

**CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

FOR THE HALF YEAR ENDED

30 June 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
Mohammad Younus Dagha	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
Mohammad Younus Dagha	Member	Independent 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
Tushna D. Kandawalla	Member	Independent 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

Entity Credit Rating by PACRA

A/A-1 (Single A/A-One) with "Stable" outlook

Share Registrar

Central Depository Company of Pakistan Limited

Auditors

External Auditors
BDO Ebrahim & Co.

Internal Auditors
EY Ford Rhodes

Legal advisor

Ayesha Hamid of Hamid Law Associates

Registered office

West Wharf, Dockyard Road, Karachi-74000

Website

www.pakoxvaen.com



Directors' Review

We are pleased to present the Directors' Review together with Condensed Interim Financial Information of your Company for the half-year ended June 30, 2020. The accompanying Financial Information was subject to a limited scope review by the Statutory Auditors, as required under the Code of Corporate Governance.

Economic activity almost came to a standstill in the second quarter of the year due to the outbreak of the coronavirus and resultant lockdown across the country. Industrial growth witnessed the most significant setback with Large Scale Manufacturing, which constitutes about 80% of total manufacturing, declining by 23% in March, 42% in April and 25% in May 2020. The automobile sector was amongst the worst hit as demand disappeared while steel, cement, and sugar, among other industrial sectors, also experienced a decline. As a result, overall GDP is expected to record a decline of 0.4% for FY 2020. These abnormal conditions adversely impacted the Company's performance. Demand for industrial gases and related hardgoods was weak and sales declined by 12% and 45%, respectively.

In the healthcare sphere, however, demand for medical oxygen registered a significant increase and supplies to the healthcare sector were prioritized over industrial customers to ensure uninterrupted supply to both public and private sector hospitals. At the same time, your Company undertook several medical engineering and pipeline projects to speedily create COVID-19 treatment facilities in collaboration with both the federal and provincial governments. One of the major projects completed in record time was the 250 bed Isolation Hospital & Infections Treatment Center (IHITC) built in Islamabad. The Company also established its "OxyMed" brand in the healthcare sector supplying its newly developed bed head unit to several hospitals across the country. These initiatives, together with the surge in medical oxygen demand, resulted in a 21% growth in sales.

Overall, despite the significant market downturn, sales at Rs. 2.3 billion, were almost in line with last year. Gross Profit, however, at Rs. 403 million, remained lower by 30% compared to last year mainly due to the unprecedented increase in electricity tariffs and the one-off arrears charge of Rs. 45 million by K-Electric on account of the withdrawal of Industrial Support Package (ISPA). Overheads at Rs. 250 million, which were tightly controlled, remained lower by 4% over last year despite double digit inflation. Finance costs were higher by 41% over last year due to high interest rates and higher utilization of credit. As a result, Profit After Tax and EPS at Rs. 41 million and Rs. 1.04 were 80% lower versus last year.

The Government has undertaken various measures to revive the economy including a reduction in the discount rate and offering a robust support package to the construction industry. As the economy gradually opens and industrial activity resumes, it is expected that industrial gases and hardgoods sales will pick up. At the same time, your Company is taking several initiatives to diversify its product offering particularly in the healthcare and medical engineering business.

On behalf of the Board

Karachi:
26 August 2020

Handwritten signature of Matin Amjad in black ink.

Matin Amjad
Chief Executive Officer

Handwritten signature of Waqar Ahmed Malik in black ink.

Waqar Ahmed Malik
Chairman

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**Introduction**

We have reviewed the accompanying condensed interim statement of financial position of PAKISTAN OXYGEN LIMITED ("the Company") as at June 30, 2020 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information as at and for the six-month period ended June 30, 2020 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended June 30, 2020 and June 30, 2019 in the condensed interim statement of profit or loss and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

KARACHI

DATED: **26 AUG 2020**CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ail Causer



PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	Note	For the half year ended		For the second quarter ended	
		June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
-----Rupees in '000-----					
Gross sales	4	2,542,954	2,602,521	1,205,298	1,312,295
Trade discount and sales tax	4	(256,226)	(288,832)	(114,497)	(143,363)
Net sales		2,286,728	2,313,689	1,090,801	1,168,932
Cost of sales	4	(1,883,625)	(1,734,918)	(899,122)	(879,542)
Gross profit		403,103	578,771	191,679	289,390
Distribution and marketing expenses	4	(117,397)	(126,942)	(51,401)	(63,892)
Administrative expenses	4	(116,619)	(107,807)	(55,917)	(54,851)
Other operating expenses		(16,157)	(26,779)	(7,680)	(13,314)
		(250,173)	(261,528)	(114,998)	(132,057)
Operating profit before other income		152,930	317,243	76,681	157,333
Other income		5,279	20,723	1,127	17,889
Operating profit		158,209	337,966	77,808	175,222
Finance costs		(101,375)	(71,729)	(45,414)	(36,869)
Profit before taxation		56,834	266,237	32,394	138,353
Taxation		(16,206)	(67,843)	(8,478)	(34,638)
Profit for the period		40,628	198,394	23,916	103,715
			(Restated)		(Restated)
Earnings per share - basic and diluted		1.04	5.08	0.61	2.66

The annexed notes from 1 to 18 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 HALF YEAR ENDED JUNE 30, 2020

	For the half year ended		For the second quarter ended	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
	-----Rupees in '000-----			
Profit for the period	40,628	198,394	23,916	103,715
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	<u>40,628</u>	<u>198,394</u>	<u>23,916</u>	<u>103,715</u>

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Syed Ali Adnan
Chief Financial Officer

Matin Amjad
Chief Executive Officer

Waqar A. Malik
Chairman



PAKISTAN OXYGEN LIMITED

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT JUNE 30, 2020**

		June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	5	4,387,597	4,486,584
Intangible assets		32,997	32,326
Investment in subsidiary		10	10
Long term loans		7,006	7,203
Long term deposits		50,787	49,876
		4,478,397	4,575,999
CURRENT ASSETS			
Stores and spares		205,186	205,913
Stock-in-trade	6	645,393	604,481
Trade debts		596,529	838,909
Loans and advances		39,750	27,488
Deposits and prepayments		233,704	201,223
Other receivables		242,754	196,172
Taxation-net		438,235	393,785
Cash and bank balances		168,315	19,099
		2,569,866	2,487,070
		7,048,263	7,063,069
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital		700,000	400,000
70,000,000 (2019: 40,000,000) Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		390,604	325,503
39,060,403 (2019: 32,550,336) Ordinary shares of Rs. 10 each			
Revenue reserves		1,725,250	1,725,250
General reserves		270,363	294,836
Unappropriated profit		1,798,150	1,798,150
Capital reserves		3,793,763	3,818,236
Surplus on revaluation of property, plant and equipment		4,184,367	4,143,739
		4,184,367	4,143,739
NON-CURRENT LIABILITIES			
Long term deposits		198,828	193,516
Lease liabilities	7	27,916	29,530
Long term finance	8	65,062	-
Deferred capital grant	9	8,095	-
Deferred liabilities		261,056	282,803
		560,957	505,849
CURRENT LIABILITIES			
Trade and other payables		1,176,533	1,059,883
Short term borrowings		1,081,778	1,330,865
Un-claimed dividend		20,043	20,145
Current portion of lease liabilities	7	2,952	2,588
Current maturity of long term financing	8	21,633	-
		2,302,939	2,413,481
		7,048,263	7,063,069
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 18 form an integral part of this condensed interim financial information.

Syed Ali Adnan
Chief Financial Officer

Matin Amjad
Chief Executive Officer

Waqar A. Malik
Chairman



PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

Share capital	Revenue Reserves		Capital Reserves	Total
	General reserve	Unappropriated profit	Surplus on revaluation of property, plant and equipment	

Rupees in '000

Balance as at January 1, 2019	250,387	1,579,262	271,181	1,798,150	3,898,980
Adjustment due to adoption of IFRS 16	-	-	(721)	-	(721)
Balance as January 1, 2019	250,387	1,579,262	270,460	1,798,150	3,898,259
Total comprehensive income for the period					
Profit for the period	-	-	198,394	-	198,394
Other comprehensive income for the period	-	-	-	-	-
	-	-	198,394	-	198,394
Transactions with owners of the Company recognised directly in equity - distribution					
Issuance of bonus shares in proportion of 3 shares for every 10 shares	75,116	-	(75,116)	-	-
Final dividend for the year ended December 31, 2018 - Rs. 2.00 per share	-	-	(50,077)	-	(50,077)
Transfer to general reserve	-	145,988	(145,988)	-	-
Balance as at June 30, 2019	325,503	1,725,250	197,673	1,798,150	4,046,576
Balance as at January 1, 2020	325,503	1,725,250	294,836	1,798,150	4,143,739
Total comprehensive income for the period					
Profit for the period	-	-	40,628	-	40,628
Other comprehensive income for the period	-	-	-	-	-
	-	-	40,628	-	40,628
Transactions with owners of the Company recognised directly in equity - distribution					
Issuance of bonus shares in proportion of 2 shares for every 10 shares	65,101	-	(65,101)	-	-
Balance as at June 30, 2020	390,604	1,725,250	270,363	1,798,150	4,184,367

The annexed notes from 1 to 18 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 CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES		
Cash generated from operations	11 602,309	453,714
Finance costs paid	(115,557)	(62,125)
Income tax paid	(99,189)	(59,009)
Post retirement medical benefits paid	(144)	(153)
Long term loans and deposits	(714)	(12,270)
Long term deposits	5,312	1,428
Net cash generated from operating activities	392,017	321,585
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(90,856)	(139,262)
Acquisition of intangibles	-	(3,292)
Proceeds from disposal of operating fixed assets	4,607	13,809
Interest received on balances with banks	716	-
Net cash used in investing activities	(85,533)	(128,745)
CASH FLOW FROM FINANCING ACTIVITIES		
Long term finance	94,790	-
Repayment of long term financing	-	(135,000)
Repayment of lease liabilities	(2,869)	(2,663)
Dividends paid	(102)	(51,510)
Net cash generated from/ (used in) financing activities	91,819	(189,173)
Net increase in cash and cash equivalents	398,303	3,667
Cash and cash equivalents at beginning of the period	(1,311,766)	(833,788)
Cash and cash equivalents at end of the period	12 (913,463)	(830,121)

The annexed notes from 1 to 18 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 HALF YEAR ENDED JUNE 30, 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 (7) 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 but subject to the limited scope review by the auditors 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 half year ended June 30, 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 with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

The comparative statement of financial position presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2019, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the half year ended June 30, 2019.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

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 except as disclosed in note 3.3 below.

3.2 Amendments to certain existing standards, interpretations on accounting standards and new 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.

3.3 Deferred Capital Grant

The Deferred Capital Grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.



4 SEGMENT RESULTS (UN-AUDITED)

	For the half year ended						For the second quarter ended					
	June 30, 2020			June 30, 2019			June 30, 2020			June 30, 2019		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	------(Rupees in '000)-----						------(Rupees in '000)-----					
Gross sales	2,137,587	405,367	2,542,954	2,040,779	561,742	2,602,521	978,189	227,109	1,205,298	1,015,365	296,930	1,312,295
Less:												
Trade discount	5,139	-	5,139	8,636	-	8,636	1,967	-	1,967	2,950	-	2,950
Sales tax	192,119	58,968	251,087	199,914	80,282	280,196	79,463	33,067	112,530	97,879	42,534	140,413
	197,258	58,968	256,226	208,550	80,282	288,832	81,430	33,067	114,497	100,829	42,534	143,363
Net sales	1,940,329	346,399	2,286,728	1,832,229	481,460	2,313,689	896,759	194,042	1,090,801	914,536	254,396	1,168,932
Less:												
Cost of sales	1,584,738	298,887	1,883,625	1,347,913	387,005	1,734,918	734,880	164,242	899,122	667,818	211,723	879,541
Distribution and marketing expenses	103,560	13,837	117,397	106,225	20,717	126,942	43,093	8,308	51,401	54,480	9,413	63,893
Administrative expenses	102,874	13,745	116,619	90,213	17,594	107,807	47,257	8,660	55,917	46,783	8,068	54,851
	1,791,172	326,469	2,117,641	1,544,351	425,316	1,969,667	825,230	181,210	1,006,440	769,081	229,204	998,285
Segment result	149,157	19,930	169,087	287,878	56,144	344,022	71,529	12,832	84,361	140,295	30,352	170,647
Unallocated corporate expenses:												
Other operating expenses			(16,157)			(26,779)			(7,680)			(13,314)
Other income			5,279			20,723			1,127			17,889
			(10,878)			(6,056)			(6,553)			4,575
Operating profit			158,209			337,966			77,808			175,222
Finance costs			(101,375)			(71,729)			(45,414)			(36,869)
Taxation			(16,206)			(67,843)			(8,478)			(34,638)
Profit for the period			40,628			198,394			23,916			103,715



June 30, **December 31,**
2020 **2019**
(Un-audited) **(Audited)**

Note -----Rupees in '000-----

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	4,318,182	4,440,947
Capital work-in-progress		43,091	17,072
Right-of-use assets - Building	5.2	26,324	28,565
		4,387,597	4,486,584

5.1 Operating fixed assets

Net book value as at January 1, 2020 / 2019		4,440,947	4,395,764
Additions during the period / year:			
Land and building		1,931	4,354
Plant and machinery		48,731	325,381
Vehicles		7,890	38,931
Furniture, fittings and office equipments		272	1,879
Computer equipments		1,342	23,423
		60,166	393,968
Less:			
Disposals during the period / year - net book value		(1,663)	(878)
Depreciation charge during the period / year		(181,268)	(347,907)
		(182,931)	(348,785)
		4,318,182	4,440,947

5.2 Right-of-use assets - Building

The recognised right-of-use assets relate to the following types of assets:

Building		26,324	28,565
Balance as at January 1, 2020 / 2019		28,565	24,311
Additions during the period / year		-	8,737
Depreciation charge during the period / year		(2,241)	(4,483)
		26,324	28,565

6 STOCK-IN-TRADE

Raw and packing materials		277,293	190,958
Finished goods		368,100	413,523
		645,393	604,481



6.1 The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving, obsolete stock and net realizable value by Rs. 26.932 million (December 31, 2019: Rs. 31.947 million).

	June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
Note	-----Rupees in '000-----	

7 LEASE LIABILITIES

Lease liabilities as on January 1	32,118	25,327
Addition during the period / year	-	8,737
Interest accrued	1,619	3,401
Less: Repayment of lease liabilities	(2,869)	(5,347)
7.1	30,868	32,118

7.1 Break up of lease liabilities

Lease liabilities	30,868	32,118
Less: Current portion	(2,952)	(2,588)
	27,916	29,530

Maturity analysis-contractual undiscounted cash flow

Less than one year	5,984	5,760
One to five year	29,660	30,036
More than five year	7,964	10,682
Total undiscounted lease liability	43,608	46,478

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

8 LONG TERM FINANCING

Secured-from banking companies

Refinance facility	86,695	-
Less: Current portion shown under current liabilities	(21,633)	-
8.1	65,062	-

8.1 This represents financing arrangement entered into by the Company with a commercial bank for an amount of Rs. 117 million under "Refinance Scheme for Payment of Salaries to the Workers and Employees of Business Concerns" introduced by the State Bank of Pakistan on the service charge basis at the rate of 2%. The loan is repayable in eight quarterly instalments over the period of 30 months beginning from January 2021. The facility is secured against specific plant and machinery of the Company.



June 30, 2020 (Un-audited)	December 31, 2019 (Audited)
-----Rupees in '000-----	

9 DEFERRED CAPITAL GRANT

Capital grant	<u>8,095</u>	<u>-</u>
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During the year, the Company received term finance facility amounting to Rs. 94.75 million from Habib Bank Limited under "Refinance Scheme for Payment of Salaries to the Workers and Employees of Business Concerns" introduced by the State Bank of Pakistan to finance salaries and wages of all employees of the Company. The tenor of the term finance is two and a half year inclusive of six months grace period and is repayable in eight equal quarterly installments beginning from January 2021. Subsequent to the reporting period, The Institute of Chartered Accountants of Pakistan issued a publication through circular No. 11/2020 to clarify accounting of the said term finance. Accordingly, the Company measured and recognized the loan liability and deferred capital grant in accordance with the said publication and requirements of relevant IFRSs.

10 CONTINGENCIES AND COMMITMENTS

10.1 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 June 30, 2020 amounted to Rs. 51.871 million (December 31, 2019: Rs. 50.544 million).

10.2 Commitments

Capital commitments outstanding as at June 30, 2020 amounted to Rs. 11.118 million (December 31, 2019: Rs. 61.923 million).

Commitments under letters of credit for inventory items as at June 30, 2020 amounted to Rs. 381.299 million (2019: Rs. 155.463 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at June 30, 2020 amounted to Rs. 123.762 million (2019: Rs. 124.042 million).



June 30, **June 30,**
2020 **2019**
(Un-audited) **(Un-audited)**
Note -----Rupees in '000-----

11 CASH GENERATED FROM OPERATIONS

Profit before taxation		56,834	266,237
Adjustments for :			
Depreciation		183,509	174,428
Amortisation		4,002	3,436
Gain on disposal of property, plant and equipment		(2,944)	(12,934)
Interest income on balances with banks		(716)	-
Finance cost		101,375	71,729
Post retirement medical benefits		520	486
Liabilities no longer payable written back		-	(6,138)
Working capital changes	11.1	259,729	(43,530)
		<u>602,309</u>	<u>453,714</u>

11.1 Working capital changes

(Increase) / decrease in current assets:			
Stores and spares		727	(26,852)
Stock-in-trade		(40,912)	109,666
Trade debts		242,380	(169,794)
Loans and advances		(12,262)	(24,486)
Deposit and prepayments		(32,481)	(33,689)
Other receivables		(46,581)	19,714
		<u>110,871</u>	<u>(125,441)</u>
Increase in current liabilities:			
Trade and other payables		148,858	81,911
		<u>259,729</u>	<u>(43,530)</u>

12 CASH AND CASH EQUIVALENTS

Cash and bank balances		168,315	14,712
Short term borrowings		(1,081,778)	(844,833)
		<u>(913,463)</u>	<u>(830,121)</u>



13 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:

13.1 Transactions with related parties are summarised as follows:

Related Party	Nature of transactions	June 30,	June 30,
		2020 (Un-audited)	2019 (Un-audited)
-----Rupees in '000-----			
Major shareholders and associated companies by virtue of common directorship	Sale of goods	97,833	82,373
	Purchase of goods and receipt of services	16,393	63,048
	Mark up	26,128	16,962
	Issuance of bonus shares	44,945	51,860
	Profit on Saving Accounts	665	-
Directors	Meeting fee	9,150	2,638
	Issuance of bonus shares	4,724	5,451
Staff retirement benefits	Charge in respect of staff retirement funds	21,106	17,329
Key management personnel	Compensation	119,861	109,986
	Issuance of bonus shares	20	23

13.2 Balances with related parties are summarised as follows:

Receivable from Staff retirement funds	12,749	13,079
Receivable from associated companies by virtue of shareholding and common directorship	15,534	14,687
Payable to Staff retirement funds	4,033	2,370
Payable to associated companies by virtue of shareholding and common directorship	-	10,756

13.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

14 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.



15 OTHER NON FINANCIAL INFORMATION

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the period ended June 30, 2020 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders, and also implemented a number of measures to minimise the impact to the extent possible.

16 DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on 26 August 2020 by the Board of Directors of the Company.

17 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.

18 GENERAL

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

Handwritten signature of Syed Ali Adnan in blue ink.

Syed Ali Adnan
Chief Financial Officer

Handwritten signature of Matin Amjad in blue ink.

Matin Amjad
Chief Executive Officer

Handwritten signature of Waqar A. Malik in blue 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 everchanging 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.

Healthcare

Medical gases

- Liquid medical Oxygen
- Compressed medical Oxygen
- Nitrous Oxide
- Entonox
- Specialty medical gases

Medical equipment

- Medical air, vacuum and AGSS Plants
- Medical gases alarm systems, high precision flowmeters
- Suction injector units, vacuum controllers, oxygen therapy products and high precision flowmeters
- Entonox delivery systems, complete with apparatus
- Manifolds – semi and fully automatic
- Patient bedhead units and IOU beam systems
- Operation Theatre (OT) – pendants (fixed and movable)
- Fully equipped Modular OT

Medical engineering services

- Consultation, design, installation and service of medical gas pipeline systems (O₂, N₂O, Air, Suction etc)
- Safety, quality, risk analysis and training on medical gas pipeline systems

Industrial gases

Bulk industrial gases

- Liquid Oxygen
- Liquid Nitrogen
- Liquid Argon
- Pipeline and trailer Hydrogen
- Liquid Carbon dioxide
- Industrial pipelines and associated services

Compressed industrial gases

- Compressed Oxygen
- Aviation Oxygen
- Compressed Nitrogen
- Compressed Argon
- Compressed air
- Compressed Hydrogen
- Compressed Carbon dioxide
- Dissolved Acetylene

Specialty industrial Gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Refrigerants

Welding consumables and hardgoods

Welding consumables

- Low hydrogen welding electrode - Fortrex E7018
- Mild Steel welding electrode - Zodian Universal E6013
- Mild Steel welding electrode - Matador47® E6013
- Mild Steel welding electrode - POL 113 E6013
- Special electrodes
- Saffire MIG welding wire
- Saffire arc and gas equipment
- Saffire Flux cored wire

Welding machines

- MMA
- MIG
- TIG

Welding accessories

- Gas regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (Cutting & Grinding discs)
- Electrode holders & welding cables
- Gas control equipment
- Auto-darkening helmet
- Flashback arrestor
- Welding and cutting outfit and accessories
- Welding safety & Personal Protective Equipment (PPE)



Business locations

Registered office/head office

Karachi

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Phones +92.21.32313361 (9 lines)
Fax 92.21 32312968

Wah Cantonment

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Taxila
Adjacent to HMC No.2
Phones +92.51.4560701(5 lines) & 4560600
Fax +92.51.4560700

North-western region

Lahore

P.O.Box 205
Shalamar Link Road, Mughalpura
Phones +92.42.36824091 (4 lines)
Fax + 92.42.36817573

Rawalpindi

2nd Floor, Jahangir Multiplex
Golra Mor, Peshawar Road
Phones +92.51.2315501 (3 lines)
Fax +92.51.2315050

Plot No. 705, Sundar Industrial Estate
Phones +92.42.35297244-47 (4 lines)

Southern region

Mehmood Kot

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Mid Country Refinery, Mehmood Kot
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Sukkur

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