

**Condensed Interim Financial Statements
(Unaudited)
for the Nine Months Ended
30 September 2023**



PRINCIPLES

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

CORPORATE VALUES

- Collaborate to Succeed
- People to Perform
- Commit to Achieve
- Innovate to Grow
- Passion to Excel

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

- Dealings 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

BOARD OF DIRECTORS

Waqar Ahmed Malik	Non-Executive Chairman
Atif Aslam Bajwa	Independent Director
Javed Kureishi	Non-Executive Director
Matin Amjad	Chief Executive Officer
Mohammad Iqbal Puri	Non-Executive Director
Jahangir Piracha	Independent Director
Shahid Mehmood Umerani	Non-Executive Director
Siraj Ahmed Dadabhoy	Non-Executive Director
Syed Hassan Ali Bukhari	Non-Executive Director
Tayyeb Afzal	Independent Director
Tushna D Kandawalla	Independent Director

CHIEF FINANCIAL OFFICER

Syed Ali Adnan	
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COMPANY SECRETARY

Mazhar Iqbal	
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BOARD AUDIT COMMITTEE

Tayyeb Afzal	Chairman	Independent Director
Javed Kureishi	Member	Non-Executive Director
Jahangir Piracha	Member	Independent Director
Tushna D Kandawalla	Member	Independent Director
Mazhar Iqbal	Secretary	Head of Human Resources & Admin, Company Secretary & Financial Controller

BOARD STRATEGY COMMITTEE

Waqar Ahmed Malik	Chairman	Non-Executive Director
Javed Kureishi	Member	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Siraj Ahmed Dadabhoy	Member	Non-Executive Director
Tayyeb Afzal	Member	Independent Director
Syed Ali Adnan	Secretary	Chief Financial Officer

BOARD HUMAN RESOURCE, REMUNERATION AND NOMINATION COMMITTEE

Atif Aslam Bajwa	Chairman	Independent Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Syed Hassan Ali Bukhari	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

Syed Hassan Ali Bukhari	Chairman	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Amna Mustafa	Secretary	Deputy Manager Reporting & Corporate Compliance

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

Habib Metropolitan Bank Limited

Allied Bank Limited

The Bank of Punjab Taqwa Islamic Bank

ENTITY CREDIT RATING BY PACRA

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

SHARE REGISTRAR

CDC Share Registrar Services Limited

EXTERNAL AUDITORS

BDO Ebrahim & Company

INTERNAL AUDITORS

EY Ford Rhodes Chartered Accountants

LEGAL ADVISOR

Ayesha Hamid of Hamid Law Associates

REGISTERED OFFICE

West Wharf, Dockyard Road, Karachi 74000

WEBSITE

www.pakoxygen.com

Directors' Review

We are pleased to present the Directors' Review together with the Condensed Interim Financial Statements (un-audited) of your Company for the nine-month period ended September 30, 2023.

Large-Scale Manufacturing (LSM) experienced a sharp contraction of 15% year-on-year, in June 2023. Inflation, while still very high at 27.4 percent in August 2023, has come down from the 38 percent recorded in May 2023. SBP maintained its policy rate at 22 percent.

Net Sales for the nine-month period ended September 30, 2023, were recorded at Rs 6.1 billion, up 9% compared to the same period last year. This growth was mainly driven by the Hardgoods segment with effective price increases of both locally manufactured and imported electrodes. Sales of Nitrogen witnessed a substantial increase due to strong demand from the Oil & Gas sector. Sales of Medical Oxygen to the Healthcare sector further contributed to the overall growth of Net Sales for the Company.

Gross Profit for the period under review was recorded at Rs. 962 million, 7% below last year. This was due to rapidly rising input costs including electricity tariff, diesel prices and Rupee devaluation. Overheads were tightly controlled, higher by 8%, despite much higher inflation. Finance costs were recorded at Rs. 397.3 million, up by 165% compared to last year. This was due to the increase in the policy rate from 15% to 22%. As a result, Profit After Tax and Earnings Per Share (EPS) for the period under review were recorded at Rs. 38.9 million and Rs. 0.53, respectively, witnessing an 87% decline compared to the same period last year.

Pakistan's GDP is projected to grow marginally by 1.9 percent for FY 2023-24. This together with rising energy prices, high inflation and interest rates and Rupee devaluation present a very challenging business environment in the months ahead. However, the Company is focused on overcoming these through strong customer engagement to grow market share and timely price increases that effectively pass-through rising input costs.



Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

Karachi
October 25, 2023

ڈائریکٹرز کا جائزہ

ہم ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کے مختصر مالیاتی عبوری (غیر آڈٹ شدہ) برائے نو ماہ تختہ 30 ستمبر 2023 پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

جون 2023 میں بڑے پیمانے کی مینوفیکچرنگ (LSM) میں سال بہ سال 15% کے حساب سے تیزی سے کمی آئی۔ افراط زر کی شرح جو مئی 2023 میں 38 فیصد تھی، وہ کم ہو کر اگست 2023 میں 27.4 فیصد کی سطح تک آگئی جو کہ ابھی بھی زیادہ ہے۔ اسٹیٹ بینک آف پاکستان نے پالیسی ریٹ 22 فیصد کی شرح پر برقرار رکھا۔

نو ماہ تختہ 30 ستمبر 2023 کی مدت کیلئے خالص فروخت 6.1 بلین روپے رہی جو گزشتہ سال کی اسی مدت کے مقابلے میں 9% زیادہ ہے۔ یہ اضافہ بنیادی طور پر ہارڈ گڈز کے شعبہ سے ہوا جو مقامی طور پر تیار کردہ اور درآمد شدہ الیکٹروڈز کی قیمتوں میں موثر اضافے کے باعث حاصل ہوا۔ آئل اور گیس کے شعبہ سے بڑی طلب کے سبب نائٹروجن کی فروخت میں خاطر خواہ اضافہ ہوا۔ ہیلتھ کیئر کے شعبہ میں میڈیکل آکسیجن کی فروخت سے کمپنی کی مجموعی خالص فروخت میں بھی اضافہ دیکھنے میں آیا۔

زیر جائزہ مدت کیلئے مجموعی منافع 962 ملین روپے ریکارڈ ہوا، جو گزشتہ سال کے مقابلے میں 7% کم ہے۔ اس کمی کا سبب بڑھتی ہوئی لاگت ہے جس میں بجلی کے ٹیرف، ڈیزل کی قیمتوں اور روپے کی قدر میں کمی شامل ہے۔ اور ہیڈز کو سختی سے کنٹرول کیا گیا جو بلند افراط زر کے باوجود صرف 8% زیادہ تھے۔ مالیات کی لاگت 397.3 ملین روپے ہوئی جو گزشتہ سال کے مقابلے میں 165% زیادہ ہے۔ اس کی وجہ پالیسی ریٹ کا 15% سے بڑھ کر 22% ہونا تھی۔ اس کے نتیجے میں زیر جائزہ مدت کیلئے بعد از ٹیکس منافع اور فی شیئر آمدنی (EPS) بالترتیب 38.9 ملین روپے اور 0.53 روپے رہی جو گزشتہ سال سے 87% کم ہے۔

مالی سال 2023-24 کیلئے پاکستان کی جی ڈی پی میں 1.9 فیصد کے معمولی اضافے کا امکان ظاہر کیا گیا ہے۔ اس کے ساتھ تو انسانی کی قیمتوں میں اضافہ، بلند افراط زر اور شرح سود اور روپے کی قدر میں کمی سے آنے والے مہینوں میں کاروباری ماحول میں بہت سے چیلنجز کا سامنا ہوگا۔ تاہم کمپنی صارفین کی بھرپور شمولیت سے مارکیٹ شیئر کو بڑھانے اور موثر انداز سے قیمتوں میں اضافے سے بڑھتی ہوئی لاگت کو منتقل کرنے پر توجہ مرکوز رکھے گی۔

Waqar Ahmad Malik

Mohd. Asif

وقار احمد ملک

متین احمد

کراچی

چیئر مین

چیف ایگزیکٹو آفیسر

125 اکتوبر 2023

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months ended September 30, 2023

	Note	For the nine months ended		For the third quarter ended	
		30 September 2023	30 September 2022	30 September 2023	30 September 2022
		-----Rupees in '000-----		-----Rupees in '000-----	
Gross sales	4	6,983,358	6,454,720	2,734,163	2,075,092
Trade discount and sales tax	4	(909,900)	(882,661)	(356,377)	(268,262)
Net sales		6,073,458	5,572,059	2,377,786	1,806,830
Cost of sales	4	(5,111,906)	(4,537,870)	(1,962,222)	(1,523,120)
Gross profit		961,552	1,034,189	415,564	283,710
Distribution and marketing expenses	4	(281,507)	(244,982)	(96,508)	(84,763)
Administrative expenses	4	(241,130)	(217,566)	(82,498)	(75,509)
Other operating expenses		(31,252)	(51,992)	(9,982)	(13,204)
		(553,889)	(514,540)	(188,988)	(173,476)
Operating profit before other income		407,663	519,649	226,576	110,234
Other income		44,793	30,609	13,525	3,178
Operating profit		452,456	550,258	240,101	113,412
Finance cost		(397,317)	(149,798)	(233,074)	(40,787)
Profit before taxation		55,139	400,460	7,027	72,625
Taxation		(16,175)	(98,272)	(1,754)	24,823
Profit for the period		38,964	302,188	5,273	97,448
			(Restated)		(Restated)
Earnings per share - basic and diluted (Rupees)		0.53	4.13	0.07	1.33

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

S. 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 nine months ended September 30, 2023

	For the nine months ended		For the third quarter ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	-----Rupees in '000-----		-----Rupees in '000-----	
Profit for the period	38,964	302,188	5,273	97,448
Other comprehensive income				
Items that will be reclassified subsequently to profit and loss account:				
Changes in fair value of cash flow hedge	-	(88,797)	-	(88,797)
Tax thereon	-	25,751	-	25,751
	-	(63,046)	-	(63,046)
Total comprehensive income for the period	<u>38,964</u>	<u>239,142</u>	<u>5,273</u>	<u>34,402</u>

The annexed notes 1 to 19 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
As at September 30, 2023

	Note	30 September 2023 (Unaudited)	31 December 2022 (Audited)
-----Rupees in '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	13,148,011	12,084,935
Intangible assets		20,880	22,145
Investment in subsidiary		10	10
Long term loans		9,440	5,622
Long term deposits		75,438	75,438
		13,253,779	12,188,150
Current assets			
Stores and spares		377,889	359,947
Stock-in-trade	6	1,346,372	1,316,935
Trade debts		1,120,941	827,267
Loans and advances		88,305	126,717
Deposits and prepayments		377,629	419,248
Other receivables	7	1,134,788	1,260,994
Taxation - net		414,196	384,726
Cash and bank balances		339,687	546,935
		5,199,807	5,242,769
Total assets		18,453,586	17,430,919
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
150,000,000 (2022: 70,000,000) Ordinary shares of Rs. 10 each		1,500,000	700,000
Issued, subscribed and paid-up capital			
73,238,255 (2022: 58,590,604) Ordinary shares of Rs. 10 each		732,382	585,906
Revenue reserves			
General reserves		2,844,929	2,579,669
Unappropriated profit		38,964	411,737
Capital reserves			
Surplus on revaluation of property, plant and equipment		4,186,648	4,186,648
		7,070,541	7,178,054
		7,802,923	7,763,960
Non-current liabilities			
Long term deposits		250,512	250,909
Lease liabilities	8	14,437	17,968
Long term financing	9	3,671,716	3,997,586
Deferred capital grant	10	370,893	313,768
Deferred liabilities		101,176	159,979
		4,408,734	4,740,210
Current liabilities			
Trade and other payables		2,386,446	2,061,731
Short term borrowings		3,284,763	2,477,513
Un-claimed dividend		18,495	18,495
Current portion of lease liabilities	8	3,773	2,623
Current maturity of long term financing	9	459,212	285,241
Current portion of deferred capital grant	10	89,240	81,146
		6,241,929	4,926,749
Total equity and liabilities		18,453,586	17,430,919
Contingencies and Commitments			
	11		

The annexed notes 1 to 19 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, 2023

	30 September 2023	30 September 2022
Note	-----Rupees in '000-----	
Cash flow from operating activities		
Cash generated from operations	873,751	(358,545)
Finance cost paid	(295,367)	(101,267)
Income tax paid - net	(105,388)	(163,285)
Post retirement medical benefits paid	(165)	(469)
Long term deposits - receivable	(3,817)	(25,049)
Long term deposits - payable	(398)	23,526
Net cash generated / (used in) from operating activities	468,616	(625,089)
Cash flow from investing activities		
Additions to property, plant and equipment	(1,403,975)	(2,656,417)
Additions to intangibles assets	(2,150)	-
Proceeds from disposal of property, plant and equipment	13,501	11,878
Interest received on balances with banks	22	1,293
Net cash used in investing activities	(1,392,602)	(2,643,246)
Cash flow from financing activities		
Repayment of long term financing	(205,463)	(55,884)
Long term financing	118,783	3,101,490
Repayment of lease liabilities	(3,832)	(3,578)
Dividends paid	-	(933)
Net cash (used in) / generated from financing activities	(90,512)	3,041,095
Net (decrease) in cash and cash equivalents	(1,014,498)	(227,240)
Cash and cash equivalents at beginning of the year	(1,930,578)	(964,289)
Cash and cash equivalents at end of the period	(2,945,076)	(1,191,529)

The annexed notes 1 to 19 form an integral part of this condensed interim financial information.

Syed Ali Adnan

Syed Ali Adnan
Chief Financial Officer

Matin Amjad

Matin Amjad
Chief Executive Officer

Waqar A. Malik

Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine months ended September 30, 2023

	Revenue Reserves			Capital Reserves			Total	
	General reserve	Unappropriated profit	Sub total	Cash flow hedging reserve	Surplus on revaluation of property, plant and equipment	Sub total		
	-----Rupees in '000-----							
Balance as at 1 January 2022 (Audited)	468,725	2,234,950	461,901	2,696,851	29,470	1,798,150	1,827,620	4,993,196
Total comprehensive income for the period:								
Profit for the period	-	-	302,188	302,188	-	-	-	302,188
Other comprehensive income for the period	-	-	-	-	(63,046)	-	(63,046)	(63,046)
	-	-	302,188	302,188	(63,046)	-	(63,046)	239,142
Issuance of bonus shares in proportion of 25 shares for every 100 shares	117,181	-	(117,181)	(117,181)	-	-	-	-
Transfer to property, plant and equipment					33,576	-	33,576	33,576
Transfer to general reserve		344,720	(344,720)	-	-	-	-	-
Balance as at 30 September 2022 (Un-audited)	<u>585,906</u>	<u>2,579,670</u>	<u>302,188</u>	<u>2,881,858</u>	<u>-</u>	<u>1,798,150</u>	<u>1,798,150</u>	<u>5,265,914</u>
Balance as at 1 January 2023 (Audited)	585,906	2,579,669	411,737	2,991,406	-	4,186,648	4,186,648	7,763,960
Total comprehensive income for the period:								
Profit for the period	-	-	38,964	38,964	-	-	-	38,964
Issuance of bonus shares in proportion of 25 shares for every 100 shares	146,476	-	(146,476)	(146,476)	-	-	-	-
Transfer to general reserve		265,261	(265,261)	-	-	-	-	-
Balance as at 30 September 2023 (Un-audited)	<u>732,382</u>	<u>2,844,929</u>	<u>38,964</u>	<u>2,883,894</u>	<u>-</u>	<u>4,186,648</u>	<u>4,186,648</u>	<u>7,802,924</u>

The annexed notes 1 to 19 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
Notes to the Condensed Interim Financial Information (Unaudited)
For the nine months ended September 30, 2023

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.

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 of the Company for the period ended September 30, 2023 have been prepared in accordance with the accounting and reporting standards (IFRS) as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ from the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited 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 do not include all the information and disclosures as 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, 2022 which have been prepared in accordance with the IFRS as applicable in Pakistan.

The comparative statement of financial position presented in these condensed interim financial statements, together with the notes thereto have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2022, 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 period ended September 30, 2023 have been extracted from the unaudited condensed interim financial statements for the nine months ended September 30, 2022.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except leasehold and freehold lands 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 have been presented in Pakistan 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 these condensed interim financial statements are the same as those applied in preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2022.
- 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.

4. SEGMENT RESULTS

	For the nine months ended						For the third quarter ended					
	30 September 2023			30 September 2022			30 September 2023			30 September 2022		
	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-----											
Gross sales	5,396,626	1,586,732	6,983,358	4,929,151	1,525,569	6,454,720	2,146,809	587,354	2,734,163	1,599,303	475,789	2,075,092
Less:												
Trade discount	-	-	-	362	-	362	-	-	-	-	-	-
Sales tax	666,426	243,475	909,901	663,167	219,132	882,299	267,649	88,728	356,377	200,275	67,987	268,262
Net sales	4,730,200	1,343,257	6,073,457	4,265,622	1,306,437	5,572,059	1,879,160	498,626	2,377,786	1,399,028	407,802	1,806,830
Less:												
Cost of sales	3,962,502	1,149,404	5,111,906	3,422,734	1,115,136	4,537,870	1,539,927	422,295	1,962,222	1,177,882	345,238	1,523,120
Distribution and marketing expenses	224,754	56,753	281,507	199,666	45,316	244,982	79,576	16,932	96,508	66,931	17,832	84,763
Administrative expenses	192,517	48,613	241,130	177,321	40,245	217,566	68,030	14,468	82,498	59,632	15,877	75,509
	4,379,773	1,254,770	5,634,543	3,799,721	1,200,697	5,000,418	1,687,533	453,695	2,141,228	1,304,445	378,947	1,683,392
Segment result	350,427	88,487	438,914	465,901	105,740	571,641	191,627	44,931	236,558	94,583	28,855	123,438
Unallocated corporate expenses:												
- Other operating expenses			(31,252)			(51,992)			(9,982)			(13,204)
- Other income			44,793			30,609			13,525			3,178
			13,541			(21,383)			3,543			(10,026)
Operating profit			452,456			550,258			240,101			113,412
Finance cost			(397,317)			(149,798)			(233,074)			(40,787)
Taxation			(16,175)			(98,272)			(1,754)			24,823
Profit for the period			38,964			302,188			5,273			97,448

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	12,560,706	6,612,385
Capital work-in-progress	5.2	575,356	5,458,169
Right-of-use assets - building	5.3	11,950	14,381
		<u>13,148,011</u>	<u>12,084,935</u>
5.1 Operating assets			
Net book value as at January 01		6,612,385	4,219,369
Additions during the period / year:			
Land and building		409,709	2,414,835
Plant and machinery		5,860,166	268,075
Vehicle		11,783	80,604
Furniture, fittings and office equipment		2,284	2,021
Computer equipment		2,120	11,439
		6,286,061	2,776,974
Less:			
Disposals during the period / year - net book value		(4,691)	(1,804)
Depreciation charge during the period / year		(333,048)	(382,155)
		<u>(337,739)</u>	<u>(383,959)</u>
		<u>12,560,706</u>	<u>6,612,385</u>
5.2 Capital work-in-progress			
As at January 01		5,458,169	1,698,716
Additions during the period /year		1,406,123	4,147,928
		6,864,292	5,846,644
Transfers during the period/year	5.2.1	(6,288,936)	(388,476)
As at September 30		<u>575,356</u>	<u>5,458,169</u>
5.2.1 Additions to plant and machinery include borrowing cost capitalised during the period amounting to Rs. 500.780 million (September 30, 2022: Rs. 260.774). The rate of mark up used to determine the amount of borrowing cost is in the range of 4% to 3 months Kibor +1.4% (2022: 4% to 3 months Kibor +1.4%) per annum.			
5.3 Right-of-use assets - Buildings			
The recognised right-of-use assets relate to the following types of assets:			
Net carrying value basis			
As at January 01		14,381	17,622
Depreciation during the period/year		(2,431)	(3,241)
Net book value as at September 30		<u>11,950</u>	<u>14,381</u>

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
6 STOCK-IN-TRADE			
Raw and packing materials - in hand		277,257	380,180
Finished goods - in hand		1,069,115	936,755
	6.1	<u>1,346,372</u>	<u>1,316,935</u>

6.1 The cost of raw and packaging materials and finished goods has been adjusted for provision for slow moving and obsolete stock by Rs. 33.696 million (31 December 2022: Rs. 33.998 million). During the period, a reversal of provision in respect of slow moving and obsolete stock amounting to Rs. 0.302 million was recorded (30 September 2022: provision of Rs. 3.923 million).

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
		-----Rupees in '000-----	
7 OTHER RECEIVABLES			
Considered good			
Receivable from defined benefit funds		43,309	39,932
Receivable from defined contribution funds		-	8,971
Sales tax recoverable		1,012,535	1,144,872
Insurance claim		-	32
Margin against letters of credit and bank guarantees		78,944	67,187
		<u>1,134,788</u>	<u>1,260,994</u>

8 LEASE LIABILITIES			
Lease liabilities recognised as on January 01		20,591	23,211
Interest accrued		1,452	2,184
Less: repayment of lease liabilities		(3,832)	(4,804)
	8.1	<u>18,211</u>	<u>20,591</u>

8.1 Break up of lease liabilities			
Lease liabilities		18,210	20,591
Less: current portion		(3,773)	(2,623)
		<u>14,437</u>	<u>17,968</u>
Maturity analysis-contractual undiscounted cashflow			
Less than one year		5,357	5,148
One to five year		17,012	21,053
Total undiscounted lease liability		<u>22,369</u>	<u>26,201</u>

8.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of 10%.

9 LONG TERM FINANCING

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
Secured from banking companies			
Temporary economic relief facility	9.1	2,590,892	2,062,042
Term finance facility	9.2	<u>1,540,036</u>	<u>2,220,785</u>
		4,130,928	4,282,827
Less: current portion shown under current liabilities		<u>(459,212)</u>	<u>(285,241)</u>
		<u><u>3,671,716</u></u>	<u><u>3,997,586</u></u>

9.1 This represents long term financing 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. 3,600 million and Rs. 200 million for import and construction of ASU 270 TPD plant and 11 TPS Electrode plant, respectively. The loans are repayable in thirty two quarterly installments over a period of eight years beginning from May 2023. The facility is fixed at the rate of 4% (SBP rate 1% + bank spread 3%) and secured against charge over certain fixed assets of the Company.

9.2 This represents financing agreements entered into by the Company with certain banks for an amount of Rs. 2,300 million, Rs. 1,300 million and Rs. 100 million for construction of ASU 105 TPD plant, ASU 270 TPD plant and 11 TPS Electrode plant, respectively. The loans are repayable in thirty two quarterly installments over a period of eight years beginning from May 2023. The facility has a variable rate of 3 months KIBOR + 1.1% - 1.4% and secured against charge over certain fixed assets of the Company.

		30 September 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
10 DEFERRED CAPITAL GRANT			
Capital grant	10.1	460,132	394,914
Current portion shown under current liability		<u>(89,240)</u>	<u>(81,146)</u>
		<u><u>370,893</u></u>	<u><u>313,768</u></u>

10.1 The Company received term finance facility amounting to Rs. 3,175 million from certain banks under Islamic / Temporary Economic Refinance Facility (I/TERF) introduced by the State Bank of Pakistan. Deferred capital grant has been recorded in respect of this facility as per the requirements of IAS-20, Government Grants.

11 CONTINGENCIES AND COMMITMENTS

11.1 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, 2023 amounted to Rs. 66.61 million (December 31, 2022: Rs. 61.09 million).

11.2 Commitments

Capital commitments outstanding as at September 30, 2023 amounted to Rs. 205.394 million (December 31, 2022: Rs. 333.890 million).

Commitments under letters of credit for inventory items as at September 30, 2023 amounted to Rs. 564 Million (December 31, 2022: Rs. 175 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at September 30, 2023 amounted to Rs. 409 Million (December 31, 2022: Rs. 361 million).

Commitments under letters of credit for fixed assets as at September 30, 2023 amounted to Rs. 2,057 Million (December 31, 2022: Rs. 1,511 million).

	30 September 2023 (Un-audited)	30 September 2022 (Un-audited)
Note	-----Rupees in '000-----	
12 CASH GENERATED FROM OPERATIONS		
Profit before taxation	55,139	400,460
Adjustments for non cash charges and other items:		
Depreciation	335,479	291,812
Amortisation	4,141	3,958
Gain on disposal of property, plant and equipment	(8,810)	(10,077)
Mark-up income from saving and deposit accounts	(22)	(1,293)
Finance cost	397,317	149,798
Post retirement medical benefits	1,105	753
Working capital changes	89,401	(1,193,956)
12.1	<u>873,751</u>	<u>(358,545)</u>
12.1 Working capital changes		
Decrease / (Increase) in current assets:		
Stores and spares	(17,942)	(70,172)
Stock-in-trade	(29,437)	(140,493)
Trade debts	(293,674)	(354,486)
Loans and advances	38,412	(128,679)
Deposit and prepayments	41,619	(69,431)
Other receivables	126,206	(630,639)
	<u>(134,816)</u>	<u>(1,393,900)</u>
Decrease in current liabilities:		
Trade and other payables	224,217	199,944
	<u>89,401</u>	<u>(1,193,956)</u>
13 CASH AND CASH EQUIVALENTS		
Cash and bank balances	339,687	274,932
Short term borrowings - running finance under mark-up arrangement	(3,284,763)	(1,466,461)
	<u>(2,945,076)</u>	<u>(1,191,529)</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:

Nature of Relationship	Nature of Transaction	30 September 2023	30 September 2022
		(Un-audited)	(Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	76,224	70,240
	Advance against sale of goods/services	62,306	-
	Purchase of goods and receipt of services	55,367	32,676
	Issuance of bonus shares	49,070	39,256
	Mark up on long term financing	50,395	18,934
	Mark up on short term financing	140,006	87,178
Directors	Meeting fee	16,025	11,325
	Issuance of bonus shares	10,554	8,441
Staff retirement funds	Charge in respect of retirement funds	37,350	32,898
Key management personnel	Compensation	269,799	255,967
	Issuance of bonus shares	46	37
		30 September 2023	31 December 2022
		(Un-audited)	(Audited)
		-----Rupees in '000-----	

14.2 Balances with related parties are summarised as follows:

Receivable from:

Staff retirement funds	45,242	58,853
Associated companies	7,215	7,057

Payable to:

Staff Retirement Funds	8,925	4,392
Long term borrowings from an associated company	319,185	319,185
Short term borrowings from an associated company	900,000	892,638

Advance from Customer:

Associated company	61,559	582
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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, 2022.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of all financial assets and liabilities reflected in these condensed interim financial statements approximate their fair values. As of the reporting date, none of the financial instruments of the Company are carried at fair value.

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 25 October 2023 by the Board of Directors of the Company.

18 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.

19 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

At Pakistan Oxygen, we have built our reputation upon our ability to respond quickly and effectively to customers' needs, no matter what the industry or interest. Our customer-centric approach has driven the development of our products, technologies, and support services, ensuring that they are always customized to meet the unique requirements of our customers and add value to their businesses.

What sets Pakistan Oxygen apart is our extensive process engineering, project development and comprehensive product portfolio. We offer a wide range of gas products, facilities, turnkey services, and solutions, including bulk and compressed gas product lines, welding consumables, equipment, and safety gear. Our team of highly qualified and experienced engineers, product managers, technologists, and marketers excel at providing dedicated support, and we work closely with our customers to provide the complete solution, including tailored hardware and customized services, for each gas application.

At Pakistan Oxygen, we believe in empowering our customers by providing them with the knowledge and tools they need to succeed. We understand that each customer has unique requirements and challenges, and we are committed to delivering customized solutions that meet these needs. Our goal is to provide our customers with a seamless and hassle-free experience, so they can focus on their core business.

In short, Pakistan Oxygen is a customer-driven organization that provides customized solutions to meet the unique needs of businesses across Pakistan. Our extensive product portfolio, comprehensive services, and dedicated support set us apart from the competition, and we are committed to empowering our customers with the knowledge and tools they need to succeed.

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)
- Oxytizer™ (footwear disinfection)
- Oxygizer (portable oxygen canister)

WELDING CONSUMABLES AND HARDGOODS

Welding Consumables

- Low hydrogen welding electrode – Fortrex™ E7018
- Low hydrogen welding electrode – Matador48™ E7018
- Low hydrogen welding electrode – Alpha Weld™ E7018™
- Mild Steel welding electrode Zodian Universal E6013™
- Mild Steel welding electrode HERO WELD™

- Mild Steel welding electrode POL SUPER 113™ E6013
- Mild Steel welding electrode POL 113™ E6013
- Hard facing welding electrode POLHARD 650™
- Special electrodes
- 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 and 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)



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