah Cantonment	
P.O.Box 4845, West Wharf		Kabul Road	Acetylene plant
Phones +92.21.32313361 (9 lines)		Phone +92.51.4545359	
Fax 92.21 32312968		Taxila	Gas compression facility
		Adjacent to HMC No.2	
		Phones +92.51.4560701(5 lines) & 4560600	
		Fax +92.51.4560700	
North-western region			
Lahore	Nitrous oxide plant	Rawalpindi	Sales office
P.O.Box 205		2nd Floor, Jahangir Multiplex	
Shalamar Link Road, Mughalpura	Gas compression facility	Golra Mor, Peshawar Road	
Phones +92.42.36824091 (4 lines)		Phones +92.51.2315501 (3 lines)	
Fax + 92.42.36817573		Fax +92.51.2315050	
Plot No. 705, Sundar Industrial Estate	ASU plant	Southern region	
Phones +92.42.35297244-47 (4 lines)			
Mehmood Kot		Karachi	Gas compression facility
Adjacent to PARCO	Nitrogen plant	P.O.Box 4845, West Wharf	Acetylene plant
Mid Country Refinery, Mehmood Kot		Phones +92.21.32313361 (9 lines)	Electrode factory
Qasba Gujrat, Muzaffargarh		Fax +92.21.32312968	Speciality gases
Phones +92.66.2290751 & 2290484-85			
Fax +92.66.2290752		Port Qasim	ASU plant
		Plot EZ/1/P-5(SP-1), Eastern Zone	Hydrogen plant
		Phones +92.21.34740058 & 34740060	Carbon dioxide plant
		Fax +92.21.34740059	Dry ice plant
Faisalabad	Sales depot		
Altaf Ganj Chowk	Gas compression facility	Sukkur	Sales depot
Near Usman Flour Mills		A-15, Airport Road	
Jhang Road		Near Bhatti Hospital	
Phones +92.41.2653463 & 2650564		Phone +92.71.5630871	
Sales depot			