

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

EXTERNAL AUDITORS

BDO Ebrahim & Company

INTERNAL AUDITORS

EY Ford Rhodes Chartered Accountants

LEGAL ADVISOR

Ayesha Hamid of Hamid Law Associates

ENTITY CREDIT RATING BY PACRA

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

REGISTERED OFFICE

West Wharf, Dockyard Road, Karachi 74000

SHARE REGISTRAR

CDC Share Registrar Services Limited

WEBSITE

www.pakoxxygen.com

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, 2023. The accompanying Financial Information was subject to a limited scope review by the Statutory Auditors, as required under the Code of Corporate Governance.

Pakistan's economy is faced with numerous challenges, resulting in a widespread economic slowdown. As a result, GDP growth was below the projected 2% target for the fiscal year 2023. Large-Scale Manufacturing (LSM) experienced a sharp contraction of 14.4% year on year, in May 2023, with weak demand and supply chain disruptions due to forex issues. There was a substantial surge in inflation, with CPI reaching levels of 29.4% in June 2023. In response, SBP raised its policy rate to 22%.

During the half year, the Company achieved a net turnover of Rs. 3.7 billion, almost in line with last year, despite the contraction in LSM. In the Gases segment, Oxygen sales remained under pressure due to low demand from Steel, Glass, and Shipbreaking sectors. Despite this, overall sales remained in line with last year with notable growth of 21% in the Welding segment. Gross Profit for the period under review was recorded at Rs. 546 million, 27% below last year. This decline is due to margin erosion primarily caused by rising input costs, particularly electricity and diesel prices. Overheads were tightly controlled, higher by 7% over last year despite significantly higher inflation. Finance costs were recorded at Rs. 164.2 million, a substantial increase of 51% compared to last year. This increase was mainly a result of the policy rate rising from 13.8% to 22.0%. As a consequence, Profit After Tax and Earnings Per Share (EPS) for the period were recorded at Rs. 33.7 million and Rs. 0.46, respectively, indicating a decline of 84% compared to the same period last year.

In these challenging times, the Company is undertaking a comprehensive margin improvement plan by undertaking price increases to fully pass through the exceptional input cost increases. This is being done across all segments including Industrial gases and Healthcare. This initiative is expected to significantly improve product margins going forward. At the same time, the Company's new 270 TPD, state of the art ASU plant, at Port Qasim has become operational. This plant has better production efficiencies, which will further improve the Company's margin profile.



Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

Karachi
25 August 2023

ڈائریکٹرز کا جائزہ

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات برائے نصف سال محنتہ 30 جون 2023ء پیش کر رہے ہیں۔ قانونی آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت منسلک مالیاتی معلومات کا محدود جائزہ لیا ہے۔

پاکستان کی معیشت کو بے شمار مشکلات درپیش ہیں جن کے باعث بڑے پیمانے پر معاشی ست روی کا سامنا ہے۔ نتیجتاً GDP کی شرح نمو مالی سال 2023ء کے متوقع 2% ہدف سے کم رہی۔ زر مبادلہ کے مسائل کی وجہ سے طلب کم اور رسد کے تسلسل میں خلل کی وجہ سے، بڑے پیمانے کی مینوفیکچرنگ (LSM) میں مئی 2023ء میں سال بسال 14.4% کی نمایاں کمی ہوئی۔ جون 2023ء میں افراط زر میں خاطر خواہ اضافہ ہوا اور کنزیومر پرائس انڈیکس (CPI) 29.4% کی سطح پر پہنچ گیا۔ اس پیش رفت کی روشنی میں اسٹیٹ بینک نے اپنا پالیسی ریٹ بڑھا کر 22% کر دیا۔

مذکورہ نصف سال کے دوران، LSM میں کمی کے باوجود کمپنی کی خالص فروخت 3.7 بلین روپے ریکارڈ کی گئی، جو تقریباً گزشتہ سال کے برابر ہے۔ گیس کے شعبے میں، اسٹیل، گلاس اور شپ بریکنگ سیکٹرز کی جانب سے کم طلب کے باعث آکسیجن کی فروخت دباؤ کا شکار رہی۔ اس کے باوجود ویلڈنگ کے شعبے میں 21% کے نمایاں اضافے کے ساتھ مجموعی فروخت تقریباً گزشتہ سال کے برابر رہی۔ زیر جائزہ عرصے کا مجموعی منافع 546 ملین روپے ریکارڈ کیا گیا، جو گزشتہ سال کے مقابلے میں 27% کم ہے۔ یہ کمی بنیادی طور پر بڑھتی ہوئی لاگت، خصوصاً بجلی اور ڈیزل کی قیمتوں کی وجہ سے مارجن میں کمی کے باعث ہے۔ متفرق اخراجات پر سختی سے قابو رکھا گیا جو افراط زر میں نمایاں اضافے کے باوجود گزشتہ سال کے مقابلے میں 7% زیادہ رہے۔ مالیاتی اخراجات 164.2 ملین روپے ریکارڈ کیے گئے جو گزشتہ سال کے مقابلے میں 51% زیادہ ہیں۔ یہ اضافہ بنیادی طور پر پالیسی ریٹ میں اضافے کے سبب تھا جو 13.8% سے بڑھ کر 22.0% ہو گیا۔ نتیجتاً، مذکورہ عرصے کے لیے بعد از ٹیکس منافع اور آمدن فی حصص (EPS) بالترتیب 33.7 ملین روپے اور 0.46 روپے ریکارڈ کی گئی، جو گزشتہ سال کے مقابلے میں 84% کم ہے۔

اس مشکل وقت میں، کمپنی غیر معمولی لاگت میں اضافے کو برداشت کرنے کے لیے قیمتوں میں اضافے کے ذریعے مارجن میں بہتری کا ایک جامع منصوبہ بنا رہی ہے۔ صنعتی گیس اور ہیلتھ کیئر سمیت تمام شعبوں میں یہی حکمت عملی اپنائی جا رہی ہے۔ اس کے ساتھ ہی پورٹ قاسم میں کمپنی کا نیا جدید ترین ASU پلانٹ، 270 TPD آپریشنل ہو گیا ہے۔ اس پلانٹ کی پیداواری صلاحیت بہتر ہے، جس سے کمپنی کے مارجن پر وفاق میں مزید بہتری آئے گی۔

بورڈ کی جانب سے

محمد امجد

دقار احمد ملک

چیئرمین

Mohiuddin

ستین امجد

چیف ایگزیکٹو آفیسر

کراچی:

25 اگست 2023ء

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 profit or loss of **PAKISTAN OXYGEN LIMITED** ("the Company") for the half year ended June 30, 2023 and the related condensed interim statement of comprehensive income, condensed interim statement of financial position, 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 "interim financial statements"). Management is responsible for the preparation and presentation of these 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 financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial 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 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.

Other Matters

The figures for the three months' period ended June 30, 2023 and June 30, 2022 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.

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

KARACHI

DATED: August 29, 2023

UDIN: RR20231006760J9iPNFR



BDO EBRAHIM AND CO.
CHARTERED ACCOUNTANTS

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the International BDO network of independent member firms.

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Un-Audited)
For the half year and quarter ended June 30, 2023

	Note	Half year ended		Second quarter ended	
		June 30,	June 30,	June 30,	June 30,
		2023	2022	2023	2022
		-----Rupees in '000-----		-----Rupees in '000-----	
Gross sales	4	4,249,195	4,379,628	2,161,874	2,260,022
Trade discount and sales tax	4	(553,524)	(614,399)	(280,878)	(323,492)
Net sales		3,695,671	3,765,229	1,880,996	1,936,530
Cost of sales	4	(3,149,684)	(3,014,750)	(1,633,097)	(1,554,132)
Gross profit		545,987	750,479	247,899	382,398
Distribution and marketing expenses	4	(184,999)	(160,219)	(94,963)	(83,928)
Administrative expenses	4	(158,632)	(142,057)	(80,414)	(72,622)
Other operating expenses		(21,270)	(38,788)	(7,450)	(18,484)
		(364,901)	(341,064)	(182,827)	(175,034)
Operating profit before other income		181,086	409,415	65,072	207,364
Other income		31,268	27,431	27,677	14,956
Operating profit		212,354	436,846	92,749	222,320
Finance cost		(164,243)	(109,011)	(91,621)	(63,636)
Profit before taxation		48,111	327,835	1,128	158,684
Taxation		(14,421)	(123,095)	(715)	(74,136)
Profit after taxation		33,690	204,740	413	84,548
Earnings per share - basic and diluted (Rupees)	8	0.46	(Restated) 2.80	0.01	(Restated) 1.15

The annexed notes from 1 to 20 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 (Un-audited)
 For the half year and quarter ended June 30, 2023

	Half year ended		Second quarter ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
	-----Rupees in '000-----		-----Rupees in '000-----	
Profit after taxation	33,690	204,740	413	84,548
Other comprehensive loss				
Items that will be reclassified subsequently to profit or loss				
Changes in fair value of cash flow hedge	-	(88,797)	-	-
Tax thereon	-	25,751	-	-
	-	(63,046)	-	-
Total comprehensive income for the period	<u>33,690</u>	<u>141,694</u>	<u>413</u>	<u>84,548</u>

The annexed notes from 1 to 20 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 June 30, 2023

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	13,089,359	12,084,935
Intangible assets		21,677	22,145
Investment in subsidiary		10	10
Long term loans		10,373	5,622
Long term deposits		75,438	75,438
		13,196,857	12,188,150
Current assets			
Stores and spares		369,262	359,947
Stock-in-trade	6	1,521,085	1,316,935
Trade debts		859,927	827,267
Loans and advances		67,853	126,717
Deposits and prepayments		421,518	419,248
Other receivables	7	1,229,452	1,260,994
Taxation - net		413,329	384,726
Cash and bank balances	14	304,946	546,935
		5,187,372	5,242,769
Total assets		18,384,229	17,430,919
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		1,500,000	700,000
150,000,000 (2022: 70,000,000) Ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital		732,382	585,906
73,238,255 (2022: 58,590,604) Ordinary shares of Rs. 10 each	8		
Revenue reserves			
General reserves		2,844,930	2,579,669
Unappropriated profit		33,690	411,737
Capital reserves			
Surplus on revaluation of property, plant and equipment		4,186,648	4,186,648
		7,065,268	7,178,054
		7,797,650	7,763,960
Non-current liabilities			
Long term deposits		247,790	250,909
Lease liabilities	9	15,426	17,968
Long term financing	10	3,786,535	3,997,586
Deferred capital grant	11	395,990	313,768
Deferred liabilities		128,824	159,979
		4,574,565	4,740,210
Current liabilities			
Trade and other payables		2,057,727	2,061,731
Short term borrowings		3,420,923	2,477,513
Un-claimed dividend		18,495	18,495
Current portion of lease liabilities	9	3,602	2,623
Current maturity of long term financing	10	432,464	285,241
Current portion of deferred capital grant	11	78,803	81,146
		6,012,014	4,926,749
Total equity and liabilities		18,384,229	17,430,919
Contingencies and Commitments			
	12		

The annexed notes from 1 to 20 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 (Un-Audited)
For the half year ended June 30, 2023

Note	June 30, 2023	June 30, 2022
	-----Rupees in '000-----	
Cash flow from operating activities		
Cash generated from operations	191,886	282,542
Finance costs paid	(105,491)	(56,184)
Income tax paid	(74,798)	(93,073)
Post retirement medical benefits paid	(116)	(421)
Long term loans and deposits	(4,750)	(26,839)
Long term deposits	(3,119)	16,425
Net cash generated from operating activities	3,612	122,450
Cash flow from investing activities		
Additions to property, plant and equipment	(1,212,200)	(1,743,049)
Additions to intangibles assets	(932)	-
Proceeds from disposal of property, plant and equipment	10,615	10,519
Interest received on balances with banks	5	819
Net cash used in investing activities	(1,202,512)	(1,731,711)
Cash flow from financing activities		
Repayment of long term financing	(102,731)	(55,884)
Long term financing obtained	118,783	1,668,458
Repayment of lease liabilities	(2,551)	(2,382)
Dividends paid	-	(933)
Net cash flows generated from financing activities	13,501	1,609,259
Net decrease in cash and cash equivalents	(1,185,399)	(2)
Cash and cash equivalents at beginning of the period	(1,930,578)	(964,289)
Cash and cash equivalents at end of the period	(3,115,977)	(964,291)

The annexed notes from 1 to 20 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
For the half year ended June 30, 2023

Share Capital	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 January 1, 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	-	-	204,740	204,740	-	-	-	204,740
Other comprehensive loss for the period	-	-	-	-	(63,046)	-	(63,046)	(63,046)
	-	-	204,740	204,740	(63,046)	-	(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)	(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 June 30, 2022 (Un-audited)	<u>585,906</u>	<u>2,579,670</u>	<u>204,740</u>	<u>2,784,410</u>	<u>-</u>	<u>1,798,150</u>	<u>1,798,150</u>	<u>5,168,466</u>
Balance as at January 1, 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	-	-	33,690	33,690	-	-	-	33,690
Transactions with owners of the Company recognised directly in equity - distribution								
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 June 30, 2023 (Un-audited)	<u>732,382</u>	<u>2,844,930</u>	<u>33,690</u>	<u>2,878,620</u>	<u>-</u>	<u>4,186,648</u>	<u>4,186,648</u>	<u>7,797,650</u>

The annexed notes from 1 to 20 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 (Un-audited)
For the half year ended June 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, 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

This condensed interim financial information of the Company for the half year ended June 30, 2023 has 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 are followed.

This condensed interim financial information is unaudited but subject to the limited scope review by the auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information and disclosures 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 this condensed interim financial information, together with the notes thereto 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 condensed interim statement of changes in equity together with the notes thereto for the six months period ended June 30, 2023 have been extracted from the unaudited condensed interim financial information for the half year ended June 30, 2022.

2.2 Basis of measurement

This condensed interim financial information has 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. 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, including management judgements, estimates and assumptions that affect the application of accounting policies 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 (UN-AUDITED)

	Half year ended						Second quarter ended					
	June 30, 2023			June 30, 2022			June 30, 2023			June 30, 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	3,249,817	999,378	4,249,195	3,329,848	1,049,780	4,379,628	1,596,434	565,440	2,161,874	1,606,528	653,494	2,260,022
Less:												
Trade discount	-	-	-	362	-	362	-	-	-	-	-	-
Sales tax	398,777	154,747	553,524	462,892	151,145	614,037	194,466	86,412	280,878	228,352	95,140	323,492
Net sales	2,851,040	844,631	3,695,671	2,866,594	898,635	3,765,229	1,401,968	479,028	1,880,996	1,378,176	558,354	1,936,530
Less:												
Cost of sales	2,422,575	727,109	3,149,684	2,244,852	769,898	3,014,750	1,226,304	406,793	1,633,097	1,077,050	477,082	1,554,132
Distribution and marketing expenses	145,178	39,821	184,999	132,522	27,697	160,219	68,821	26,142	94,963	66,276	17,652	83,928
Administrative expenses	124,487	34,145	158,632	117,499	24,558	142,057	58,152	22,262	80,414	57,206	15,416	72,622
	2,692,240	801,075	3,493,315	2,494,873	822,153	3,317,026	1,353,277	455,197	1,808,474	1,200,532	510,150	1,710,682
Segment result	158,800	43,556	202,356	371,721	76,482	448,203	48,691	23,831	72,522	177,644	48,204	225,848
Unallocated corporate expenses:												
Other operating expenses			(21,270)			(38,788)			(7,450)			(18,484)
Other income			31,268			27,431			27,677			14,956
			9,998			(11,357)			20,227			(3,528)
Operating profit			212,354			436,846			92,749			222,320
Finance cost			(164,243)			(109,011)			(91,621)			(63,636)
Taxation			(14,421)			(123,095)			(715)			(74,136)
Profit for the period			33,690			204,740			413			84,548

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	-----Rupees in '000-----	
5	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	5.1	6,449,799	6,612,385
Capital work-in-progress	5.2	6,626,800	5,458,169
Right-of-use assets - building	5.3	12,760	14,381
		<u>13,089,359</u>	<u>12,084,935</u>
5.1	Operating fixed assets		
Net book value as at January 01		6,612,385	4,219,369
Additions during the period / year:			
Land and building		6,339	2,414,835
Plant and machinery		20,591	268,075
Vehicles		11,783	80,604
Furniture, fittings and office equipment		1,883	2,021
Computer equipment		1,674	11,439
		42,270	2,776,974
Less:			
Disposals during the period / year - net book value		(4,466)	(1,804)
Depreciation charge during the period / year		(200,390)	(382,155)
		<u>(204,856)</u>	<u>(383,959)</u>
		<u>6,449,799</u>	<u>6,612,385</u>
5.2	Capital work-in-progress		
As at January 01		5,458,169	1,698,716
Addition during the period / year	5.2.1	1,213,132	4,147,928
		6,671,301	5,846,644
Transfers during the period / year		(44,501)	(388,476)
As at June 30		<u>6,626,800</u>	<u>5,458,169</u>

- 5.2.1 Additions to plant and machinery include borrowing cost capitalised during the period amounting to Rs. 392.752 million (June 30, 2022: Rs. 48.443 million). 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.

	June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
Note	-----Rupees in '000-----	
5.3 Right-of-use assets - Buildings		
Net carrying value basis		
As at January 01	14,381	17,622
Depreciation charge during the period / year	<u>(1,621)</u>	<u>(3,241)</u>
Net book value as at June 30	<u>12,760</u>	<u>14,381</u>
6 STOCK-IN-TRADE		
Raw and packing materials - in hand	326,216	380,180
Finished goods - in hand	<u>1,194,869</u>	<u>936,755</u>
6.1	<u>1,521,085</u>	<u>1,316,935</u>
6.1	The cost of raw and packaging materials and finished goods has been adjusted by Rs. 31.596 million (December 31, 2022: Rs. 33.998 million) for provision for slow moving and obsolete stock. During the period, a reversal of provision in respect of slow moving and obsolete stock amounting to Rs. 2.402 million was recorded (June 30, 2022: provision of Rs. 2.423 million).	
7 OTHER RECEIVABLES		
Considered good		
Receivable from defined benefit funds	41,935	39,932
Receivable from defined contribution funds	-	8,971
Sales tax recoverable	1,106,840	1,144,872
Insurance claim	-	32
Margin against letters of credit and bank guarantees	<u>80,677</u>	<u>67,187</u>
	<u>1,229,452</u>	<u>1,260,994</u>
8 SHARE CAPITAL		
8.1 Authorised share capital		
	During the period, the Company increased its authorised share capital from Rs. 700 million (70 million shares of Rs. 10 each) to Rs. 1,500 million (150 million shares of Rs. 10 each).	
8.2 Issued, subscribed and paid-up capital		
	During the period, the Company issued bonus shares in proportion of 25 shares for every 100 shares held i.e. 25% amounting to Rs. 146.476 million.	

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	-----Rupees in '000-----	
9	LEASE LIABILITIES		
	Lease liabilities recognised as on January 01	20,591	23,211
	Interest accrued	988	2,184
	Less: repayment of lease liabilities	<u>(2,551)</u>	<u>(4,804)</u>
		<u>19,028</u>	<u>20,591</u>
9.1	Break up of lease liabilities		
	Lease liabilities	19,028	20,591
	Less: current portion	<u>(3,602)</u>	<u>(2,623)</u>
		<u>15,426</u>	<u>17,968</u>
	Maturity analysis-contractual undiscounted cashflow		
	Less than one year	5,239	5,148
	One to five year	<u>19,687</u>	<u>21,053</u>
	Total undiscounted lease liability	<u>24,926</u>	<u>26,201</u>
9.2	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of 10%.		
10	LONG TERM FINANCING		
	Secured from banking companies		
	Temporary economic relief facility	10.1 2,638,268	2,062,042
	Term finance facility	10.2 <u>1,580,731</u>	<u>2,220,785</u>
		4,218,999	4,282,827
	Less: current portion shown under current liabilities	<u>(432,464)</u>	<u>(285,241)</u>
		<u>3,786,535</u>	<u>3,997,586</u>
10.1	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.		
10.2	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.		

		June 30, 2023 (Un-audited)	December 31, 2022 (Audited)
	Note	-----Rupees in '000-----	
11	DEFERRED CAPITAL GRANT		
	Capital grant	474,793	394,914
	Current Portion of Capital Grant	<u>(78,803)</u>	<u>(81,146)</u>
		<u>395,990</u>	<u>313,768</u>

11.1 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 accordingly in respect of this facility as per the requirements of IAS-20, "Government Grants".

12 CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at June 30, 2023 amounted to Rs. 64.68 million (December 31, 2022: Rs. 61.09 million).

12.2 Commitments

Capital commitments outstanding as at June 30, 2023 amounted to Rs. 2,063.904 million (December 31, 2022: Rs. 333.890 million).

Commitments under letters of credit for inventory items as at June 30, 2023 amounted to Rs. 683 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 June 30, 2023 amounted to Rs. 427 million (December 31, 2022: Rs. 361 million).

Commitments under letters of credit for fixed assets as at June 30, 2023 amounted to Rs. 2,044 million (December 31, 2022: Rs. 1,511 million).

	Note	June 30, 2023 (Un-audited) (Rupees in '000)	June 30, 2022 (Un-audited)
13 CASH GENERATED FROM OPERATIONS			
Profit before taxation		48,111	327,835
Adjustments for non cash charges and other items			
Depreciation		202,011	190,715
Amortisation		2,699	2,701
Gain on disposal of property, plant and equipment		(6,149)	(9,907)
Mark-up income from saving and deposit accounts		(5)	(819)
Finance cost		164,243	109,011
Post retirement medical benefits		737	502
Working capital changes	13.1	(219,761)	(337,496)
		<u>191,886</u>	<u>282,542</u>
13.1 Working capital changes			
Decrease / (increase) in current assets:			
Stores and spares		(9,315)	(56,146)
Stock-in-trade		(204,150)	67,874
Trade debts		(32,660)	94,558
Loans and advances		58,864	(106,019)
Deposit and prepayments		(2,270)	(72,078)
Other receivables		31,542	(658,599)
		<u>(157,989)</u>	<u>(730,410)</u>
(Decrease) / Increase in current liabilities:			
Trade and other payables		(61,772)	392,914
		<u>(219,761)</u>	<u>(337,496)</u>
14 CASH AND CASH EQUIVALENTS			
Cash and bank balances		304,946	438,438
Short term borrowings - running finance under mark-up arrangement		(3,420,923)	(1,402,729)
		<u>(3,115,977)</u>	<u>(964,291)</u>
15 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:

15.1 Transactions with related parties are summarised as follows:

Nature of Relationship	Nature of Transaction	June 30, 2023	June 30, 2022
		(Un-audited)	(Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by	Sale of goods	38,684	40,986
Virtue of common directorship	Advance against sale of goods/services	62,146	-
	Purchase of goods and receipt of services	6,478	3,080
	Issuance of bonus shares	49,070	39,256
	Mark up on long term financing	31,384	5,788
	Mark up on short term borrowings	88,436	53,032
Directors	Meeting fee	11,050	7,275
	Issuance of bonus shares	10,554	8,441
Staff retirement funds	Charge in respect of staff retirement funds	24,277	21,375
Key management personnel	Compensation	180,802	166,728
	Issuance of bonus shares	46	37

15.2 Balances with related parties are summarised as follows:

Receivable from:			
Staff retirement funds		43,850	58,853
Associated companies		8,260	7,057
Payable to:			
Staff Retirement Funds		8,058	4,392
Long term financing from an associated company		319,185	319,185
Short term borrowings from an associated company		900,000	892,638
Advance from Customer:			
Associated company		62,146	-

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

16 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.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts 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.


18 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 25 August 2023 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 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

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)
- Oxymat™ (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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