

**CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)**

FOR THE NINE MONTHS ENDED

30 September 2020



Pakistan Oxygen Limited

Vision

“Oxygen for Life & Sustainable Growth”

Mission

“Sustained fast growth to lead the market in safe, reliable and innovative solutions for industrial and medical gases, products and engineering services.”

Company information



Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive Officer
Siraj Ahmed Dadabhoy	Non-Executive Director
Syed Hassan Ali Bukhari	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Sheikh Muhammad Abdullah	Non-Executive Director
Shahid Abdul Sattar	Non-Executive Director
Feroz Rizvi	Independent Director
Muhammad Zindah Moin Mohajir	Independent Director
Tushna D Kandawalla	Independent Director
Mohammad Younus Dagha	Independent Director

Chief Financial Officer

Syed Ali Adnan

Company Secretary

Mazhar Iqbal

Board Audit Committee

Feroz Rizvi	Chairman	Independent Director
Muhammad Zindah Moin Mohajir	Member	Independent Director
Sheikh Muhammad Abdullah	Member	Non-Executive Director
Shahid Abdul Sattar	Member	Non-Executive Director
Mazhar Iqbal	Secretary	Financial Controller & Company Secretary

Board Strategy Committee

Waqar Ahmed Malik	Chairman	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Siraj Ahmed Dadabhoy	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Mohammad Younus Dagha	Member	Independent Director
Syed Ali Adnan	Secretary	Chief Financial Officer

Board Human Resource, Remuneration and Nomination Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Syed Hassan Ali Bukhari	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Tushna D. Kandawalla	Member	Independent Director
Muhammad Salim Sheikh	Secretary	Head of Human Resources

Share Transfer Committee

Muhammad Zindah Moin Mohajir	Chairman	Independent Director
Matin Amjad	Member	Chief Executive Officer
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

Bankers

Standard Chartered Bank (Pakistan) Limited
Meezan Bank Limited
Habib Bank Limited
Citibank NA
MCB Bank Limited
National Bank of Pakistan Limited
Askari Bank Limited

Auditors

External Auditors
BDO Ebrahim & Co.

Internal Auditors
EY Ford Rhodes

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

Central Depository Company of Pakistan Limited

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 third quarter ended September 30, 2020.

There was easing of restrictions and lockdown conditions in the third quarter which led to improved demand for industrial gases and welding products. Demand from key sectors including steel, food & beverages and manufacturing improved with higher product uptake. In the healthcare sphere, demand for medical oxygen remained strong, although not at the same level as in the second quarter, when corona virus infections and hospitalization rates were rising rapidly. Medical engineering and pipeline sales registered strong growth in the third quarter, up 154% over the same quarter last year, as a number of medical oxygen pipeline projects were completed, including the 250 beds Isolation Hospital & Infections Treatment Center (IHITC), which was built in record time. Overall, for the third quarter ended September 30, 2020 Net Sales at Rs. 1.8 billion were 44% higher than the same quarter last year, while Gross Profit was higher by 29%. With control on Fixed Costs below inflation levels and lower Finance Costs, Profit After Tax for the third quarter ended September 30, 2020 Rs. 125 million was higher by 74% over the same period last year.

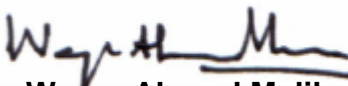
The strong performance of the third quarter mitigated to some extent the slow-down faced in the first half of 2020. Pakistan's GDP recorded a negative growth of 0.4% for FY 2020 with Large Scale Manufacturing (LSM) declining by a significant 10.2%. Demand from key sectors registered a sharp decline with automobiles, petroleum and steel sectors declining by 43.8%, 20.1% and 17.4%, respectively. This impacted sales in the industrial gases and welding portfolios while sales in the healthcare sector remained robust. Overall, Net Sales for the nine-months period ended September 30, 2020 at Rs. 4 billion, were higher by 14% over the same period last year. Gross Profit, however, at Rs.754 million, remained lower by 11% compared to last year, mainly due to the high electricity rates and the one-off arrears charged by K-Electric on account of the withdrawal of the Industrial Support Package (ISPA). Overheads were tightly controlled and remained at Rs. 392 million, slightly lower than last year. Finance Costs increased by 13% over last year due to higher utilization of credit facilities. Consequently, Profit After Tax and EPS for the nine months ended 30 September 2020 was recorded at Rs. 165 million and Rs. 4.23 respectively, 39% lower versus last year.

Demand for industrial gases and welding products is expected to continue the momentum gained in the third quarter as incentives announced by the Government to revitalize the construction sector will improve demand for steel, among other industrial products. Medical oxygen demand is expected to return to pre-COVID-19 levels barring a second wave of the COVID-19 pandemic.

On behalf of the Board

Karachi:
20 October 2020


Matin Amjad
Chief Executive Officer


Waqar Ahmed Malik
Chairman

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے تیسری سہ ماہی ختمہ 30 ستمبر 2020 کا خلاصہ پیش کرتے ہیں

تیسری سہ ماہی میں پابندیوں اور لاک ڈاؤن کی صورتحال میں نرمی رہی جس سے صنعتی گیسز اور ویلڈنگ پروڈکٹس کی طلب بہتر ہوئی۔ ہم ٹیکسز اسٹیل، فوڈویورٹس اور نیوٹروفیکرنگ کی طلب میں بہتری آئی، جس سے ہماری پروڈکٹس کی طلب میں بھی اضافہ ہوا۔ ہیلتھ کیئر کے شعبہ میں میڈیکل آکسیجن کی طلب کافی مضبوط رہی اگرچہ دوسری سہ ماہی کی سطح کے برابر نہیں تھی جب کہ وائرس انفیکشن اور ہسپتالوں میں مریضوں کے داخلے کی شرح میں بھی تیزی سے اضافہ ہو رہا تھا۔ تیسری سہ ماہی میں میڈیکل انجینئرنگ اور پائپ لائن کی ہیلز میں بھی نمایاں اضافہ ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں 154% زیادہ تھی کیونکہ میڈیکل آکسیجن پائپ لائن کے متعدد پروڈیکٹس حکیل کو پہنچ گئے تھے جن میں 250 ہسٹروں پر مشتمل آنسولیشن ہاسپتال اینڈ انفیکشن ٹریٹمنٹ سینٹر (IHITC) شامل ہے جو ریکارڈ مدت میں مکمل ہوا تھا۔ مجموعی طور پر تیسری سہ ماہی ختمہ 30 ستمبر 2020 کیلئے خالص ہیلز 1.8 بلین روپے رہی جو گزشتہ سال کی اسی سہ ماہی کے مقابلے میں 44% زیادہ تھی جب کہ مجموعی منافع میں 29% اضافہ ہوا جس کا سبب لاگت کو افراط زر سے کم کی سطح تک کنٹرول کرنے اور کم مالیاتی لاگت کے سبب تیسری سہ ماہی ختمہ 30 ستمبر 2020 میں بعد از ٹیکس منافع 125 ملین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں 74% زیادہ ہے۔

تیسری سہ ماہی میں مضبوط کارکردگی کی بنا پر سال 2020 کی پہلی ششماہی میں کاروباری سرگرمیوں کو جوست روی کا سامنا تھا اس کا کچھ حد تک ازالہ ہوا۔ مالی سال 2020 میں پاکستان کی جی ڈی پی میں 0.4% منفی نمو ریکارڈ کی گئی جس میں بڑے پیمانے پر منیوفیکچرنگ (LSM) میں نمایاں 10.2% کمی واقع ہوئی۔ ہم شعبہ جات کی طلب میں تیزی سے کمی آئی جب کہ آنومو بائیل، پیٹرولیم اور اسٹیل کے شعبہ جات میں بالترتیب 43.8%، 20.1% اور 17.4% کمی دیکھنے میں آئی۔ اس سے صنعتی گیسز اور ویلڈنگ کے پورٹ فولیو کی فروخت متاثر ہوئی جب کہ ہیلتھ کیئر کے شعبہ کی ہیلز بھر پور رہی۔ نو ماہ کی مدت ختمہ 30 ستمبر 2020 میں خالص ہیلز 4 بلین روپے رہی جو گزشتہ سال کے مقابلے میں 14% زیادہ ہے۔ تاہم مجموعی منافع 754 ملین روپے حاصل ہوا جو گزشتہ سال کے مقابلے میں 11% کم ہے۔ اس کی بڑی وجہ بجلی کے نرخ میں اضافہ اور کے ایئرک کی جانب سے انڈسٹریل سپورٹس کیٹیج (ISPA) واپس لینے پر بتایا جات کی یکمشت وصولی تھی۔ اور ریڈ زپرختی سے کنٹرول کیا گیا جس کی بنا پر یہ 392 ملین روپے رہے جو گزشتہ سال کے مقابلے میں معمولی طور پر کم ہے۔ مالیاتی لاگت میں گزشتہ سال کے مقابلے میں 13% اضافہ ہوا جس کی وجہ کریڈٹ کی سہولتوں کا زیادہ استعمال تھی۔ اس کے نتیجے میں نو ماہ کی مدت ختمہ 30 ستمبر 2020 میں بعد از ٹیکس منافع اور فی شیئر آمدنی بالترتیب 165 ملین روپے اور 4.23 روپے رہی جو گزشتہ سال کے مقابلے میں 39% کم ہے۔

توقع ہے کہ تیسری سہ ماہی کے دوران میں صنعتی گیسز اور ویلڈنگ پروڈکٹس کی طلب میں ہونے والی اضافی رفتار برقرار رہے گی کیونکہ حکومت کی جانب سے ترقی کے شعبہ کو دی گئی مراعات کی بنا پر دیگر صنعتی پروڈکٹس کے ساتھ ساتھ اسٹیل کی طلب میں بھی بہتری آئے گی۔ امید ہے کہ میڈیکل آکسیجن کی طلب COVID-19 سے پہلے کی سطح پر آجائے گی بشرطیکہ COVID-19 وبا کی دوسری لہر نہ آجائے۔

مخائب بورڈ

Waqar Ahmad Malik

وقار احمد ملک

چیئر مین

متین امجد

چیف ایگزیکٹو آفیسر


کراچی

20 نومبر 2020

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months ended September 30, 2020

	Note	For the nine months ended		For the third quarter ended	
		30 September	30 September	30 September	30 September
		2020	2019	2020	2019
-----Rupees in '000-----					
Gross sales	4	4,452,291	3,975,814	1,909,337	1,373,293
Trade discount and sales tax	4	(410,179)	(441,222)	(153,953)	(152,390)
Net sales		4,042,112	3,534,592	1,755,385	1,220,903
Cost of sales	4	(3,288,344)	(2,683,031)	(1,404,720)	(948,114)
Gross profit		753,767	851,561	350,665	272,789
Distribution and marketing expenses	4	(186,578)	(196,530)	(69,181)	(69,588)
Administrative expenses	4	(171,988)	(160,596)	(55,369)	(52,789)
Other operating expenses		(33,481)	(38,558)	(17,324)	(11,779)
		(392,047)	(395,685)	(141,874)	(134,156)
Operating profit before other income		361,720	455,876	208,791	138,632
Other income		7,873	24,723	2,594	4,000
Operating profit		369,593	480,598	211,385	142,632
Finance costs		(134,274)	(118,676)	(32,899)	(46,947)
Profit before taxation		235,318	361,922	178,486	95,685
Taxation		(70,159)	(91,901)	(53,954)	(24,058)
Profit for the period		165,160	270,021	124,532	71,627
			(Restated)		(Restated)
Earnings per share - basic and diluted (Rupees)		4.23	6.91	3.19	1.83

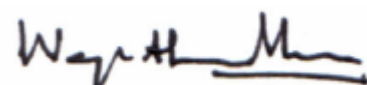
The annexed notes 1 to 18 form an integral part of this condensed interim financial information.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months ended September 30, 2020

	<u>For the nine months ended</u>		<u>For the third quarter ended</u>	
	30 September	30 September	30 September	30 September
	2020	2019	2020	2019
-----Rupees in '000-----				
Profit for the period	165,160	270,021	124,532	71,627
Other comprehensive income				
<i>Items that will never be reclassified to profit and loss account</i>				
Net re-measurement on defined benefit plans	-	-	-	-
Tax thereon	-	-	-	-
	-	-	-	-
Total comprehensive income for the period	165,160	270,021	124,532	71,627

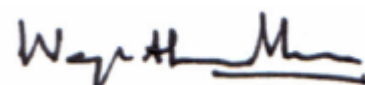
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Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Financial Position
As at September 30, 2020



	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,396,709	4,486,584
Intangible assets		31,278	32,326
Investment in subsidiary		10	10
Long term loans		5,773	7,203
Long term deposits		50,999	49,876
		4,484,768	4,575,999
Current assets			
Stores and spares		238,394	205,913
Stock-in-trade	6	749,098	604,481
Trade debts		654,321	838,909
Loans and advances		47,455	27,488
Deposits and prepayments		232,072	201,223
Other receivables		341,719	196,172
Taxation - net		418,933	393,785
Cash and bank balances		25,914	19,099
		2,707,905	2,487,070
Total assets		7,192,674	7,063,069
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorised</i>			
70,000,000 (2019: 40,000,000) Ordinary shares of Rs. 10 each		700,000	400,000
<i>Issued, subscribed and paid-up</i>			
39,060,403 (2019: 32,550,336) Ordinary shares of Rs. 10 each		390,604	325,503
<i>Revenue reserves</i>			
General reserves		1,954,985	1,725,250
Unappropriated profit		165,160	294,836
<i>Capital reserves</i>			
Surplus on revaluation of property, plant and equipment		1,798,150	1,798,150
		3,918,295	3,818,236
		4,308,899	4,143,739
Non-current liabilities			
Long term deposits		204,022	193,516
Lease liabilities	7	27,079	29,530
Long term finance	8	63,970	-
Deferred capital grant	9	9,631	-
Deferred liabilities		262,506	282,803
		567,208	505,849
Current liabilities			
Trade and other payables		1,256,556	1,059,883
Short term borrowings		999,867	1,330,865
Un-claimed dividend		19,645	20,145
Current portion of lease liabilities	7	3,141	2,588
Current maturity of long term financing	8	37,357	-
		2,316,566	2,413,481
Total equity and liabilities		7,192,674	7,063,069
Contingencies and Commitments			
	10		

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

Syed Ali Adnan
Chief Financial Officer

Matin Amjad
Chief Executive Officer

Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine months ended September 30, 2020

	Share capital	Capital Reserves	Revenue Reserves		Total
	Issued, subscribed and paid-up	Surplus on revaluation of property, plant & equipment	General reserve	Unappropriated profit	
-----Rupees in '000-----					
Balance as at 1 January 2019	250,387	1,798,150	1,579,262	270,460	3,898,259
Total comprehensive income for the period:					
Profit for the period	-	-	-	270,021	270,021
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	270,021	270,021
Transactions with owners of the Company recognised directly in equity					
Issuance of bonus shares in proportion of 3 shares for every 10 shares	75,116	-	-	(75,116)	-
Final dividend for the year ended December 31, 2018 - Rs. 2.00 per share	-	-	-	(50,077)	(50,077)
Transfer to general reserve	-	-	145,988	(145,988)	-
Balance as at 30 September 2019	325,503	1,798,150	1,725,250	269,300	4,118,203
Balance as at 1 January 2020	325,503	1,798,150	1,725,250	294,836	4,143,739
Total comprehensive income for the period:					
Profit for the period	-	-	-	165,160	165,160
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	165,160	165,160
Transactions with owners of the Company recognised directly in equity					
Issuance of bonus shares in proportion of 2 shares for every 10 shares	65,101	-	-	(65,101)	-
Transfer to general reserve	-	-	229,735	(229,735)	-
Balance as at 30 September 2020	390,604	1,798,150	1,954,985	165,160	4,308,899

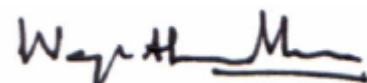
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Syed Ali Adnan
Chief Financial Officer



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, 2020

	Note	30 September 2020	30 September 2019
-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	692,707	262,932
Finance costs paid		(151,782)	(91,816)
Income tax paid - net		(132,610)	(102,037)
Post retirement medical benefits paid		(185)	(204)
Long term loans and deposits		307	(13,012)
Long term deposits		10,505	5,596
Net cash generated from operating activities		418,942	61,458
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(192,326)	(163,118)
Acquisition of Intangibles		(330)	(3,292)
Proceeds from disposal of operating assets		4,607	15,365
Interest received on balances with banks		766	-
Net cash used in investing activities		(187,283)	(151,045)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		-	(135,000)
Long term finance		110,958	-
Repayment of lease liabilities		(4,304)	(3,995)
Dividends paid		(500)	(52,965)
Net cash generated from/(used) in financing activities		106,154	(191,960)
Increase/(decrease) in cash and cash equivalents		337,813	(281,547)
Cash and cash equivalents at beginning of the year		(1,311,766)	(833,788)
Cash and cash equivalents at end of the period	12	(973,953)	(1,115,335)

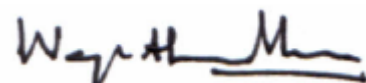
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Syed Ali Adnan
Chief Financial Officer



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, 2020

1 LEGAL STATUS AND OPERATIONS

Pakistan Oxygen Limited ("the Company") was incorporated in Pakistan under the repealed Companies Act, 1913 (now Companies Act, 2017), as a private limited company in 1949 and converted into a public limited company in 1958. Its shares are quoted on Pakistan Stock Exchange Limited. The address of its registered office is West Wharf, Dockyard Road, Karachi, Pakistan.

The Company is principally engaged in the manufacturing of industrial and medical gases, welding electrodes and marketing of medical equipment.

The Company owns a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities during the period. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (7) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the year ending December 31, 2020 and all interim periods within the aforementioned year.

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, 2019 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 the nine months ended September 30, 2020 has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of:

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

Where the provisions of and directives issued under the Companies Act, 2017 differ 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, 2019, 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 are extracted from the unaudited condensed interim financial information for the nine months ended September 30, 2019.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention, except leasehold and freehold land which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. This condensed interim financial information has been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

This condensed interim financial information has been presented in Pak Rupees, which is the functional and presentation currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2019 except as disclosed in note 3.3 below.
- 3.2 Amendments to certain existing standards, interpretations on accounting standards and new standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

3.3 Deferred Capital Grant

The Deferred Capital Grant is measured upon initial recognition as the difference between fair value of the loan and loan proceeds. The fair value of the loan is the present value of the loan proceed received, discounted using the prevailing market rates of interest for a similar instrument. Subsequently, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating.

4. SEGMENT RESULTS (UN-AUDITED)

	For the nine months ended						For the third quarter ended					
	30 September 2020			30 September 2019			30 September 2020			30 September 2019		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	------(Rupees in '000)-----						------(Rupees in '000)-----					
Gross sales	3,735,113	717,179	4,452,291	3,115,327	860,487	3,975,814	1,597,526	311,812	1,909,337	1,074,548	298,745	1,373,293
Less:												
Trade discount	6,108	-	6,108	11,865	-	11,865	969	-	969	3,229	-	3,229
Sales tax	299,898	104,173	404,071	305,945	123,413	429,358	107,779	45,205	152,984	106,031	43,131	149,162
Net sales	3,429,107	613,006	4,042,113	2,797,518	737,074	3,534,592	1,488,778	266,607	1,755,385	965,289	255,614	1,220,903
Less:												
Cost of sales	2,772,225	516,119	3,288,344	2,061,884	621,148	2,683,031	1,187,487	217,232	1,404,720	713,971	234,143	948,114
Distribution and marketing expenses	162,596	23,982	186,578	169,776	26,754	196,530	59,036	10,145	69,181	63,551	6,037	69,588
Administrative expenses	149,881	22,107	171,988	138,734	21,862	160,596	47,007	8,362	55,369	48,521	4,268	52,789
	3,084,703	562,208	3,646,911	2,370,393	669,765	3,040,157	1,293,531	235,739	1,529,270	826,042	244,449	1,070,491
Segment result	344,404	50,798	395,202	427,125	67,309	494,434	195,247	30,868	226,115	139,246	11,165	150,412
Unallocated corporate expenses:												
- Other operating expenses			(33,481)			(38,558)			(17,324)			(11,779)
- Other income			7,873			24,723			2,594			4,000
			(25,608)			(13,835)			(14,730)			(7,779)
Operating profit			369,594			480,599			211,384			142,632
Finance costs			(134,274)			(118,676)			(32,899)			(46,947)
Taxation			(70,160)			(91,901)			(53,954)			(24,058)
Profit for the period			165,160			270,021			124,532			71,627

5 PROPERTY, PLANT AND EQUIPMENT

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----			
Operating assets	5.1	4,331,123	4,440,947
Capital work-in-progress		40,382	17,072
Right-of-use assets - Building	5.2	25,203	28,565
		4,396,709	4,486,584

5.1 Operating assets

Net book value/revalued amount as at 1 January 2020 / 2019		4,440,947	4,395,764
Additions during the period / year:			
- Land and Building		2,014	4,354
- Plant and machinery		151,305	325,381
- Vehicles		7,890	38,931
- Furniture, fittings and office equipments		814	1,879
- Computer equipments		2,319	23,423
		164,341	393,968
Less:			
- Disposals during the period / year - net book value		(1,663)	(878)
- Depreciation charge during the period / year		(272,503)	(347,907)
		(274,166)	(348,785)
		4,331,123	4,440,947

5.2 Right-of-use assets - Building

Net Carrying value basis

Right of use assets as on January 01, 2020 / 2019		28,565	24,311
Additions during the period / year		-	8,737
Depreciation charge during the period / year		(3,362)	(4,483)
		25,203	28,565

6 STOCK-IN-TRADE

Raw and packing materials

- in hand		229,434	190,958
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Finished goods

- in hand		519,664	413,523
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		749,098	604,481
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- 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. 27.682 million (31 December 2019: Rs. 31.947 millions).

	Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----			
7 LEASE LIABILITIES			
Lease liabilities as on January 1		32,118	25,327
Addition during the period / year		-	8,737
Interest accrued		2,406	3,401
Less: Repayment of lease liabilities		(4,304)	(5,347)
	7.1	30,220	32,118
Lease liabilities		30,220	32,118
Less: Current portion		(3,141)	(2,588)
		27,079	29,530
Maturity analysis-contractual undiscounted cashflow:			
Less than one year		6,096	5,760
One to five year		29,472	30,036
More than five year		6,605	10,682
Total undiscounted lease liability		42,173	46,478

- 7.1** When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 15%.

8 LONG TERM FINANCING

Secured-from banking companies

Refinance Facility		101,327	-
Less: current portion shown under current liabilities		(37,357)	-
	8.1	63,970	-

- 8.1** This represents financing arrangement entered into by the Company with a commercial bank for an amount of Rs. 234 million under "Refinance Scheme for Payment of Salaries to the Workers and Employees of Business Concerns" introduced by the State Bank of Pakistan on the service charge basis at the rate of 2%. The loan is repayable in eight quarterly instalments over the period of 30 months beginning from January 2021. The facility is secured against specific plant and machinery of the Company.

Note	30 September 2020 (Unaudited)	31 December 2019 (Audited)
-----Rupees in '000-----		
9 DEFERRED CAPITAL GRANT		
Capital grant	9,631	-

During the year, the Company received term finance facility amounting to Rs. 110.958 million from Habib Bank Limited under "Refinance Scheme for Payment of Salaries to the Workers and Employees of Business Concerns" introduced by the State Bank of Pakistan to finance salaries and wages of all employees of the Company. The tenor of the term finance is two and a half year inclusive of six months grace period and is repayable in eight equal quarterly installments beginning from January 2021. Subsequent to the reporting period, The Institute of Chartered Accountants of Pakistan issued a publication through circular No. 11/2020 to clarify accounting of the said term finance. Accordingly, the Company measured and recognized the loan liability and deferred capital grant in accordance with the said publication and requirements of relevant IFRSs.

10 CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the Lessor.

The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at September 30, 2020 amounted to Rs. 52.560 million (December 31, 2019: Rs. 50.544 million).

10.2 Commitments

Capital commitments outstanding as at September 30, 2020 amounted to Rs. 23.221 million (December 31, 2019 : Rs. 61.923 million).

Commitments under letters of credit for inventory items as at September 30, 2020 amounted to Rs. 137.774 million (December 31, 2019: Rs. 155.463 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at September 30, 2020 amounted to Rs. 83.370 million (December 31, 2019: Rs. 124.042 million).

11 CASH GENERATED FROM OPERATIONS

	Note	30 September 2020 (Un-audited)	30 September 2019 (Un-audited)
-----Rupees in '000-----			
Profit before taxation		235,318	361,922
<i>Adjustments for :</i>			
Depreciation		275,865	262,675
Amortisation		6,051	5,349
Gain on disposal of property, plant and equipment		(3,048)	(14,487)
Mark-up income from savings and deposit accounts		(766)	-
Finance cost		134,274	118,676
Post retirement medical benefits		781	729
Liabilities written back not payable		(1,432)	(6,138)
Working capital changes	11.1	45,663	(465,795)
		692,707	262,932

11.1 Working capital changes

Decrease / (increase) in current assets:

Stores and spares	(32,481)	(39,420)
Stock-in-trade	(144,617)	421
Trade debts	184,588	(276,943)
Loans and advances	(19,967)	(10,435)
Deposit and prepayments	(30,849)	(148,402)
Other receivables	(145,547)	6,958
	(188,873)	(467,821)

Increase / (decrease) in current liabilities:

Trade and other payables	234,536	2,025
	45,663	(465,795)

12 CASH AND CASH EQUIVALENTS

Cash and bank balances	25,914	8,030
Short term borrowings - running finance under mark-up arrangement	(999,867)	(1,123,365)
	(973,953)	(1,115,335)

13 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated companies, entities with common directors, major shareholders key management employees and retirement benefit funds. Transactions and balances with related parties and associated undertakings are given below:

13.1 Transactions with related parties are summarised as follows:

Nature of Relationship	Nature of Transaction	30 September 2020	30 September 2019
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	<u>123,834</u>	<u>125,880</u>
	Purchase of goods and receipt of services	<u>35,871</u>	<u>82,006</u>
	Markup	<u>26,128</u>	<u>16,962</u>
	Issuance of Bonus shares	<u>44,945</u>	<u>51,860</u>
	Profit on Savings Account	<u>665</u>	<u>-</u>
Directors	Meeting fee	<u>11,850</u>	<u>4,437</u>
	Issuance of Bonus shares	<u>4,725</u>	<u>5,451</u>
Staff retirement benefits	Charge in respect of retirement funds	<u>31,655</u>	<u>26,543</u>
Key management personnel	Compensation	<u>196,991</u>	<u>171,858</u>
	Issuance of Bonus shares	<u>20</u>	<u>23</u>

13.2 Balances with related parties are summarised as follows:

	30 September 2020 (Unaudited)	31 December 2019 (Audited)
	-----Rupees in '000-----	
Receivable from:		
Staff Retirement Funds	<u>12,815</u>	<u>13,079</u>
Associated companies by virtue of shareholding and common directorship	<u>7,783</u>	<u>14,687</u>
Payable to:		
Staff Retirement Funds	<u>2,587</u>	<u>2,370</u>
Associated companies by virtue of shareholding and common directorship	<u>-</u>	<u>10,756</u>

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

14 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended December 31, 2019.

15 OTHER NON FINANCIAL INFORMATION

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the period ended September 30, 2020 due to overall slow down in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders, and also implemented a number of measures to minimise the impact to the extent

16 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 20 October 2020 by the Board of Directors of the Company.

17 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation. However, no significant reclassification has been made during the period.

18 GENERAL

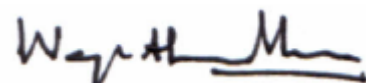
Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

Our products and services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The everchanging requirements of customers are the driving force behind the development of all our products, technologies and support services. Pakistan Oxygen provides gas products, facilities and turnkey services and solutions which are customized to meet the unique needs of our customers and add value to their businesses. Our competitive advantage is our extensive process

engineering, project development and comprehensive product portfolio. We have the widest range of bulk and compressed gases product lines as well as welding consumables, equipments and safety gear. At Pakistan Oxygen, our highly qualified and experienced engineers, product managers, technologists and marketers excel at providing dedicated support. A Pakistan Oxygen customer receives for each gas application, the complete solution – gas, know-how, tailor-made hardware and customized services.

Healthcare

Medical gases

- Liquid medical Oxygen
- Compressed medical Oxygen
- Nitrous Oxide
- Entonox
- Specialty medical gases

Medical equipment

- Medical air, vacuum and AGSS Plants
- Medical gases alarm systems, high precision flowmeters
- Suction injector units, vacuum controllers, oxygen therapy products and high precision flowmeters
- Entonox delivery systems, complete with apparatus
- Manifolds – semi and fully automatic
- Patient bedhead units and IOU 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 gas 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

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
- Refrigerants

Welding consumables and hardgoods

Welding consumables

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

Welding machines

- MMA
- MIG
- TIG

Welding accessories

- Gas regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (Cutting & Grinding discs)
- Electrode holders & welding cables
- Gas control equipment
- Auto-darkening helmet
- Flashback arrestor
- Welding and cutting outfit and accessories
- Welding safety & Personal Protective Equipment (PPE)

BUSINESS LOCATIONS

Registered office/head office

Karachi
P.O.Box 4845, West Wharf
Phones +92.21.32313361 (9 lines)
Fax 92.21 32312968

Wah Cantonment
Kabul Road
Phone +92.51.4545359
Taxila
Adjacent to HMC No.2
Phones +92.51.4560701(5 lines) & 4560600
Fax +92.51.4560700

Acetylene plant

Gas compression facility

North-western region

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

Nitrous oxide plant

Gas compression facility

Rawalpindi
2nd Floor, Jahangir Multiplex
Golra Mor, Peshawar Road
Phones +92.51.2315501 (3 lines)
Fax +92.51.2315050

Sales office

Plot No. 705, Sundar Industrial Estate
Phones +92.42.3529724447 (4 lines)

ASU plant

Southern region

Mehmood Kot
Adjacent to PARCO
Mid Country Refinery, Mehmood Kot
Qasba Gujrat, Muzaffargarh
Phones +92.66.2290751 & 2290484-85
Fax +92.66.2290752

Nitrogen plant

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

Gas compression facility
Acetylene plant
Electrode factory
Speciality gases

Faisalabad
Altaf Ganj Chowk
Near Usman Flour Mills
Jhang Road
Phones +92.41.2653463 & 2650564
Sales depot

Sales depot

Gas compression facility

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

ASU plant
Hydrogen plant
Carbon dioxide plant
Dry ice plant

Sukkur
Near Madina Marble Factory
Plot no: B91 Site area
Opposite Labour Colony
Phone +92.71.5630871

Sales depot