

FORM-8

Our Reference: SEC/D.15/089/21

October 29, 2021

The General Manager  
Pakistan Stock Exchange Limited  
Stock Exchange Building  
Stock Exchange Road  
Karachid-74000

Dear Sir

**TRANSMISSION OF QUARTERLY REPORT  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

We have to inform you that the Quarterly Report of the Company for the period ended September 30, 2021 have been transmitted through PUCARS and is also available on the Company's website.

The transmission of the subject Report also complies with Section 237(2) of the Companies, Act, 2017.

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

Yours sincerely



Mazhar Iqbal  
Company Secretary

Encl as above

# **QUARTERLY REPORT**



**CONDENSED INTERIM FINANCIAL  
INFORMATION (UNAUDITED)  
FOR THE THIRD QUARTER ENDED  
30 SEPTEMBER 2021**



## **VISION**

Oxygen for life and  
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

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	Head of Human Resources & Admin, Company Secretary & Financial Controller

### 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
Mazhar Iqbal	Secretary	Head of Human Resources & Admin, Company Secretary & Financial Controller

### 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  
Dubai Islamic Bank Pakistan Limited  
BankIslami Pakistan Limited

### Entity Credit Rating by PACRA

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

### Share Registrar

CDC Share Registrar Services 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.pakoxxygen.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 nine months ended September 30, 2021.

IMF has projected Pakistan's GDP growth at 4 percent for fiscal year 2021-22 (FY22) as business activity improves amid various economic stimulus measures announced by the Government. Large Scale Manufacturing (LSM) has rebounded strongly with a growth of 14.5 percent as compared to a decline of 8.9 percent last year. 11 of the 15 subsectors registered growth with most significant improvement in Automobiles, Wood products, Iron & Steel and Chemicals sectors. The average 12-months Consumer Price Index (CPI) is recorded at 8.8 percent in August 2021 compared to 10.6 percent for the same period last year. Inflationary pressure is expected to continue due to higher oil prices, increase in international freight and shipping costs, the devaluation of the Rupee, and increase in tariffs of gas and electricity. The SBP has raised Policy rate by 25 basis points to 7.25 percent.

Net Sales for the nine-months ended September 30, 2021, were recorded at Rs. 5.4 billion, up a robust 33% over the same period last year, driven mainly by the performance of the Healthcare segment, with a 42% growth over last year. The Company led the national effort to ensure sustained Oxygen supplies to hospitals across the country. The medical engineering portfolio also grew with new contracts for pipeline design and engineering works. The Bulk segment despite product limitation managed growth of 20% as demand from Oil & Gas, Steel and Manufacturing sectors rebounded. Similarly, demand for Carbon dioxide was also higher compared to last year due to improving demand from Food & Beverage sectors. The PGP portfolio recorded robust 89 percent growth driven by new product launches and expansion in customers base.

Gross Profit was recorded at Rs. 1.0 billion up 35% compared to last year despite rising input costs of electricity and fuel and higher purchases of gases from third parties to meet product the supply deficit. Overheads, net of Other Income were Rs. 446 million, higher by 16% compared to last year mainly due to inflation and higher spend on marketing activities. Finance cost at Rs. 85 million was lower by 37% compared to last year, underpinned by better working capital management and low interest rates. Profit After Tax and Earnings Per Share (EPS) for the period were recorded at Rs. 348 million and Rs. 7.43, respectively, up a strong 111% compared to last year.

The Company's expansion projects, including the ASU 270 TPD plant and the new electrode manufacturing facility both at Port Qasim, are progressing as per plan. While, there are foreseeable challenges of high inflation, global supply chain blockages and the expected tightening of fiscal and monetary policies in FY22, the Company remains focused to overcome these and deliver the various ongoing projects as per plan.

Karachi:  
27 October, 2021

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

ہم نہایت مسرت کے ساتھ ڈائریکٹر کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) کا خلاصہ برائے نو ماہ ختم شدہ 30 ستمبر 2021 پیش کرتے ہیں۔

حکومت کی جانب سے اعلان کردہ کئی معاشی محرک اقدامات کی بناء پر کاروباری سرگرمیوں میں بہتری آئی ہے جس کی وجہ سے IMF نے مالی سال 2021-22 (FY22) کیلئے پاکستان کی GDP کی شرح نمو 4 فیصد ہونے کا اندازہ لگایا ہے۔ بڑے پیمانے کی مینوفیکچرنگ (LSM) میں گزشتہ سال کی 8.9 فیصد کی مقابلے میں 14.5 فیصد کی نمو کے ساتھ مضبوطی سے ترقی ہوئی ہے۔ نیز 15 میں سے 11 ذیلی شعبوں میں اضافہ ریکارڈ کیا ہے جن میں سے آٹوموبائلز، لکڑی کی پروڈکٹس، آئرن اینڈ اسٹیل اور کیمیکلز کے شعبوں میں نمایاں بہتری ریکارڈ ہوئی ہے۔ اگست 2021 میں 12 ماہ کا اوسط CPI 8.8 فیصد ریکارڈ کیا گیا جو گزشتہ سال کی اسی مدت میں 10.6 فیصد تھا۔ تیل کی بلند قیمتوں، بین الاقوامی بار برداری اور شپنگ کے اخراجات میں اضافے، روپے کی قدر میں کمی اور گیس اور بجلی کے نرخوں میں اضافے کے سبب افراط زر کا دباؤ جاری رہنے کی توقع ہے۔ SBP نے پالیسی ریٹ میں 25 basis points کا اضافہ کر کے 7.25 فیصد کر دیا ہے۔

30 ستمبر 2021 کو ختم ہونے والے نو ماہ کیلئے خالص فروخت 5.4 بلین روپے ریکارڈ کی گئی جو گزشتہ سال کے اسی مہینے کے مقابلے میں نمایاں ترین 33% زیادہ ہے۔ اس کی بڑی وجہ ہیلتھ کیئر کے شعبہ کی کارکردگی ہے جس میں گزشتہ سال کے مقابلے میں 42% اضافہ ہوا۔ کمپنی ملک بھر کے ہسپتالوں کو آکسیجن کی مسلسل سپلائی کو یقینی بنانے کی قومی کوششوں میں سرفہرست رہی۔ پائپ لائن ڈیزائن اور انجینئرنگ کے کاموں کے نئے معاہدوں کے ساتھ میڈیکل انجینئرنگ پورٹ فولیو میں بھی اضافہ ہوا۔ Bulk کے شعبہ میں محدود مصنوعات کے باوجود ہم آکسل اینڈ گیس، اسٹیل اینڈ مینوفیکچرنگ کے شعبوں میں بحالی کی بدولت 20% اضافی طلب کو بھی پورا کرنے میں کامیاب ہوئے۔ اسی طرح خوراک و شروبات کے شعبہ جات سے بہتر طلب کے باعث کاربن ڈائی آکسائیڈ کی طلب میں بھی گزشتہ سال کے مقابلے میں اضافہ ہوا۔ PGP پورٹ فولیو میں بھی 89 فیصد کا زبردست اضافہ ریکارڈ کیا گیا جس کی وجہ بنی پروڈکٹس کا اجراء اور صارفین کی تعداد کا وسیع ہونا تھی۔

بجلی اور ایندھن کے بڑھتے ہوئے اخراجات اور سپلائی کی کمی کو پورا کرنے کیلئے تھرڈ پارٹی سے گیسز کی نیا دہریداری کے باوجود مجموعی منافع 1.0 بلین روپے حاصل ہوا جو گزشتہ سال کے مقابلے میں 35% زیادہ ہے۔ اور وہ پیدائش، دیگر آمدنی نکالنے کے بعد 446 بلین روپے رہے جو گزشتہ سال کے مقابلے میں 16% زیادہ ہیں جس کی وجہ افراط زر اور مارکیٹنگ کی سرگرمیوں پر نیا دہ اخراجات کرنا ہیں۔ مالیاتی لاگت 85 بلین روپے رہی جو گزشتہ سال کے مقابلے میں 37% کم رہی، جس کا سبب بہتر ورکنگ کیپٹل اور کم شرح سود ہے۔ مذکورہ مدت میں بعد از ٹیکس منافع اور فی شیئر آمدنی (EPS) بالترتیب 348 بلین روپے اور 7.43 روپے ریکارڈ کی گئی جس میں گزشتہ سال کے مقابلے میں 111% کا زبردست اضافہ ہوا۔

پورٹ قاسم پر کمپنی کے دونوں توسیعی پروژیکٹس ASU 270 TPD پلانٹ اور نئی الیکٹروڈ مینوفیکچرنگ فیکسٹری پر منصوبے کے مطابق کام جاری ہے۔ جبکہ نیا دہ افراط زر، عالمی سپلائی چین میں رکاوٹوں کے واضح چیلنجز اور FY22 میں مالیاتی اور معاشی پالیسیز میں متوقع سختی کے پیش نظر کمپنی کی بھرپور توجہ ان کے اثرات پر قابو پانے اور مختلف جاری پروژیکٹس کو پلان کے مطابق مکمل کرنے پر مرکوز ہے۔

Waqar Hussain Malik

و قار احمد ملک

چیف ایگزیکٹو آفیسر

کراچی

چیف ایگزیکٹو آفیسر

27 اکتوبر 2021



**Pakistan Oxygen Limited**  
**Condensed Interim Statement of Profit or Loss (Unaudited)**  
**For the nine months ended September 30, 2021**

		For the nine months ended		For the third quarter ended	
		30 September	30 September	30 September	30 September
Note		2021	2020	2021	2020
		-----Rupees in '000-----			
Gross sales	4	5,920,863	4,452,292	2,005,606	1,909,337
Trade discount and sales tax	4	(560,978)	(410,179)	(193,980)	(153,953)
<b>Net sales</b>		<b>5,359,885</b>	<b>4,042,113</b>	<b>1,811,626</b>	<b>1,755,384</b>
Cost of sales	4	(4,340,111)	(3,288,345)	(1,447,306)	(1,404,719)
<b>Gross profit</b>		<b>1,019,774</b>	<b>753,768</b>	<b>364,320</b>	<b>350,665</b>
Distribution and marketing expenses	4	(223,865)	(186,578)	(77,555)	(69,181)
Administrative expenses	4	(195,875)	(171,987)	(66,278)	(55,368)
Other operating expenses		(56,377)	(33,482)	(20,406)	(17,325)
		(476,118)	(392,047)	(164,240)	(141,874)
<b>Operating profit before other income</b>		<b>543,656</b>	<b>361,721</b>	<b>200,081</b>	<b>208,791</b>
Other income		29,901	7,873	7,314	2,594
<b>Operating profit</b>		<b>573,557</b>	<b>369,594</b>	<b>207,394</b>	<b>211,385</b>
Finance costs		(84,636)	(134,274)	(28,270)	(32,899)
<b>Profit before taxation</b>		<b>488,922</b>	<b>235,320</b>	<b>179,125</b>	<b>178,486</b>
Taxation		(140,675)	(70,160)	(50,989)	(53,953)
<b>Profit for the period</b>		<b>348,247</b>	<b>165,160</b>	<b>128,136</b>	<b>124,533</b>
		(Restated)		(Restated)	
<b>Earnings per share - basic and diluted (Rupees)</b>		<b>7.43</b>	<b>3.52</b>	<b>2.73</b>	<b>2.66</b>

The annexed notes 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 Comprehensive Income (Unaudited)**  
**For the nine months ended September 30, 2021**

	<u>For the nine months ended</u>		<u>For the third quarter ended</u>	
	<b>30 September</b>	30 September	<b>30 September</b>	30 September
	<b>2021</b>	2020	<b>2021</b>	2020
	-----Rupees in '000-----			
Profit for the period	<b>348,247</b>	165,160	<b>128,136</b>	124,533
<i>Items that will be reclassified subsequently to profit and loss account</i>	-	-	-	-
Changes in fair value of cash flow hedge	<b>20,021</b>	-	<b>20,021</b>	-
Tax thereon	<b>(5,806)</b>	-	<b>(5,806)</b>	-
	<b>14,215</b>	-	<b>14,215</b>	-
<b>Total comprehensive income for the period</b>	<b>362,462</b>	165,160	<b>142,351</b>	124,533

The annexed notes 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 Financial Position**  
**As at September 30, 2021**



	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
<b>-----Rupees in '000-----</b>			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	5,922,248	4,510,405
Intangible assets		28,432	29,818
Investment in subsidiary		10	10
Long term loans		6,882	6,318
Long term deposits		50,839	50,839
		<b>6,008,411</b>	<b>4,597,390</b>
<b>Current assets</b>			
Stores and spares		263,775	237,915
Stock-in-trade	6	598,277	653,012
Trade debts		935,049	595,604
Loans and advances		119,893	48,706
Deposits and prepayments		395,482	242,342
Other receivables		494,388	399,296
Taxation - net		324,025	395,073
Cash and bank balances		346,980	219,839
		<b>3,477,870</b>	<b>2,791,787</b>
<b>Total assets</b>		<b>9,486,281</b>	<b>7,389,177</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorised</i>			
70,000,000 (2020: 70,000,000) Ordinary shares of Rs. 10 each		<b>700,000</b>	<b>700,000</b>
<i>Issued, subscribed and paid-up</i>			
46,872,483 (2020: 39,060,403) Ordinary shares of Rs. 10 each		<b>468,724</b>	<b>390,604</b>
<b>Reserves</b>			
Revenue		2,583,197	2,313,071
Capital		1,812,365	1,798,150
		<b>4,395,562</b>	<b>4,111,221</b>
		<b>4,864,286</b>	<b>4,501,825</b>
<b>Non-current liabilities</b>			
Long term deposits		222,125	208,630
Lease liabilities	7	21,396	23,210
Long term financing	8	1,415,664	109,705
Deferred capital grant	9	4,634	12,623
Deferred liabilities		255,634	259,292
		<b>1,919,452</b>	<b>613,460</b>
<b>Current liabilities</b>			
Trade and other payables		1,281,772	1,063,879
Short term borrowings		1,292,170	1,083,064
Un-claimed dividend		18,995	19,945
Current portion of lease liabilities	7	2,382	2,078
Current maturity of long term financing	8	107,224	104,926
		<b>2,702,542</b>	<b>2,273,892</b>
<b>Total equity and liabilities</b>		<b>9,486,281</b>	<b>7,389,177</b>
<b>Contingencies and Commitments</b>			
	10		

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

Syed Ali Adnan  
Chief Financial Officer

Martin Amjad  
Chief Executive Officer

Waqar A. Malik  
Chairman



**Pakistan Oxygen Limited**  
**Condensed Interim Statement of Changes in Equity (Unaudited)**  
**For the nine months ended September 30, 2021**

	Share capital	Capital Reserves		Revenue Reserves		Total
	Issued, subscribed and paid-up	Surplus on revaluation of property, plant & equipment	Cash flow hedging reserve	General reserve	Unappropriated profit	
-----Rupees in '000-----						
Balance as at 1 January 2020	325,503	1,798,150	-	1,725,250	294,836	4,143,739
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	165,160	165,160
Other comprehensive income for the period	-	-	-	-	-	-
Transactions with owners of the Company recognised directly in equity	-	-	-	-	165,160	165,160
Issuance of bonus shares in proportion of 2 shares for every 10 shares	65,101	-	-	-	(65,101)	-
Transfer to general reserve	-	-	-	229,735	(229,735)	-
Balance as at 30 September 2020	390,604	1,798,150	-	1,954,985	165,160	4,308,899
Balance as at 1 January 2021	390,604	1,798,150	-	1,954,985	358,086	4,501,825
Total comprehensive income for the period:						
Profit for the period	-	-	-	-	348,247	348,247
Other comprehensive income for the period	-	-	14,215	-	-	14,215
Transactions with owners of the Company recognised directly in equity	-	-	14,215	-	348,247	362,462
Issuance of bonus shares in proportion of 2 shares for every 10 shares	78,121	-	-	-	(78,121)	-
Transfer to general reserve	-	-	-	279,965	(279,965)	-
Balance as at 30 September 2021	468,725	1,798,150	14,215	2,234,950	348,247	4,864,287

The annexed notes 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 Cash Flows (Unaudited)**

**For the nine months ended September 30, 2021**

	Note	30 September 2021	30 September 2020
-----Rupees in '000-----			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	11	<b>457,587</b>	692,708
Finance costs paid		<b>(77,418)</b>	(151,782)
Income tax paid - net		<b>(79,574)</b>	(132,610)
Post retirement medical benefits paid		<b>(226)</b>	(185)
Long term deposits - receivable		<b>(564)</b>	307
Long term deposits - payable		<b>13,495</b>	10,505
Net cash generated from operating activities		<b>313,299</b>	418,942
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Addition to property, plant and equipment		<b>(1,691,973)</b>	(192,326)
Addition to Intangibles		<b>(3,037)</b>	(330)
Proceeds from disposal of property, plant and equipment		<b>2,734</b>	4,607
Interest received on balances with banks		<b>1,038</b>	766
Net cash used in investing activities		<b>(1,691,238)</b>	(187,283)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		<b>(88,113)</b>	-
Long term financing		<b>1,388,380</b>	110,958
Repayment of lease liabilities		<b>(3,343)</b>	(4,304)
Dividends paid		<b>(950)</b>	(500)
Net cash generated from/(used) in financing activities		<b>1,295,974</b>	106,154
Increase/(decrease) in cash and cash equivalents		<b>(81,964)</b>	337,813
Cash and cash equivalents at beginning of the year		<b>(863,225)</b>	(1,311,766)
Cash and cash equivalents at end of the period	12	<b>(945,189)</b>	(973,953)

The annexed notes 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





## **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.

## **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. This condensed interim financial information does not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended December 31, 2020.

This condensed interim financial information of the Company for the nine months ended September 30, 2021 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, 2020, 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 have been extracted from the unaudited condensed interim financial information for the nine months ended September 30, 2020.

### **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, 2020 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 Derivative financial instruments**

When a derivative is designated as the hedging instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit and loss account.

When the hedge item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.



#### 4. SEGMENT RESULTS (UN-AUDITED)

	For the nine months ended						For the third quarter ended					
	30 September 2021			30 September 2020			30 September 2021			30 September 2020		
	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	4,867,949	1,052,915	5,920,863	3,737,620	714,672	4,452,292	1,641,524	364,083	2,005,606	1,600,032	309,306	1,909,337
Less:												
Trade discount	5,583	-	5,583	6,108	-	6,108	2,226	-	2,226	969	-	969
Sales tax	404,797	150,598	555,395	299,898	104,173	404,071	139,994	51,760	191,754	107,779	45,205	152,984
	410,380	150,598	560,978	306,006	104,173	410,179	142,220	51,760	193,980	108,748	45,205	153,953
Net sales	4,457,569	902,317	5,359,885	3,431,614	610,499	4,042,113	1,499,304	312,323	1,811,626	1,491,284	264,100	1,755,384
Less:												
Cost of sales	3,556,594	783,517	4,340,111	2,773,403	514,942	3,288,345	1,173,095	274,211	1,447,306	1,188,667	216,052	1,404,719
Distribution and marketing expenses	197,786	26,079	223,865	162,925	23,653	186,578	69,487	8,068	77,555	59,364	9,817	69,181
Administrative expenses	173,057	22,819	195,875	150,184	21,803	171,987	59,414	6,865	66,278	47,309	8,059	55,368
	3,927,436	832,415	4,759,852	3,086,512	560,398	3,646,910	1,301,995	289,144	1,591,140	1,295,341	233,928	1,529,268
Segment result	530,132	69,901	600,034	345,102	50,101	395,203	197,308	23,178	220,487	195,943	30,173	226,116
Unallocated corporate expenses:												
- Other operating expenses		(56,377)			(33,482)			(20,406)			(17,325)	
- Other income		29,901			7,873			7,314			2,594	
		(26,476)			(25,609)			(13,092)			(14,731)	
Operating profit		573,557			369,594			207,394			211,385	
Finance costs		(84,636)			(134,274)			(28,270)			(32,899)	
Taxation		(140,675)			(70,160)			(50,989)			(53,953)	
Profit for the period		348,247			165,160			128,136			124,533	



## 5 PROPERTY, PLANT AND EQUIPMENT

Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
	-----Rupees in '000-----	
Operating assets	4,246,708	4,423,422
Capital work-in-progress	1,657,108	66,120
Right-of-use assets - Building	18,432	20,863
	<b>5,922,248</b>	<b>4,510,405</b>

### 5.1 Operating assets

Net book value as at January 1	4,423,422	4,440,947
Additions during the period / year:		
- Land and Building	10,346	173,093
- Plant and machinery	60,308	154,878
- Vehicles	15,342	19,209
- Furniture, fittings and office equipments	3,272	814
- Computer equipments	11,753	4,778
	<b>101,020</b>	<b>352,772</b>
Less:		
- Disposals during the period / year - net book value	(354)	(4,152)
- Depreciation charge during the period / year	(277,380)	(366,145)
	<b>(277,734)</b>	<b>(370,297)</b>
	<b>4,246,708</b>	<b>4,423,422</b>

### 5.2 Right-of-use assets - Building

#### Net Carrying value basis

Right of use assets as on January 1	20,863	28,880
Additions during the period / year	-	2,175
Deletions	-	(5,534)
Depreciation charge during the period / year	(2,431)	(4,658)
	<b>18,432</b>	<b>20,863</b>



**30 September**      **31 December**  
**2021**                      **2020**

**(Unaudited)**                      **(Audited)**

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

## 6 STOCK-IN-TRADE

Raw and packing materials	<b>253,159</b>	275,211
Finished goods	<b>345,118</b>	377,801
	<b>598,277</b>	653,012

- 6.1** The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 26.653 million (2020: Rs. 23.039 million). During the year, a provision amounting to Rs. 3.794 million (2020: reversal of provision Rs. 7.026 million) in respect of slow moving and obsolete stock has been made. Slow moving and obsolete stock amounting to Rs. 0.181 million (2020: Rs. 1.88 million) have been written off by utilising the provision.

## 7 LEASE LIABILITIES

Lease liabilities as on January 1	<b>25,288</b>	32,433
Addition during the period / year	-	2,175
Disposals during the period / year	-	(6,578)
Interest accrued	<b>1,830</b>	3,231
Less: Repayment of lease liabilities	<b>(3,343)</b>	(5,972)
	<b>23,774</b>	25,288

7.1

Lease liabilities	<b>23,778</b>	25,288
Less: Current portion	<b>(2,382)</b>	(2,078)
	<b>21,396</b>	23,210

Maturity analysis-contractual undiscounted cashflow:

Less than one year	<b>4,727</b>	4,491
One to five year	<b>26,576</b>	25,790
More than five year	<b>968</b>	5,219
Total undiscounted lease liability	<b>32,271</b>	35,500

- 7.1** When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 10%.



**30 September**      **31 December**  
**2021**                      **2020**

**(Unaudited)**                      **(Audited)**

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

## **8 LONG TERM FINANCING**

Secured-from banking companies

Refinance Facility	8.1	<b>134,507</b>	214,631
Long term finance facility	8.2	<b>1,388,380</b>	-
Less: current portion shown under current liabilities		<b>(107,224)</b>	(104,926)
		<b>1,415,664</b>	<b>109,705</b>

**8.1** This represents financing arrangement entered into by the Company with a commercial bank for an amount of Rs. 234 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.

**8.2** This represents long term finance agreements entered into by the Company with certain banks to avail long term financing facility including Temporary Economic Relief Facility (TERF/ITERF) for an amount of Rs. 4.9 Billion for import and construction of the ASU 270 TPD plant. The loan is repayable in thirty-two quarterly installments over the period of eight years beginning May 2023. TERF/ITERF amounting to Rs. 3.6 Billion is fixed at 4% (SBP rate 1% + Spread 3%) whereas, the remaining amount of Rs. 1.3 Billion under diminishing musharaka financing arrangement is based on 3 month Karachi Interbank Offer Rate (KIBOR) +1.40% per annum. The facility is secured against charge over certain fixed assets of the Company.

## **9 DEFERRED CAPITAL GRANT**

Capital grant	<b>4,634</b>	12,623
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During FY 2020, the Company received term finance facility amounting to Rs. 227.253 million from a commercial bank 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 instalments beginning from January 2021. 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 September 30, 2021 amounted to Rs. 55.346 million (December 31, 2020: Rs. 53.249 million).

### 10.2 Commitments

Capital commitments outstanding as at September 30, 2021 amounted to Rs. 220.913 million (December 31, 2020 : Rs. 32.541 million).

Commitments under letters of credit for inventory items as at September 30, 2021 amounted to Rs. 224 million (2020: Rs. 275.749 million).

Commitments under letters of credit for fixed assets as at September 30, 2021 amounted to Rs. 2.2 billion (2020: Rs. Nil).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at September 30, 2021 amounted to Rs. 130.545 million (December 31, 2020: Rs. 109.521 million)

Commitments under forward contract as at September 30, 2021 amounted to Rs. 1,025 million (2020: Rs. Nil).

## 11 CASH GENERATED FROM OPERATIONS

	Note	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
		-----Rupees in '000-----	
Profit before taxation		488,922	235,320
<i>Adjustments for :</i>			
Depreciation		279,812	275,865
Amortisation		4,424	6,051
Gain on disposal of property, plant and equipment		(2,380)	(3,048)
Mark-up income from savings and deposit accounts		(1,038)	(766)
Finance cost		84,636	134,274
Post retirement medical benefits		709	781
Working capital changes	11.1	(397,495)	45,663
		<b>457,587</b>	<b>692,708</b>

### 11.1 Working capital changes

*Decrease / (increase) in current assets:*

Stores and spares	(25,860)	(32,481)
Stock-in-trade	54,735	(144,617)
Trade debts	(339,445)	184,588
Loans and advances	(71,187)	(19,967)
Deposit and prepayments	(153,140)	(30,849)
Other receivables	(95,092)	(145,547)
	<b>(629,990)</b>	<b>(188,873)</b>

*Increase / (decrease) in current liabilities:*

Trade and other payables	<b>232,496</b>	<b>234,536</b>
	<b>(397,495)</b>	<b>45,663</b>



30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
-----Rupees in '000-----	

## 12 CASH AND CASH EQUIVALENTS

Cash and bank balances	346,980	168,315
Short term borrowings	(1,292,170)	(1,081,778)
	<u>(945,189)</u>	<u>(913,464)</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 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	30 September 2021 (Un-audited)	30 September 2020 (Un-audited)
-----Rupees in '000-----			
Major shareholders and associated companies by virtue of common directorship	Sale of goods	<u>89,428</u>	<u>119,344</u>
	Purchase of goods and receipt of services	<u>76,311</u>	<u>35,037</u>
	Issuance of bonus shares	<u>35,227</u>	<u>29,321</u>
	Mark-up payment & bank charges	<u>49,609</u>	<u>61,729</u>
Directors	Meeting fee	<u>13,875</u>	<u>11,850</u>
	Issuance of bonus shares	<u>5,669</u>	<u>4,724</u>
Staff retirement benefits	Charge in respect of retirement funds	<u>30,297</u>	<u>31,656</u>
Key management personnel	Compensation	<u>209,584</u>	<u>196,991</u>
	Issuance of bonus shares	<u>24</u>	<u>20</u>

### 13.2 Balances with related parties are summarised as follows:

	30 September 2021 (Un-audited)	31 December 2020 (Audited)
-----Rupees in '000-----		
<b>Receivable from:</b>		
Staff Retirement Funds	<u>32,798</u>	<u>32,925</u>
Associated companies by virtue of shareholding and common directorship	<u>11,318</u>	<u>13,062</u>
<b>Payable to:</b>		
Staff Retirement Funds	<u>4,581</u>	<u>3,639</u>

### 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, 2020.

#### 15 OTHER NON FINANCIAL INFORMATION

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is still difficult to predict.

#### 16 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 27 October, 2021 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.

#### 18 GENERAL

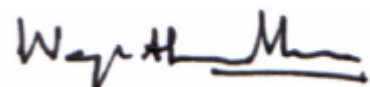
Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



Syed Ali Adnan  
Chief Financial Officer



Matin Amjad  
Chief Executive Officer



Waqar A. Malik  
Chairman



## 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. For each gas application, our customers receive 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 ICU 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 ( $O_2$ ,  $N_2O$ , Air, Suction etc)
- Safety, quality, risk analysis and training on medical gases 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
- Ultra-Ice™ (dry ice)

#### 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
- Felix™ Refrigerants

### Innovative solutions

- TeleTel™ (remote telemetry)
- Asset Tracking System
- Oxytizer™ (hand sanitizer)
- Oxyamat™ (footwear disinfection)

### Welding consumables and hardgoods

#### Welding consumables

- Low hydrogen welding electrode - Fortrex E7018
- Low hydrogen welding electrode - Matador48™ E7018
- Mild Steel welding electrode Zodian Universal E6013
- Mild Steel welding electrode Matador47® E6013
- Mild Steel welding electrode POL 113™ E6013
- Special electrodes
- Saffire™ arc and gas equipment
- Saffire™ MIG welding wire
- 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

P.O.Box 4845, West Wharf  
Phones: +92.21.32313361 (9 lines)  
Fax: +92.21.32312968

### North-western region

#### Lahore

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

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

#### Taxila

Adjacent to HMC - 2  
Phones: +92.51.4560701 (5 lines), 4560600  
Fax: +92.51.4560700

#### Multan

Adjacent to PFL Khanewal Road, Khanewal  
Phones: +92.61.65622012 (2 Lines)  
Fax: +92.61.6778401

#### Mehmood Kot

Adjacent to PARCO  
Mid Country Refinery, Mehmood Kot  
Qasba Gujrat, Muzaffargarh  
Phones: +92.66.2290751, 2290484 (2 Lines)  
Fax: +92.66.2290752

### Faisalabad

5km, Daewoo Road  
Near WASA Work station  
Phones: +92.41.8812400, 8812500 (2 Lines)

### Wah Cantonment

Kabul Road  
Phone: +92.51.4545359

### Southern region

#### Karachi

P.O.Box 4845, West Wharf  
Phones: +92.21.32313361 (9 lines)  
Fax: +92.21.32312968

#### Port Qasim

Plot EZ/1/P-5(SP-1), Eastern Zone  
Phones: +92.21.34740058, 34740060  
Fax: +92.21.34740059

#### Sukkur

Near Madina Marble factory  
Plot No: B-91 site area  
Opposite Labour Colony  
Phone: +92.71.5630871