

Our Reference: SEC/D.15/74/22

29 August 2022

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

Dear Sir,

TRANSMISSION OF HALF YEARLY REPORT FOR THE PERIOD ENDED JUNE 30, 2022.

We have to inform you that the Half Yearly Report of the Company for the period ended June 30, 2022, has 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

A COMPANY MOVING FORWARD

Condensed Interim Financial Information (Unaudited)
for the Half Year Ended
30 June 2022

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

CODE OF ETHICS

At Pakistan Oxygen, we live and work by a set of principles and values which encompass our foundational principles of safety, integrity, sustainability and respect and core values of Commit to Achieve, Collaborate to Succeed, Innovate to Grow, Passion to Excel and People to Perform. Together our principles and core values underpin all our actions, decisions and behavior and express what we stand for as an organization and what differentiates us from others. These principles and core values are embedded in our organization and resonate in everything we do. To uphold the highest ethical standards, we have developed a Code of Ethics which provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition and international trade
- Dealing with governments, product development, ethical purchasing and advertising
- Dealings with stakeholders, financial reporting and communication, insider dealing, protecting company secrets and protecting company assets
- Dealings with our employees, conflicts of interest, avoidance of bribery, gifts and entertainment, data protection, human rights and dealings with each other
- Dealings with communities and the public with regard to our corporate responsibilities and on restrictions to provide support for political activities

All employees of Pakistan Oxygen undergo training on the Code of Ethics and are expected to comply with the standards laid out in the Code.

COMPANY INFORMATION

Waqar Ahmed Malik
 Matin Amjad
 Siraj Ahmed Dadabhoy
 Syed Hassan Ali Bukhari
 Shahid Mehmood Umerani
 Sheikh Muhammad Abdullah
 Shahid Abdul Sattar
 Feroz Rizvi
 Muhammad Zindah Moin Mohajir
 Tushna D Kandawalla
 Mohammad Younus Dagha

Non-Executive Chairman
 Chief Executive Officer
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Non-Executive Director
 Independent Director
 Independent Director
 Independent Director
 Independent Director

Chief Financial Officer

Syed Ali Adnan

Company Secretary

Mazhar Iqbal

Board Audit Committee

Feroz Rizvi
 Muhammad Zindah Moin Mohajir
 Sheikh Muhammad Abdullah
 Shahid Abdul Sattar
 Mazhar Iqbal

Chairman
 Member
 Member
 Member
 Secretary

Independent Director
 Independent Director
 Non-Executive Director
 Non-Executive Director
 Head of Human Resources & Admin,
 Company Secretary & Financial Controller

Board Strategy Committee

Waqar Ahmed Malik
 Matin Amjad
 Siraj Ahmed Dadabhoy
 Shahid Mehmood Umerani
 Mohammad Younus Dagha
 Syed Ali Adnan

Chairman
 Member
 Member
 Member
 Member
 Secretary

Non-Executive Director
 Chief Executive Officer
 Non-Executive Director
 Non-Executive Director
 Independent Director
 Chief Financial Officer

Board Human Resource, Remuneration and Nomination Committee

Muhammad Zindah Moin Mohajir
 Syed Hassan Ali Bukhari
 Shahid Mehmood Umerani
 Tushna D Kandawalla
 Mazhar Iqbal

Chairman
 Member
 Member
 Member
 Secretary

Independent Director
 Non-Executive Director
 Non-Executive Director
 Independent Director
 Head of Human Resources & Admin,
 Company Secretary & Financial Controller

Share Transfer Committee

Muhammad Zindah Moin Mohajir
 Matin Amjad
 Wakil Ahmed Khan

Chairman
 Member
 Secretary

Independent Director
 Chief Executive Officer
 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

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.pakooxygen.com

Entity Credit Rating by PACRA

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

Share Registrar

CDC Share Registrar Services Limited

Directors' Review

We are pleased to present the Directors' Review together with the Condensed Interim Financial Information of your Company for the half-year ended June 30, 2022. The accompanying Financial Information was subject to a limited scope review by the Statutory Auditors, as required under the Code of Corporate Governance.

For the fiscal year 2021-22, GDP growth was recorded at 5.97%. This was on the back of robust growth in the Large-Scale Manufacturing (LSM) sector. However, political and economic uncertainty of the recent months, Pak Rupee devaluation and rising energy prices have stalled the LSM growth, with May 2022 witnessing a decline of 1.3%. Average 12-month Consumer Price Index (CPI) was recorded at 21.32% in June 2022 compared to 9.7% in the same period last year. The SBP raised the Policy rate to 15% to tackle growing inflation.

During the half-year under review, the Company achieved a net Turnover of Rs. 3.8 billion, up by 6% compared to the same period last year. The was mainly driven by sales in the Hardgoods segment, which grew by 52%, as demand for Tier 3 electrodes increased due to dealership network expansion and higher sales to the end-users. CO2 sales also contributed significantly to the volume growth in the Food & Beverage sector. The performance of the Industrials sector, mainly Shipbreaking, also improved due to better product availability.

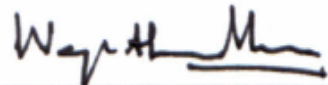
Gross Profit for the half year was recorded at Rs. 750 million, up by 14% compared to last year. This was achieved due to higher volumetric sales and improved prices. Overheads for the period under review were recorded at Rs. 341 million, higher by 9% compared to last year. Finance cost rose to Rs. 109 million, an increase of 93% compared to the same period last year mainly due to increase in policy rate from 7% p.a. to 15% p.a. Income Tax charge also increased to 37% over last year as the effective tax rate has increased to 38% as against 29% last year. This is due to the retrospective imposition of 4% Super Tax leading to an additional charge of Rs. 30 million and Rs. 13 million for the year 2021 and 2022, respectively. As a result, Profit After Tax and Earnings Per Share (EPS) for the period were recorded at Rs. 205 million and Rs. 3.49, respectively, witnessing a decline of 7% compared to last year.

The Company's expansion projects, including ASU 270 TPD, ASU 105 TPD plants and the new electrode manufacturing plant are progressing mostly as per plan. The high input costs due to political and economic uncertainty in the country coupled with rupee depreciation and global supply chain issues continue to pose pressure on the timely completion of the Projects and on the Company's profitability in the coming months.

Management remains determined to meet these emerging challenges through timely pricing decision with strong customer centric focus.



Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

Karachi:
25 August 2022

ڈائریکٹرز کا جائزہ

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات برائے نصف سال مختتمہ 30 جون 2022ء پیش کر رہے ہیں۔ منسلکہ مالیاتی معلومات کارپوریٹ گورننس کے ضابطے کے تحت، قانونی آڈیٹرز کی جانب سے محدود جائزے سے مشروط تھی۔

مالی سال 2021-22ء کے لیے، GDP میں 5.97% کا اضافہ ریکارڈ کیا گیا۔ اس کا سبب بڑے پیمانے کی مینوفیکچرنگ (LSM) کے شعبے میں بھرپور ترقی تھی۔ تاہم، حالیہ مہینوں میں سیاسی اور معاشی غیر یقینی، پاکستانی روپے کی قدر میں کمی اور توانائی کی قیمتوں میں اضافے کے باعث LSM کی ترقی میں ٹھہراؤ آگیا، جس میں مئی 2022ء میں 1.3% کی کمی دیکھی گئی۔ 12 ماہ کا اوسط کنزیومر پرائس انڈیکس (CPI) جون 2022ء میں 21.32% ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے کے دوران 9.7% تھا۔ SBP نے افراط زر میں اضافے سے نمٹنے کے لیے پالیسی شرح کو بڑھا کر 15% کر دیا۔

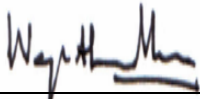
زیر جائزہ نصف سال کے دوران، کمپنی کی خالص فروخت 3.8 بلین روپے ریکارڈ کی گئی، جو گزشتہ سال اسی عرصے کے مقابلے میں 6% زیادہ ہے۔ اس میں بنیادی طور پر Hardgoods کے شعبے میں زیادہ فروخت کا حصہ کارفرما تھا، جو ڈیلرشپ نیٹ ورک میں توسیع اور حتمی صارفین کو زیادہ فروخت کے باعث ٹیئر 3 الیکٹروٹز کی طلب میں اضافے کے نتیجے میں 52% بڑھی۔ کاربن ڈائی آکسائیڈ کی فروخت نے بھی خوراک و مشروبات کے شعبے میں فروخت میں اضافے میں نمایاں کردار ادا کیا۔ صنعتی شعبے، خاص طور پر ”شپ بریکنگ“ کی کارکردگی بھی بہتر مصنوعات کی دستیابی کے باعث بہتر ہو گئی۔

نصف سال کے لیے مجموعی منافع 750 ملین روپے ریکارڈ کیا گیا، جو گزشتہ سال کے مقابلے میں 14% زیادہ ہے۔ یہ کامیابی زیادہ تعداد میں فروخت اور بہتر قیمتوں کی وجہ سے حاصل ہوئی۔ زیر جائزہ عرصے کے لیے متفرق اخراجات 341 ملین روپے ریکارڈ کیے گئے، جو گزشتہ سال کے مقابلے میں 9% زائد ہیں۔ مالیاتی لاگت گزشتہ سال کے مقابلے میں 93% اضافے کے ساتھ 109 ملین روپے ہو گئی، جس کی بنیادی وجہ پالیسی شرح کا 7% سالانہ سے بڑھ کر 15% سالانہ ہوجانا تھا۔ گزشتہ سال کے مقابلے میں انکم ٹیکس میں بھی 37% اضافہ ہوا کیونکہ گزشتہ سال انکم ٹیکس کی شرح 29% تھی جو اس سال بڑھ کر 38% ہو گئی۔ اس کا سبب 4% سپر ٹیکس کا ماضی سے نفاذ تھا جس کے باعث سال 2021ء اور 2022ء کے لیے بالترتیب 30 ملین روپے اور 13 ملین روپے کے اضافی چارجز ادا کیے گئے۔ نتیجتاً مذکورہ عرصے کے لیے بعد از ٹیکس منافع اور آمدن فی حصص (EPS) بالترتیب 205 ملین روپے اور 3.49 روپے ریکارڈ کی گئی، جو گزشتہ سال کے مقابلے میں 7% کم ہے۔

کمپنی کے توسیعی منصوبوں، بشمول ASU 105 TPD، ASU 270 TPD پلانٹس اور نئے الیکٹروڈ مینوفیکچرنگ پلانٹ پر تقریباً منصوبے کے مطابق پیش رفت ہو رہی ہے۔ ملک میں سیاسی و معاشی غیر یقینی کے باعث زائد اخراجات نیز روپے کی قدر گھٹنے اور اور عالمی سپلائی چین کے مسائل کے نتیجے میں منصوبوں کی بروقت تکمیل اور آئندہ مہینوں میں کمپنی کے منافع پر دباؤ برقرار رہے گا۔

انتظامیہ نرخوں سے متعلق بروقت فیصلہ سازی اور کسٹمر کو مرکزی اہمیت دینے پر بھرپور توجہ رکھتے ہوئے، ان ابھرتے ہوئے چیلنجز سے نمٹنے کے لیے پُر عزم ہے۔

بورڈ کی جانب سے



وقار احمد ملک
چیئرمین



متین امجد
چیف ایگزیکٹو آفیسر

کراچی:
25 اگست 2022ء

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF PAKISTAN OXYGEN LIMITED

Report on review of Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of PAKISTAN OXYGEN LIMITED ("the Company") as at June 30, 2022 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the financial statements for the six-month period then ended (here-in-after referred to as the condensed "interim financial statements"). Management is responsible for the preparation and presentation of this interim financial statements in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures for the quarters ended June 30, 2022 and June 30, 2021 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.

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 condensed interim financial statements 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 statements is not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the audit resulting in this independent auditor's report is Zulfikar Ali Causer

KARACHI

DATED: 25 AUG 2022

UDIN: RR202210067OyJxThNg8



CHARTERED ACCOUNTANTS

Engagement Partner: Zulfikar Ali Causer

PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	4	7,487,427	5,935,707
Intangible assets		24,659	27,359
Investment in subsidiary		10	10
Long term loans		7,958	5,395
Long term deposits		75,115	50,839
		7,595,169	6,019,310
CURRENT ASSETS			
Stores and spares		342,258	286,112
Stock-in-trade	5	973,278	1,041,152
Trade debts		559,205	653,763
Loans and advances		196,915	90,896
Deposits and prepayments		472,071	399,993
Other receivables	6	1,206,326	589,234
Taxation-net		254,824	296,734
Cash and bank balances		438,438	429,755
		4,443,315	3,787,639
		12,038,484	9,806,949
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
70,000,000 (2021: 70,000,000) Ordinary shares of Rs. 10 each		700,000	700,000
Issued, subscribed and paid-up capital			
58,590,604 (2021: 46,872,483) Ordinary shares of Rs. 10 each		585,906	468,725
Reserves			
Revenue reserves		2,784,410	2,696,851
Capital reserves		1,798,150	1,827,620
		4,582,560	4,524,471
		5,168,466	4,993,196
NON-CURRENT LIABILITIES			
Long term deposits		241,119	224,693
Lease liabilities	7	19,027	20,588
Long term financing	8	2,720,706	1,125,955
Deferred capital grant	9	233,219	216,547
Deferred liabilities		211,922	235,765
		3,425,993	1,823,548
CURRENT LIABILITIES			
Trade and other payables		1,862,108	1,417,497
Short term borrowings		1,402,729	1,394,044
Un-claimed dividend		18,496	19,428
Current portion of lease liabilities	7	2,928	2,623
Current maturity of long term financing	8	104,510	110,833
Current portion of deferred capital grant	9	53,254	45,780
		3,444,025	2,990,205
		12,038,484	9,806,949
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	10		

The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.

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 PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022

		Half Year Ended		Second Quarter Ended	
		June 30, 2022	June 30, 2021	June 30, 2022	June 30, 2021
Note		-----Rupees in '000-----			
Gross sales	11	4,379,628	3,915,257	2,260,022	2,224,285
Trade discount and sales tax	11	(614,399)	(366,998)	(323,492)	(197,968)
Net sales		3,765,229	3,548,259	1,936,530	2,026,317
Cost of sales	11	(3,014,750)	(2,892,805)	(1,554,132)	(1,680,924)
Gross profit		750,479	655,454	382,398	345,393
Distribution and marketing expenses	11	(160,219)	(146,310)	(83,928)	(80,858)
Administrative expenses	11	(142,057)	(129,597)	(72,622)	(69,992)
Other operating expenses		(38,788)	(35,971)	(18,484)	(18,347)
		(341,064)	(311,878)	(175,034)	(169,197)
Operating profit before other income		409,415	343,576	207,364	176,196
Other income		27,431	22,587	14,956	5,288
Operating profit		436,846	366,163	222,320	181,484
Finance costs		(109,011)	(56,366)	(63,636)	(26,995)
Profit before taxation		327,835	309,797	158,684	154,489
Taxation		(123,095)	(89,686)	(74,136)	(43,056)
Profit after taxation		204,740	220,111	84,548	111,433
		(Restated)		(Restated)	
Earnings per share - basic and diluted (Rupees)		3.49	3.76	1.44	1.90

The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman

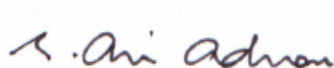
PAKISTAN OXYGEN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE HALF YEAR AND QUARTER ENDED JUNE 30, 2022

	Half Year Ended		Second Quarter Ended	
	June 30,	June 30,	June 30,	June 30,
	2022	2021	2022	2021
	-----Rupees in '000-----			
Profit after taxation	204,740	220,111	84,548	111,433
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of cash flow hedge	(88,797)	(32,717)	-	(32,717)
Tax thereon	25,751	9,488	-	9,488
	(63,046)	(23,229)	-	(23,229)
Total comprehensive income for the period	141,694	196,882	84,548	88,204

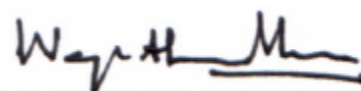
The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer

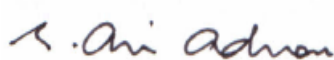


Waqar A. Malik
Chairman

PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2022

		June 30, 2022	June 30, 2021
Note		-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	12	282,542	402,191
Cash generated from operations			
Finance costs paid		(56,184)	(51,785)
Income tax paid		(93,073)	(54,364)
Post retirement medical benefits paid		(421)	(111)
Long term loans and deposits		(26,839)	901
Long term deposits		16,425	10,712
Net cash flows from operating activities		122,450	307,544
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment		(1,743,049)	(1,090,109)
Additions to intangibles		-	(1,246)
Proceeds from disposal of operating fixed assets		10,519	791
Interest received on balances with banks		819	133
Net cash used in investing activities		(1,731,711)	(1,090,431)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		(55,884)	(56,812)
Long term finance		1,668,458	921,582
Repayment of lease liabilities		(2,382)	(2,226)
Dividends paid		(933)	(900)
Net cash flows generated from financing activities		1,609,259	861,644
Net (decrease) / increase in cash and cash equivalents		(2)	78,757
Cash and cash equivalents at beginning of the period		(964,289)	(863,225)
Cash and cash equivalents at end of the period	13	(964,291)	(784,468)

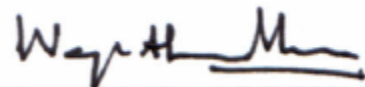
The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.



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
FOR THE HALF YEAR ENDED JUNE 30, 2022

	Share capital	Revenue Reserves		Capital Reserves		Total
	Issued, subscribed and paid-up	General reserve	Unappropriated profit	Cash flow hedging reserve	Surplus on revaluation of property, plant and equipment	
-----Rupees in '000-----						
Balance as at January 1, 2021 (Audited)	390,604	1,954,985	358,086	-	1,798,150	4,501,825
Total comprehensive income for the period						
Profit after taxation	-	-	220,111	-	-	220,111
Other comprehensive loss for the period	-	-	-	(23,229)	-	(23,229)
	-	-	220,111	(23,229)	-	196,882
Transactions with owners of the Company recognised directly in equity - distribution						
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 June 30, 2021 (Un-audited)	468,725	2,234,950	220,111	(23,229)	1,798,150	4,698,707
Balance as at January 1, 2022 (Audited)	468,725	2,234,950	461,901	29,470	1,798,150	4,993,196
Total comprehensive income for the period						
Profit after taxation	-	-	204,740	-	-	204,740
Other comprehensive loss for the period	-	-	-	(63,046)	-	(63,046)
	-	-	204,740	(63,046)	-	141,694
Transactions with owners of the Company recognised directly in equity - distribution						
Issuance of bonus shares in proportion of 25 shares for every 100 shares	117,181	-	(117,181)	-	-	-
Transfer to property, plant and equipment	-	-	-	33,576	-	33,576
Transfer to general reserve	-	344,720	(344,720)	-	-	-
Balance as at June 30, 2022 (Un-audited)	585,906	2,579,670	204,740	-	1,798,150	5,168,466

The annexed notes from 1 to 20 form an integral part of this condensed interim financial statements.

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, 2022

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 registered office of the Company 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 has a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities since its incorporation. Accordingly, the Securities & Exchange Commission of Pakistan ("SECP") has granted status of inactive company to BOCPL.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by the auditors and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

These condensed interim financial statements of the Company for half year ended June 30, 2022 have 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;
- 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.

These condensed interim financial statements do not include all the information and disclosures required in an 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, 2021.

These condensed interim financial statements comprise of condensed interim statement of financial position as at June 30, 2022, condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes thereto for the six months period then ended which have been subjected to a review in accordance with the listing regulations but not audited. These condensed interim financial statements also include condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarter ended June 30, 2022 which have neither been reviewed or audited.

The comparative statement of financial position presented in this condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended December 31, 2021, 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 together with the notes thereto for the six months period ended June 30, 2021 have been extracted from the unaudited condensed interim financial statements for the period ended June 30, 2021, which were subjected to a review but not audit.

2.2 Basis of measurement

These condensed interim financial statements have 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. These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements 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 statements 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, 2021.
- 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.

	Note	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
-----Rupees in '000-----			
4 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	4.1	4,188,682	4,219,369
Capital work-in-progress	4.2	3,282,744	1,698,716
Right-of-use assets - building	4.3	16,001	17,622
		<u>7,487,427</u>	<u>5,935,707</u>
4.1 Operating assets			
Net book value as at January 1		4,219,369	4,423,422
Additions during the period / year:			
Land and building		15,000	10,985
Plant and machinery		99,613	117,403
Vehicles		39,266	18,757
Furniture, fittings and office equipment		250	3,679
Computer equipment		4,892	15,808
		159,021	166,632
Less:			
Disposals during the period / year - net book value		(614)	(374)
Depreciation charge during the period / year		(189,094)	(370,311)
		<u>(189,708)</u>	<u>(370,685)</u>
		<u>4,188,682</u>	<u>4,219,369</u>
4.2 Capital work-in-progress			
Opening balance		1,698,716	66,120
Addition during the period / year		1,743,049	1,802,659
		<u>3,441,765</u>	<u>1,868,779</u>
Transfers during the period / year		(159,021)	(170,063)
Closing balance		<u>3,282,744</u>	<u>1,698,716</u>
4.3 Right-of-use assets - Building			
The recognised right-of-use assets relate to the following types of assets:			
Building		<u>16,001</u>	<u>17,622</u>
Opening balance		17,622	20,863
Depreciation charge during the period / year		(1,621)	(3,241)
Closing balance		<u>16,001</u>	<u>17,622</u>

		June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
	Note	-----Rupees in '000-----	
5	STOCK-IN-TRADE		
		221,091	324,513
		752,187	716,639
	5.1	<u>973,278</u>	<u>1,041,152</u>
5.1	The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 31.40 million (December 31, 2021: Rs. 28.98 million). During the period, a provision amounting to Rs. 2.4 million (December 31, 2021: Rs. 12.73 million) in respect of slow moving and obsolete stock has been recorded.		
6	OTHER RECEIVABLES		
		48,002	45,427
		-	2,570
		691,471	499,680
		-	50
		-	41,507
		466,853	-
		<u>1,206,326</u>	<u>589,234</u>
7	LEASE LIABILITIES		
		23,211	25,288
		1,126	2,414
		(2,382)	(4,491)
	7.1	<u>21,955</u>	<u>23,211</u>
7.1	Break up of lease liabilities		
		21,955	23,211
		(2,928)	(2,623)
		<u>19,027</u>	<u>20,588</u>
	Maturity analysis-contractual undiscounted cashflow		
		4,976	5,110
		24,136	23,937
		-	2,264
		<u>29,112</u>	<u>31,311</u>
7.2	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 10% (December 31, 2021: 10%).		

	June 30, 2022 (Un-audited)	December 31, 2021 (Audited)
Note	-----Rupees in '000-----	

8 LONG TERM FINANCING

Secured-from banking companies

Temporary Economic Relief Facility	8.1	1,749,719	1,125,955
Refinance facility	8.2	56,312	110,833
Term finance	8.3	1,019,185	-
		<u>2,825,216</u>	<u>1,236,788</u>
Less: Current portion shown under current liabilities		<u>(104,510)</u>	<u>(110,833)</u>
		<u>2,720,706</u>	<u>1,125,955</u>

- 8.1 This represents long term finance agreements entered into by the Company with certain banks to avail long term financing facility including Islamic / Temporary Economic Refinance Facility (I/TERF) for an amount of Rs. 4,900 million and Rs. 300 million for import and construction of the ASU 270 TPD plant and 11 TPS Electrode plant, respectively. The loans are repayable in thirty two quarterly installments over the period of eight years beginning May 2023 and April 2024 respectively. I/TERF amounting to Rs.3.8 billion is fixed at 4% (SBP rate 1% + Bank Spread 3%) whereas, the remaining of the financing amount Rs.1.4 billion is based on 3 month Karachi Interbank Offer Rate (KIBOR) + 1.4% per annum. The facility is secured against charge over certain fixed assets of the Company.
- 8.2 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.
- 8.3 This represents financing arrangement entered into by the Company with a commercial bank for an amount of Rs. 2,300 million, Rs. 1,300 and Rs. 100 million for the construction of ASU 105 TPD plant, ASU 270 TPD plant and 11 TPS Electrode plant. The rate of mark-up is 3 months KIBOR + 1.1% - 1.4% variable rate and is repayable in thirty two quarterly instalments over the period of eight years after the grace period of 2 years with installments starting from May 2024. The facility is secured against charge over certain fixed assets of the Company.

9 DEFERRED CAPITAL GRANT

Capital grant	9.1	286,473	262,327
Current Portion of Capital Grant		(53,254)	(45,780)
		<u>233,219</u>	<u>216,547</u>

- 9.1 The Company has obtained loan amounting to Rs. 1,611.35 million from certain banks under I/TERF" introduced by the State Bank of Pakistan. The loans are repayable in thirty two quarterly installments over the period of eight years beginning May 2023.

In the year 2020, the Company obtained loan amounting to Rs. 227.25 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 instalments beginning from January 2021.

Deferred capital grants have been recorded accordingly in respect of these facilities under IAS-20 Government grants.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

- 10.1.1 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, 2022 amounted to Rs. 57.48 million (December 31, 2021: Rs. 56.06 million).

10.2 Commitments

Capital commitments outstanding as at June 30, 2022 amounted to Rs. 621.53 million (December 31, 2021: Rs. 381.72 million).

Commitments under letters of credit for inventory items as at June 30, 2022 amounted to Rs. 557.8 million (December 31, 2021: Rs. 505 million).

Commitments under letters of credit for fixed assets as at June 30, 2022 amounted to Rs 2,814 million (December 31, 2021: Rs. 2,263.39 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at June 30, 2022 amounted to Rs. 151.43 million (December 31, 2021: Rs. 134.21 million).

11 SEGMENT RESULTS (UN-AUDITED)

	For the Half Year Ended						For the Second Quarter Ended					
	June 30, 2022			June 30, 2021			June 30, 2022			June 30, 2021		
	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	3,329,848	1,049,780	4,379,628	3,226,425	688,832	3,915,257	1,606,528	653,494	2,260,022	1,838,643	385,642	2,224,285
Less:												
Trade discount	362	-	362	3,357	-	3,357	-	-	-	2,513	-	2,513
Sales tax	462,892	151,145	614,037	264,803	98,838	363,641	228,352	95,140	323,492	139,806	55,649	195,455
	463,254	151,145	614,399	268,160	98,838	366,998	228,352	95,140	323,492	142,319	55,649	197,968
Net sales	2,866,594	898,635	3,765,229	2,958,265	589,994	3,548,259	1,378,176	558,354	1,936,530	1,696,324	329,993	2,026,317
Less:												
Cost of sales	2,245,852	768,898	3,014,750	2,383,499	509,306	2,892,805	1,077,050	477,082	1,554,132	1,387,543	293,381	1,680,924
Distribution and marketing expenses	132,522	27,697	160,219	128,299	18,011	146,310	66,276	17,652	83,928	72,151	8,707	80,858
Administrative expenses	117,499	24,558	142,057	113,643	15,954	129,597	57,206	15,416	72,622	62,511	7,481	69,992
	2,495,873	821,153	3,317,026	2,625,441	543,271	3,168,712	1,200,532	510,150	1,710,682	1,522,205	309,569	1,831,774
Segment result	370,721	77,482	448,203	332,824	46,723	379,547	177,644	48,204	225,848	174,119	20,424	194,543
Unallocated corporate expenses:												
Other operating expenses		(38,788)			(35,971)			(18,484)			(18,347)	
Other income		27,431			22,587			14,956			5,288	
		(11,357)			(13,384)			(3,528)			(13,059)	
Operating profit		436,846			366,163			222,320			181,484	
Finance costs		(109,011)			(56,366)			(63,636)			(26,995)	
Taxation		(123,095)			(89,686)			(74,136)			(43,056)	
Profit for the period		204,740			220,111			84,548			111,433	

	June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
	-----Rupees in '000-----	
12 CASH GENERATED FROM OPERATIONS		
Profit before taxation	327,835	309,797
Adjustments for:		
Depreciation	190,715	186,118
Amortisation	2,701	3,014
Gain on disposal of property, plant and equipment	(9,907)	(748)
Interest income on balances with banks	(819)	(133)
Finance cost	109,011	56,366
Post retirement medical benefits	502	473
Working capital changes	12.1 (337,496)	(152,696)
	<u>282,542</u>	<u>402,190</u>
12.1 Working capital changes		
Decrease / (Increase) in current assets:		
Stores and spares	(56,146)	(15,084)
Stock-in-trade	67,874	(165,358)
Trade debts	94,558	(148,196)
Loans and advances	(106,019)	(24,070)
Deposit and prepayments	(72,078)	(126,133)
Other receivables	(658,599)	(92,152)
	<u>(730,410)</u>	<u>(570,993)</u>
Increase in current liabilities:		
Trade and other payables	392,914	418,297
	<u>(337,496)</u>	<u>(152,696)</u>
13 CASH AND CASH EQUIVALENTS		
Cash and bank balances	438,438	488,623
Short term borrowings - running finance under mark-up arrangement	(1,402,729)	(1,273,090)
	<u>(964,291)</u>	<u>(784,467)</u>

14 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:

14.1 Transactions with related parties are summarised as follows:

Related Party	Nature of transactions	June 30, 2022 (Un-audited)	June 30, 2021 (Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	39,605	73,164
	Purchase of goods and receipt of services	51,954	53,389
	Mark up on short term borrowings	53,032	32,821
	Issuance of bonus shares	53,204	35,227
	Long term financing	319,185	-
	Mark up on long term financing	5,788	-
Directors	Meeting fee	7,275	9,125
	Issuance of bonus shares	8,442	5,669
Staff retirement benefits	Charge in respect of staff retirement funds	21,375	19,899
Key management personnel	Compensation	166,728	139,042
	Issuance of bonus shares	37	24

14.2 Balances with related parties are summarised as follows:

Receivable from staff retirement funds	48,002	47,998
Receivable from associated companies by virtue of shareholding and common directorship	5,180	12,734
Payable to staff retirement funds	5,443	2,740

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

15 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, 2021.

16 IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak as “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 difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 ‘Fair Value Measurement’ requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Fair value measurements using quoted price (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

18 DATE OF AUTHORISATION


These condensed interim financial statements were authorised for issue on 25 August 2022 by the Board of Directors of the Company.

19 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 reporting period.

20 GENERAL

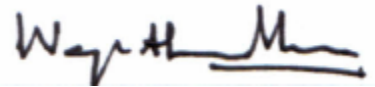
Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

PRODUCTS AND SERVICES

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 (O₂, N₂O, 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)
- NITROPOD™ (cryogenic dewar)

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)
- Oxygizer™ (portable Oxygen canister)

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™, POL 113 SUPER™ E6013
- Mild Steel welding electrode HEROWELD™ E6013
- Hard facing welding electrode POLHARD 650™
- Saffire™ arc and gas equipment
- Saffire™ MIG welding wire
- Saffire lite™ MIG welding wire
- Saffire™ Flux cored wire

Welding machines

- MMA ■ MIG ■ TIG

Welding accessories

- Gas regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (POLCUT® Cutting & POLGRIND® 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



Pakistan Oxygen Limited

P.O Box 4845, Dockyard Road,
West Wharf, Karachi-74000, Pakistan.
Phone +92.21.32313361 (9 lines),
UAN +21 111-262-725
info@pakoxygen.com
www.pakoxygen.com