

**Condensed Interim Financial Information
(Unaudited)
for the First Quarter Ended
31 March 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

- 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

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
Mohammad Younus Dagha	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
Mohammad Younus Dagha	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 Information (un-audited) of your Company for the first quarter ended March 31, 2023.

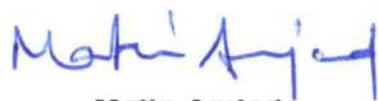
Pakistan's GDP growth is projected at 0.5% in FY 2023, reflecting a broad-based economic slowdown. In January 2023, Large Scale Manufacturing (LSM) contracted by 7.9%, year on year. On the other hand, in March 2023, the average 12-months Consumer Price Index (CPI) was recorded at 24.6% compared to 10.7% for the same period last year. The SBP again raised the policy rate by 100 basis points to 21%.

The Company's Net Sales for the first quarter ended March 31, 2023, were recorded at Rs. 1.8 billion, almost in line with last year. The Hardgoods segment witnessed a growth of 23% while in the Gases segment Nitrogen and CO₂ sales also achieved significant growth of 17% and 16%, respectively, over the same period last year. Demand for Oxygen, however, remained very weak due both the contraction in LSM and reduction in demand from the healthcare sector. Sales in the Medical Engineering Services segment were also slow due to the overall macroeconomic slowdown.

Gross Profit for the quarter at Rs. 298 million is 19% lower compared to the same period last year due to margin erosion with rapidly rising electricity and diesel prices. Overheads stood at Rs. 182 million, up by 10% over the same period last year. Finance Costs were up by 60% compared to last year due to significantly higher interest rates. As a result, after accounting for income tax of Rs. 13.7 million, the Company recorded a Profit After Tax and Earning per Share (EPS) at Rs. 33 million and Rs. 0.57, respectively, lower by 72% compared to last year.

Political instability and macroeconomic meltdown amid high inflation and interest rates, rising energy prices, and the import challenges due to depleting foreign currency reserves, pose very serious business challenges in the days and months ahead. The Company remains cognizant of these headwinds and remains steadfast to deliver its short and long-term objectives.

Karachi:
April 26, 2023


Matin Amjad
Chief Executive Officer


Waqar Ahmed Malik
Chairman

ڈائریکٹرز کا جائزہ

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے پہلی سہ ماہی مختتمہ 31 مارچ 2023ء پیش کر رہے ہیں۔

مالی سال 2023ء میں پاکستان کی GDP کی شرح نمو 0.5% رہنے کا تخمینہ لگایا گیا ہے جو وسیع بنیاد معاشی سست روی کی عکاسی کرتا ہے۔ جنوری 2023ء میں بڑے پیمانے کی مینوفیکچرنگ (LSM) میں سال بسال 7.9% کمی واقع ہوئی۔ دوسری جانب، مارچ 2023ء میں اوسط 12 ماہ کا کنزیومر پرائس انڈیکس (CPI) 24.6% ریکارڈ کیا گیا جبکہ گزشتہ سال اسی عرصے میں یہ شرح 10.7% تھی۔ اسٹیٹ بینک نے پالیسی ریٹ کو دوبارہ 100 بیس پوائنٹس بڑھا کر 21% کر دیا۔

31 مارچ 2023ء کو ختم ہونے والی پہلی سہ ماہی کے دوران کمپنی کی خالص فروخت 1.8 بلین روپے ریکارڈ کی گئی جو تقریباً گزشتہ سال کے برابر ہے۔ Hardgoods کے شعبے میں 23% اضافہ دیکھا گیا جبکہ گیس کے شعبے میں نائٹروجن اور کاربن ڈائی آکسائیڈ کی فروخت میں بھی گزشتہ سال کے اسی عرصے کے مقابلے میں بالترتیب 17% اور 16% کا نمایاں اضافہ ہوا۔ تاہم LSM کی بندش اور صحت عامہ کے شعبے کی طلب گھٹنے کے باعث آکسیجن کی فروخت میں نہایت کمی رہی۔ مجموعی طور پر میکرو اکنامک سست روی کی وجہ سے میڈیکل انجینئرنگ سروسز کے شعبے میں فروخت بھی سست رہی۔

بجلی اور ڈیزل کی قیمتوں میں تیزی سے اضافے کے نتیجے میں مارجن میں کمی کے باعث سہ ماہی کے دوران مجموعی منافع 298 ملین روپے رہا جو گزشتہ سال کے اسی عرصے کے مقابلے میں 19% کم ہے۔ متفرق اخراجات 182 ملین روپے رہے جو گزشتہ سال کے اسی عرصے کے مقابلے میں 10% زیادہ ہیں۔ شرح سود میں نمایاں اضافے کی وجہ سے فنانس اخراجات میں گزشتہ سال کے مقابلے میں 60% اضافہ ہوا۔ اس کے نتیجے میں 13.7 ملین روپے کے انکم ٹیکس کے حساب سے کمپنی نے بعد از ٹیکس منافع اور فی حصص آمدن (EPS) بالترتیب 33 ملین روپے اور 0.57 روپے ریکارڈ کیا، جو گزشتہ سال کے مقابلے میں 72% کم ہے۔

افراط زر اور شرح سود میں اضافے، توانائی کی بڑھتی ہوئی قیمتوں اور غیر ملکی زر مبادلہ کے ذخائر میں کمی کی وجہ سے درآمدی چیلنجز کے ساتھ ساتھ سیاسی عدم استحکام اور میکرو اکنامک مندی، آنے والے دنوں اور مہینوں میں بہت سنگین کاروباری چیلنجز ہیں۔ کمپنی ان مشکلات سے بخوبی آگاہ ہے اور اپنے قلیل اور طویل مدتی مقاصد کی تکمیل کے لیے ثابت قدم ہے۔



وقار احمد ملک
چیئرمین



متین امجد
چیف ایگزیکٹو آفیسر

کراچی:

26 اپریل 2023ء

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the period ended March 31, 2023

	Note	31 March 2023	31 March 2022
-----Rupees in '000-----			
Gross sales	4	2,087,321	2,119,606
Trade discount and sales tax	4	(272,645)	(290,907)
Net sales		1,814,676	1,828,699
Cost of sales	4	(1,516,587)	(1,460,618)
Gross profit		298,089	368,081
Distribution and marketing expenses	4	(90,036)	(76,291)
Administrative expenses	4	(78,218)	(69,435)
Other operating expenses		(13,820)	(20,304)
		(182,074)	(166,030)
Operating profit before other income		116,015	202,051
Other income		3,591	12,476
Operating profit		119,606	214,527
Finance cost		(72,621)	(45,375)
Profit before taxation		46,985	169,152
Taxation		(13,706)	(48,960)
Profit for the period		33,279	120,192
			(Restated)
Earnings per share - basic and diluted (Rupees)		0.57	2.05

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 Comprehensive Income (Unaudited)
For the period ended March 31, 2023

	31 March 2023	31 March 2022
	-----Rupees in '000-----	
Profit for the period	33,279	120,192
Other comprehensive income		
Items that will be reclassified subsequently to profit and loss account:		
Changes in fair value of cash flow hedge	-	(41,507)
Tax thereon	-	12,037
	-	(29,470)
Total comprehensive income for the period	33,279	90,722

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 March 31, 2023

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	12,689,864	12,084,935
Intangible assets		23,120	22,145
Investment in subsidiary		10	10
Long term loans		11,308	5,622
Long term deposits		75,438	75,438
		<u>12,799,740</u>	<u>12,188,150</u>
Current assets			
Stores and spares		401,427	359,947
Stock-in-trade	6	1,544,818	1,316,935
Trade debts		972,321	827,267
Loans and advances		47,151	126,717
Deposits and prepayments		446,187	419,248
Other receivables	7	1,264,877	1,260,994
Taxation - net		409,529	384,726
Cash and bank balances		300,163	546,935
		<u>5,386,473</u>	<u>5,242,769</u>
Total assets		<u><u>18,186,213</u></u>	<u><u>17,430,919</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 150,000,000 (2022: 70,000,000) Ordinary shares of Rs. 10 each		<u>1,500,000</u>	<u>700,000</u>
Issued, subscribed and paid-up capital 58,590,604 (2022: 58,590,604) Ordinary shares of Rs. 10 each		585,906	585,906
Revenue reserves			
General reserves		2,579,669	2,579,669
Unappropriated profit		445,016	411,737
Capital reserves			
Surplus on revaluation of property, plant and equipment		4,186,648	4,186,648
		<u>7,211,333</u>	<u>7,178,054</u>
		<u>7,797,239</u>	<u>7,763,960</u>
Non-current liabilities			
Long term deposits		248,797	250,909
Lease liabilities	8	16,393	17,968
Long term financing	9	3,850,038	3,997,586
Deferred capital grant	10	388,853	313,768
Deferred liabilities		151,369	159,979
		<u>4,655,450</u>	<u>4,740,210</u>
Current liabilities			
Trade and other payables		2,040,799	2,061,731
Short term borrowings		3,151,871	2,477,513
Un-claimed dividend		18,495	18,495
Current portion of lease liabilities	8	3,425	2,623
Current maturity of long term financing	9	431,702	285,241
Current portion of deferred capital grant	10	87,232	81,146
		<u>5,733,524</u>	<u>4,926,749</u>
Total equity and liabilities		<u><u>18,186,213</u></u>	<u><u>17,430,919</u></u>
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 period ended March 31, 2023

	31 March 2023	31 March 2022
Note	-----Rupees in '000-----	
Cash flow from operating activities		
Cash (used in) / generated from operations	12 (185,486)	207,903
Finance cost paid	(51,130)	(34,151)
Income tax paid - net	(47,486)	(48,351)
Post retirement medical benefits paid	-	(138)
Long term deposits - receivable	(5,685)	(155)
Long term deposits - payable	(2,112)	4,988
Net cash (used in) / generated from operating activities	(291,899)	130,096
Cash flow from investing activities		
Additions to property, plant and equipment	(709,252)	(279,972)
Additions to intangibles assets	(2,231)	-
Proceeds from disposal of property, plant and equipment	3,443	402
Interest received on balances with banks	1	798
Net cash used in investing activities	(708,039)	(278,772)
Cash flow from financing activities		
Repayment of long term financing	-	(28,406)
Long term financing	80,084	204,585
Repayment of lease liabilities	(1,276)	(1,191)
Dividends paid	-	(933)
Net cash generated from financing activities	78,808	174,054
Net (decrease) / increase in cash and cash equivalents	(921,130)	25,378
Cash and cash equivalents at beginning of the year	(1,930,578)	(964,289)
Cash and cash equivalents at end of the period	13 (2,851,708)	(938,911)

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 Changes in Equity (Unaudited)
For the period ended March 31, 2023

	Revenue Reserves			Capital Reserves			Total	
	Issued, subscribed and paid-up Capital	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	-	-	120,192	120,192	-	-	-	120,192
Other comprehensive income for the period	-	-	-	-	(29,470)	-	(29,470)	(29,470)
	-	-	120,192	120,192	(29,470)	-	(29,470)	90,722
Balance as at 31 March 2022 (Un-audited)	<u>468,725</u>	<u>2,234,950</u>	<u>582,093</u>	<u>2,817,043</u>	<u>(0)</u>	<u>1,798,150</u>	<u>1,798,150</u>	<u>5,083,918</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	-	-	33,279	33,279	-	-	-	33,279
Other comprehensive income for the period	-	-	-	-	-	-	-	-
	-	-	33,279	33,279	-	-	-	33,279
Balance as at 31 March 2023 (Un-audited)	<u>585,906</u>	<u>2,579,669</u>	<u>445,016</u>	<u>3,024,685</u>	<u>-</u>	<u>4,186,648</u>	<u>4,186,648</u>	<u>7,797,239</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 period ended March 31, 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

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange. This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2022 which have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan.

This condensed interim financial information of the Company for period ended March 31, 2022 has been prepared in accordance with the accounting and reporting standards (IFRS standards) as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

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

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, 2022, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and and condensed interim statement of changes in equity are extracted from the unaudited condensed interim financial information for the period ended March 31, 2022.

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 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 this condensed interim financial information 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 period ended					
	31 March 2023			31 March 2022		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	-----Rupees in '000-----					
Gross sales	1,653,383	433,938	2,087,321	1,723,320	396,286	2,119,606
Less:						
Trade discount	-	-	-	362	-	362
Sales tax	204,311	68,334	272,645	234,541	56,005	290,546
	204,311	68,334	272,645	234,903	56,005	290,907
Net sales	1,449,072	365,604	1,814,676	1,488,417	340,281	1,828,698
Less:						
Cost of sales	1,196,271	320,316	1,516,587	1,168,802	291,816	1,460,618
Distribution and marketing expenses	76,357	13,679	90,036	66,246	10,045	76,291
Administrative expenses	66,335	11,883	78,218	60,293	9,142	69,435
	1,338,963	345,878	1,684,841	1,295,341	311,003	1,606,344
Segment result	110,109	19,726	129,835	193,076	29,278	222,354
Unallocated corporate expenses:						
- Other operating expenses			(13,820)			(20,304)
- Other income			3,591			12,476
			(10,229)			(7,828)
Operating profit			119,606			214,526
Finance cost			(72,621)			(45,375)
Taxation			(13,706)			(48,960)
Profit for the period			33,279			120,192

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
5 PROPERTY, PLANT AND EQUIPMENT			
Operating assets	5.1	6,541,625	6,612,385
Capital work-in-progress	5.2	6,134,668	5,458,169
Right-of-use assets - building	5.3	13,571	14,381
		<u>12,689,864</u>	<u>12,084,934</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		5,877	2,414,835
Plant and machinery		12,207	268,075
Vehicle		11,783	80,604
Furniture, fittings and office equipment		1,282	2,021
Computer equipment		1,607	11,439
		32,756	2,776,974
Less:			
Disposals during the period / year - net book value		(3,249)	(1,804)
Depreciation charge during the period / year		(100,267)	(382,155)
		<u>(103,516)</u>	<u>(383,959)</u>
		<u>6,541,625</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		711,487	4,147,928
		<u>6,169,656</u>	<u>5,846,644</u>
Transfers during the period/year		(34,988)	(388,476)
As at March 31		<u>6,134,668</u>	<u>5,458,169</u>
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		(810)	(3,241)
Net book value as at March 31		<u>13,571</u>	<u>14,381</u>

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	-----Rupees in '000-----	
6 STOCK-IN-TRADE		
Raw and packing materials - in hand	384,071	380,180
Finished goods - in hand	1,160,747	936,755
6.1	1,544,818	1,316,935

6.1 The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 35.898 million (31 December 2022: Rs. 33.998 million). During the period, a provision amounting to Rs. 1.9 million (31 March 2022: Rs. 1.5 million) in respect of slow moving and obsolete stock has been recorded.

	31 March 2023 (Unaudited)	31 December 2022 (Audited)
	-----Rupees in '000-----	
7 OTHER RECEIVABLES		
Considered good		
Receivable from defined benefit funds	40,305	39,932
Receivable from defined contribution funds	2,700	8,971
Sales tax recoverable	1,161,677	1,144,872
Insurance claim	-	32
Margin against letters of credit and bank guarantees	60,194	67,187
	1,264,876	1,260,994

8 LEASE LIABILITIES		
Lease liabilities recognised as on January 01	20,591	23,211
Interest accrued	503	2,184
Less: repayment of lease liabilities	(1,276)	(4,804)
8.1	19,818	20,591

8.1 Break up of lease liabilities		
Lease liabilities	19,818	20,591
Less: current portion	(3,425)	(2,623)
	16,393	17,968
Maturity analysis-contractual undiscounted cashflow		
Less than one year	(5,239)	5,148
One to five year	(19,687)	21,053
Total undiscounted lease liability	(24,926)	26,201

8.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which was 10% (2022: 10%).

9 LONG TERM FINANCING

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
Secured from banking companies			
Temporary economic relief facility	9.1	2,660,614	2,062,042
Term finance facility	9.2	1,621,126	2,220,785
		<u>4,281,740</u>	<u>4,282,827</u>
Less: current portion shown under current liabilities		<u>(431,702)</u>	<u>(285,241)</u>
		<u>3,850,038</u>	<u>3,997,586</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.

		31 March 2023 (Unaudited)	31 December 2022 (Audited)
	Note	-----Rupees in '000-----	
10 DEFERRED CAPITAL GRANT			
Capital grant	10.1	476,085	394,914
Current portion shown under current liability		<u>(87,232)</u>	<u>(81,146)</u>
		<u>388,853</u>	<u>313,768</u>

10.1 The Company received term finance facility amounting to Rs. 3,137 million from certain banks under Islamic / Temporary Economic Refinance Facility (I/TERF) introduced by the State Bank of Pakistan. The loans are repayable in thirty two quarterly installments over a period of eight years beginning May 2023. The facility is secured against charge over certain fixed assets of the Company. Deferred capital grant has been recorded accordingly in respect of this facility under 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 March 31, 2023 amounted to Rs. 62.89 million (December 31, 2022: Rs. 61.09 million).

11.2 Commitments

Capital commitments outstanding as at March 31, 2023 amounted to Rs. 256.627 million (December 31, 2022: Rs. 333.890 million).

Commitments under letters of credit for inventory items as at March 31, 2023 amounted to Rs. 190 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 March 31, 2023 amounted to Rs. 322 million (December 31, 2022: Rs. 361 million).

Commitments under letters of credit for fixed assets as at March 31, 2023 amounted to Rs. 1,725 million (December 31, 2022: Rs. 1,511 million).

	31 March 2023 (Un-audited)	31 March 2022 (Un-audited)
Note	-----Rupees in '000-----	
12 CASH GENERATED FROM OPERATIONS		
Profit before taxation	46,985	169,152
Adjustments for non-cash charges and other items:		
Depreciation	101,078	94,399
Amortisation	1,256	1,369
Gain on disposal of property, plant and equipment	(195)	(241)
Mark-up income from saving and deposit accounts	(1)	(798)
Finance cost	72,621	45,375
Post retirement medical benefits	368	251
Working capital changes	12.1 (407,598)	(101,604)
	<u>(185,486)</u>	<u>207,903</u>
12.1 Working capital changes		
Increase in current assets:		
Stores and spares	(41,480)	(32,080)
Stock-in-trade	(227,883)	34,362
Trade debts	(145,054)	(95,781)
Loans and advances	79,566	(3,161)
Deposit and prepayments	(26,939)	(25,737)
Other receivables	(3,883)	3,781
	<u>(365,673)</u>	<u>(118,616)</u>
Increase in current liabilities:		
Trade and other payables	(41,925)	17,012
	<u>(407,598)</u>	<u>(101,604)</u>

	31 March 2023 (Un-audited)	31 March 2022 (Un-audited)
	-----Rupees in '000-----	
13 CASH AND CASH EQUIVALENTS		
Cash and bank balances	300,163	352,495
Short term borrowings - running finance under mark-up arrangement	<u>(3,151,871)</u>	<u>(1,291,406)</u>
	<u>(2,851,708)</u>	<u>(938,911)</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	31 March 2023 (Un-audited)	31 March 2022 (Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	18,571	19,947
	Purchase of goods and receipt of services	2,541	1,417
	Mark up on long term financing	14,355	-
	Mark up on short term financing	39,434	22,790
Directors	Meeting fee	5,500	3,950
Staff retirement funds	Charge in respect of retirement funds	11,296	9,998
Key management personnel	Compensation	88,129	78,832

	31 March 2023 (Un-audited)	31 December 2022 (Audited)
	-----Rupees in '000-----	

14.2 Balances with related parties are summarised as follows:

Receivable from:

Staff retirement funds	45,159	58,853
Associated companies	8,795	7,057

Payable to:

Staff Retirement Funds	5,287	4,392
Long term borrowings from an associated company	319,185	319,185
Short term borrowings from an associated company	892,638	892,638

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 values of all financial assets and liabilities reflected in this condensed interim financial information 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

This condensed interim financial information was authorised for issue on 26 April 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)



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