

QUARTERLY REPORT



**CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE FIRST QUARTER ENDED
31 MARCH 2021**



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

COMPANY INFORMATION

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	Head of Human Resources & Admin, Company Secretary & Financial Controller

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
Mazhar Iqbal	Secretary	Head of Human Resources & Admin, Company Secretary & Financial Controller

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
Dubai Islamic Bank Pakistan Limited
BankIslami Pakistan Limited

Entity Credit Rating by PACRA

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

Share Registrar

CDC Share Registrar Services Limited

Auditors

External Auditors
BDO Ebrahim & Co.

Internal Auditors
EY Ford Rhodes

Legal advisor

Ayesha Hamid of Hamid Law Associates

Registered office

West Wharf, Dockyard Road, Karachi 74000

Website

www.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 31 March 2021.

Pakistan's economy has started to regain its pre-Covid-19 trajectory with notable pickup in economic activity. Large Scale Manufacturing (LSM) grew by 9.1% YOY in January 2021 as reported by SBP. Growth in cement and food processing stands out while the automobile sector also witnessed strong revival. The government's incentive package for the construction sector has provided impetus for a number of allied manufacturing segments. At the same time, capacity utilization in other industries is lagging and the overall momentum remains vulnerable to the emergence of a third and yet more powerful wave of Covid-19. GDP growth at 3% estimated by SBP for FY 2021 is expected to be higher than anticipated. Inflation at 8.7% is likely to increase in coming months due to the recent hike in electricity tariff, sugar and wheat prices. The SBP has maintained the policy rate at 7%.

Net Sales for the first quarter ended March 31, 2021 were recorded at Rs. 1.5 billion, up a strong 27% over last year, driven mainly by the Healthcare sector with high demand for medical oxygen. The Company has provided oxygen to the Healthcare sector to ensure uninterrupted supplies to hospitals across the country. As a result, because of production capacity constraints, product availability to meet the increasing oxygen demand from industrial sector was limited. Additional product was sourced from local and foreign sources to partially mitigate this shortfall. Demand for nitrogen from the Oil and Gas sector remained low due to low oil prices. Overall, despite these challenges, the Bulk segment registered a growth of 5% over the same period last year.

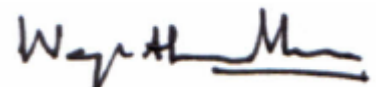
The Company's welding portfolio also registered a good growth, with the launch of new products and strong market acceptance of POL113, a welding electrode brand, which was introduced last year.

Gross Profit for the quarter at Rs. 310 million is 47% higher compared to the same period last year. This was mainly due to higher volumes, better margins and because of one off impact of Rs. 45 million accounted for last year due to K-Electric's withdrawal of Industrial Support Package (ISPA). Overheads were tightly controlled at Rs. 143 million, higher by 6% over last year despite higher inflation. Finance Cost at Rs. 29 million was 48% lower than last year, underpinned by better cash-flow and working capital management and low interest rates. Other Income included an amount of Rs.15 million received on account of the insurance claim for motor failure at one of the Company's ASU plants last year. Profit After Tax and Earnings Per Share (EPS) for the quarter were recorded at Rs. 109 million and Rs. 2.78, respectively, higher by 550% compared to last year.

While the economy has picked up momentum, with strong demand from sectors including construction & allied industries, process industry, food processing, and automobiles, it still faces the headwinds of succeeding Covid waves which could impact the growth outlook. On the other hand, demand for medical oxygen is expected to remain high for the rest of the year at least as the pandemic takes its toll.

Karachi:
April 27, 2021


Matin Amjad
Chief Executive Officer


Waqar Ahmed Malik
Chairman

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے پہلی سہ ماہی تختہ 31 مارچ 2021 پیش کرتے ہیں۔

پاکستان کی معیشت نمایاں معاشی سرگرمیوں کے ساتھ Covid-19 سے پہلے کی رفتار کے ساتھ دوبارہ بحالی ہونا شروع ہو گئی ہے۔ اسٹیٹ بینک آف پاکستان کی رپورٹ کے مطابق جنوری 2021 میں بڑے پیمانے کی مینوفیکچرنگ (LSM) میں سال بہ سال 9.1% اضافہ ہوا ہے۔ سینٹ اور فوڈ پروسیسنگ کی موثر معمولی رہی جب کہ آٹو موٹائل کے شعبہ میں بھی ٹھوس تجدید دیکھی گئی ہے۔ حکومت کی جانب سے تھیراتی شعبہ کو دی گئی مراعات کے پیکیج نے کئی منسلک مینوفیکچرنگ کے شعبہ جات کو تھوہت دی ہے۔ لیکن اس کے ساتھ ساتھ دیگر صنعتوں کے پیداواری عمل میں گھٹاؤ سے کم استعمال کا سلسلہ جاری ہے اور Covid-19 کی تیسری اور زیادہ طاقتور لہر کے شروع ہونے سے مجموعی طور پرست رفتار دیکھنے میں آ رہی ہے۔ SBP کے تخمینے کے مطابق مالی سال 2021 میں مجموعی ملکی پیداوار کی شرح پہلے سے کئے گئے اندازے 3% سے زیادہ ہونے کی توقع ہے۔ بجلی کے نرخوں، چینی اور گندم کی قیمتوں میں حالیہ اضافے کے سبب آنے والے مہینوں میں افراط زر کی شرح 8.7% سے بڑھنے کا امکان ہے۔ اسٹیٹ بینک آف پاکستان نے 7% پالیسی ریٹ برقرار رکھا ہے۔

پہلی سہ ماہی تختہ 31 مارچ 2021 میں خالص فروخت 1.5 بلین ریکارڈ کی گئی جو گزشتہ سال کے مقابلے میں نمایاں طور پر 27% زیادہ ہے۔ اس کی بڑی وجہ صحت کے شعبہ میں میڈیکل آکسیجن کی طلب میں زیادہ اضافہ ہے۔ کمپنی نے صحت کے شعبہ کو ترجیحی بنیادوں پر آکسیجن فراہم کی ہے تاکہ ملک بھر میں ہسپتالوں کو بلا تھقل فراہمی جاری رہے۔ اس کے نتیجے میں، پیداواری گھٹاؤ کے سبب صنعتی شعبہ کی بڑھتی ہوئی طلب کیلئے پروڈکٹ کی دستیابی محدود رہی۔ اضافی پروڈکٹ مقامی اور بیرون ملک ذرائع سے حاصل کی گئی جس سے قلت کو جزوی طور پر کم کرنے میں مدد ملی۔ آئل کی قیمتیں کم ہونے کے باعث آئل اینڈ گیس کے شعبہ کی جانب سے نائٹروجن کی طلب کم رہی۔ ان تمام چیلنجز کے باوجود، مجموعی طور پر بلک کے شعبہ میں گزشتہ سال کی اسی مدت کے مقابلے میں 15% اضافہ ہوا۔

کمپنی کے ویلڈنگ کے پورٹ فولیو میں بھی عمدہ نمو ہوئی جوئی پروڈکٹ کے متعارف کروانے اور ویلڈنگ ایکٹو ڈبرائڈ POL113 کے مارکیٹ میں بھرپور پذیرائی کی وجہ سے ہے جو گزشتہ سال متعارف کروائی گئی تھی۔

اس سہ ماہی کیلئے خام منافع 310 ملین روپے حاصل ہوا جو گزشتہ سال کی اسی مدت کے مقابلے میں 47% زیادہ ہے۔ اس کی بڑی وجہ زیادہ حجم، بہتر مارجن اور گزشتہ سال کے ایکٹوٹک کے انڈسٹریل سپورٹ پیکیج (ISPA) کے واپس لینے کے سبب یکمشت 45 ملین روپے کی ادائیگی کا اثر تھی۔ سختی سے کنٹرول کے باعث بالائی اخراجات 143 ملین روپے رہے جو افراط زر کے باوجود گزشتہ سال سے صرف 6% زیادہ ہیں۔ مالیاتی لاگت 29 ملین روپے آئی جو گزشتہ سال کی نسبت 48% کم ہے جو بہتر نقد بہاؤ اور جاری سرمایہ کی منجھٹ اور کم شرح سود کے سبب ممکن ہوئی۔ دیگر آمدنیوں میں 15 ملین روپے کی رقم گزشتہ سال کمپنی کے ایک ASU پلانٹ پر موٹر فیل ہونے کے کلیم پر بیمہ کمپنی سے وصول ہوئی۔ اس سہ ماہی میں بعد از ٹیکس منافع اور فی شیئر آمدنی (EPS) بالترتیب 109 ملین روپے اور 2.78 روپے رہے، جو گزشتہ سال کے مقابلے میں 550% زیادہ ہے۔

اب، جب کہ معیشت کی رفتار بڑھ رہی ہے اور مختلف شعبہ جات، بشمول تھیراتی اور منسلک صنعتوں، پروسیس انڈسٹری، فوڈ پروسیسنگ اور آٹو موٹائل کی جانب سے طلب میں اضافہ ہو رہا ہے پھر بھی Covid کی لہروں کے سبب ابھی مشکلات کا سامنا ہے جو نمو کے منظر نامے پر اثر انداز ہو سکتا ہے۔ دوسری طرف بقیہ سال کے دوران میں میڈیکل آکسیجن کیلئے طلب میں اضافہ کی توقع ہے، کم از کم جب تک وبا کا زور ہے۔

Waqar Ahmad Malik

دفاع احمد ملک
چیئرمین

متین امجد
چیف ایگزیکٹو آفیسر

کراچی
27 اپریل 2021



Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the period ended March 31, 2021

	Note	For the period ended	
		31 March	31 March
		2021	2020
-----Rupees in '000-----			
Net sales		1,521,942	1,195,927
Cost of sales	4	(1,211,881)	(984,502)
Gross profit		310,061	211,425
Distribution and marketing expenses	4	(65,453)	(65,995)
Administrative expenses	4	(59,606)	(60,702)
Other operating expenses		(17,624)	(8,477)
		(142,683)	(135,174)
Operating profit before other income		167,378	76,251
Other income		17,299	4,152
Operating profit		184,677	80,403
Finance costs		(29,371)	(55,961)
Profit before taxation		155,306	24,442
Taxation		(46,630)	(7,727)
Profit for the period		108,676	16,715
			(Restated)
Earnings per share - basic and diluted (Rupees)		2.78	0.43

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 period ended March 31, 2021

	For the period ended	
	31 March	31 March
	2021	2020
	-----Rupees in '000-----	
Profit for the period	108,676	16,715
<i>Other comprehensive income</i>	-	-
Total comprehensive income for the period	108,676	16,715

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 Financial Position
As at March 31, 2021



	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
-----Rupees in '000-----			
ASSETS			
Non-current assets			
Property, plant and equipment	5	4,988,747	4,510,405
Intangible assets		28,927	29,818
Investment in subsidiary		10	10
Long term loans		5,653	6,318
Long term deposits		50,839	50,839
		<u>5,074,177</u>	<u>4,597,390</u>
Current assets			
Stores and spares		230,223	237,915
Stock-in-trade	6	695,849	653,012
Trade debts		631,913	595,604
Loans and advances		85,292	48,706
Deposits and prepayments		256,993	242,342
Other receivables		433,990	399,296
Taxation - net		367,964	395,073
Cash and bank balances		222,355	219,839
		<u>2,924,579</u>	<u>2,791,787</u>
Total assets		<u>7,998,756</u>	<u>7,389,177</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
<i>Authorised</i>			
70,000,000 (2020: 70,000,000) Ordinary shares of Rs. 10 each		<u>700,000</u>	<u>700,000</u>
<i>Issued, subscribed and paid-up</i>			
39,060,403 (2020: 39,060,403) Ordinary shares of Rs. 10 each		390,604	390,604
<i>Revenue reserves</i>			
General reserves		1,954,985	1,954,985
Unappropriated profit		466,762	358,086
<i>Capital reserves</i>			
Surplus on revaluation of property, plant and equipment		1,798,150	1,798,150
		<u>4,219,897</u>	<u>4,111,221</u>
		<u>4,610,501</u>	<u>4,501,825</u>
Non-current liabilities			
Long term deposits		210,874	208,630
Lease liabilities	7	22,490	23,210
Long term financing	8	556,070	109,705
Deferred capital grant	9	11,400	12,623
Deferred liabilities		252,852	259,292
		<u>1,053,685</u>	<u>613,460</u>
Current liabilities			
Trade and other payables		1,113,266	1,063,879
Short term borrowings		1,094,921	1,083,064
Un-claimed dividend		19,145	19,945
Current portion of lease liabilities	7	2,310	2,078
Current maturity of long term financing	8	104,926	104,926
		<u>2,334,568</u>	<u>2,273,892</u>
Total equity and liabilities		<u>7,998,756</u>	<u>7,389,177</u>
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 Cash Flows (Unaudited)

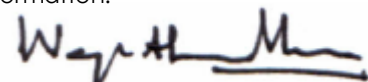
For the period ended March 31, 2021

	Note	31 March 2021	31 March 2020
-----Rupees in '000-----			
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	11	168,580	97,599
Finance costs paid		(25,922)	(37,103)
Income tax paid - net		(26,104)	(48,803)
Post retirement medical benefits paid		(94)	(32)
Long term deposits - receivable		665	(323)
Long term deposits - payable		2,244	2,208
Net cash generated from operating activities		119,369	13,546
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(571,790)	(53,242)
Addition to Intangibles		(724)	-
Proceeds from disposal of property, plant and equipment		471	3,369
Interest received on balances with banks		106	525
Net cash used in investing activities		(571,938)	(49,348)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(28,406)	-
Long term financing		473,548	-
Repayment of lease liabilities		(1,113)	(1,435)
Dividends paid		(800)	-
Net cash generated from/(used) in financing activities		443,229	(1,435)
Increase/(decrease) in cash and cash equivalents		(9,341)	(37,237)
Cash and cash equivalents at beginning of the year		(863,225)	(1,311,766)
Cash and cash equivalents at end of the period	12	(872,566)	(1,349,003)

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 period ended March 31, 2021

	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 2020	325,503	1,798,150	1,725,250	294,836	4,143,739
Total comprehensive income for the period:					
Profit for the period	-	-	-	16,715	16,715
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	16,715	16,715
Transactions with owners of the Company recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2020	325,503	1,798,150	1,725,250	311,551	4,160,454
Balance as at 1 January 2021	390,604	1,798,150	1,954,985	358,086	4,501,825
Total comprehensive income for the period:					
Profit for the period	-	-	-	108,676	108,676
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	108,676	108,676
Transactions with owners of the Company recognised directly in equity	-	-	-	-	-
Balance as at 31 March 2021	390,604	1,798,150	1,954,985	466,762	4,610,501

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
Notes to the Condensed Interim Financial Information (Unaudited)
For the period ended March 31, 2021

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.

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, 2020 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, 2021 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, 2020, 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 period ended March 31, 2020.

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, 2020.
- 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)

For the period ended

	31 March 2021			31 March 2020		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	------(Rupees in '000)-----					
Gross sales	1,387,782	303,190	1,690,972	1,161,891	178,258	1,340,149
Less:						
Trade discount	844	-	844	3,172	-	3,172
Sales tax	124,997	43,189	168,186	115,149	25,901	141,050
	125,841	43,189	169,030	118,321	25,901	144,222
Net sales	1,261,941	260,001	1,521,942	1,043,570	152,357	1,195,927
Less:						
Cost of sales	995,956	215,925	1,211,881	849,858	134,645	984,502
Distribution and marketing expenses	56,148	9,304	65,453	60,467	5,529	65,995
Administrative expenses	51,132	8,473	59,606	55,617	5,085	60,702
	1,103,237	233,702	1,336,940	965,942	145,259	1,111,199
Segment result	158,704	26,299	185,002	77,628	7,098	84,728
Unallocated corporate expenses:						
- Other operating expenses			(17,624)			(8,477)
- Other income			17,299			4,152
			(325)			(4,325)
Operating profit			184,677			80,403
Finance costs			(29,371)			(55,961)
Taxation			(46,630)			(7,727)
Profit for the period			108,676			16,715



5 PROPERTY, PLANT AND EQUIPMENT

Note	31 March	31 December
	2021	2020
	(Unaudited)	(Audited)
-----Rupees in '000-----		
Operating assets	4,355,782	4,423,422
Capital work-in-progress	612,913	66,120
Right-of-use assets - Building	20,053	20,863
	4,988,747	4,510,405

5.1 Operating assets

Net book value/revalued amount as at 1 January 2020 / 2019	4,423,422	4,440,947
Additions during the period / year:		
- Land and Building	-	173,093
- Plant and machinery	18,047	154,878
- Vehicles	-	19,209
- Furniture, fittings and office equipments	125	814
- Computer equipments	6,862	4,778
	25,033	352,772
Less:		
- Disposals during the period / year - net book value	(21)	(4,152)
- Depreciation charge during the period / year	(92,651)	(366,145)
	(92,673)	(370,297)
	4,355,782	4,423,422

5.2 Right-of-use assets - Building

Net Carrying value basis

Right of use assets as on January 1	20,863	28,880
Additions	-	2,175
Deletions	-	(5,534)
Depreciation charge during the period / year	(810)	(4,658)
	20,053	20,863



6 STOCK-IN-TRADE

Raw and packing materials

- in hand 219,538 275,211

Finished goods

- in hand 476,311 377,801

	695,849	653,012
	695,849	653,012

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. 23.789 million (31 December 2020: Rs. 23.039 million).

	Note	31 March 2021 (Unaudited)	31 December 2020 (Audited)
-----Rupees in '000-----			
7 LEASE LIABILITIES			
Lease liabilities as on January 1		25,288	32,433
Addition during the year		-	2,175
Deletion during the year		-	(6,578)
Interest accrued		622	3,231
Less: Repayment of lease liabilities		(1,110)	(5,972)
	7.1	24,800	25,288
Lease liabilities		24,800	25,288
Less: Current portion		(2,310)	(2,078)
		22,490	23,210
Maturity analysis-contractual undiscounted cashflow:			
Less than one year		4,570	4,491
One to five year		26,058	25,790
More than five year		3,873	5,219
Total undiscounted lease liability		34,501	35,500

7.1 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 10% (2019: 15%).



8 LONG TERM FINANCING

Secured-from banking companies

Refinance Facility	8.1	187,448	214,631
Long term finance facility	8.2	473,548	-
Less: current portion shown under current liabilities		(104,926)	(104,926)
		556,070	109,705

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.

8.2 This represents long term finance agreements entered into by the Company with certain banks to avail long term financing facility including Temporary Economic Relief Facility (TERF/ITERF) for an amount of Rs. 4.9 Billion for import and construction of the ASU 270 TPD plant. The loan is repayable in thirty-two quarterly installments over the period of eight years beginning May 2023. TERF/ITERF amounting to Rs. 3.6 Billion is fixed at 4% (SBP rate 1%+ Spread 3%) whereas, the remaining amount of Rs. 1.3 Billion under diminishing musharaka financing arrangement is based on 3 month Karachi Interbank Offer Rate (KIBOR) +1.40% per annum. The facility is secured against charge over certain fixed assets of the Company.

9 DEFERRED CAPITAL GRANT

Capital grant	11,400	12,623
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During FY 2020, the Company received term finance facility amounting to Rs. 227.253 million from Habib Bank Limited under "Refinance Scheme for Payment of Salaries to the Workers and Employees of Business Concerns" introduced by the State Bank of Pakistan to finance salaries and wages of all employees of the Company. The tenor of the term finance is two and a half year inclusive of six months grace period and is repayable in eight equal quarterly instalments beginning from January 2021. 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 March 31, 2021 amounted to Rs. 53.939 million (December 31, 2020: Rs. 53.249 million).

10.2 Commitments

Capital commitments outstanding as at March 31, 2021 amounted to Rs. 37.316 million (December 31, 2020 : Rs. 32.541 million).

Commitments under letters of credit as at March 31, 2021:

- for inventory items amounted to Rs. 382.622 million (December 31, 2020: Rs. 275.749 million).
- for fixed assets amounted to Rs. 2.642 billion (December 31, 2020: Rs. Nil).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at March 31, 2021 amounted to Rs. 113.532 million (December 31, 2020: Rs. 109.521 million).

11 CASH GENERATED FROM OPERATIONS

	Note	31 March 2021 (Un-audited)	31 March 2020 (Un-audited)
-----Rupees in '000-----			
Profit before taxation		155,306	24,442
<i>Adjustments for :</i>			
Depreciation		93,462	91,375
Amortisation		1,615	1,951
Gain on disposal of property, plant and equipment		(449)	(2,958)
Mark-up income from savings and deposit accounts		(106)	(525)
Finance cost		29,371	55,961
Post retirement medical benefits		236	260
Working capital changes	11.1	(110,855)	(72,907)
		168,580	97,599

11.1 Working capital changes

Decrease / (increase) in current assets:

Stores and spares	7,692	(3,470)
Stock-in-trade	(42,837)	1,077
Trade debts	(36,309)	(48,379)
Loans and advances	(36,586)	(11,090)
Deposit and prepayments	(14,651)	(4,321)
Other receivables	(34,694)	(29,218)
	(157,385)	(95,401)

Increase/ (decrease) in current liabilities:

Trade and other payables	46,530	22,494
	(110,855)	(72,907)



31 March 2021	31 March 2020
(Un-audited)	(Un-audited)
-----Rupees in '000-----	

12 CASH AND CASH EQUIVALENTS

Cash and bank balances	222,355	21,461
Short term borrowings - running finance under mark-up arrangement	(1,094,921)	(1,370,464)
	(872,566)	(1,349,003)

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	31 March 2021	31 March 2020
-----Rupees in '000-----			
Major shareholders and associated companies by virtue of common directorship	Sale of goods	62,290	56,940
	Purchase of goods and receipt of services	22,265	12,384
	Bank charges	221	-
Directors	Meeting fee	3,250	2,025
Staff retirement benefits	Charge in respect of retirement funds	9,480	10,350
Key management personnel	Compensation	69,319	64,226

13.2 Balances with related parties are summarised as follows:

	31 March 2021	31 December 2020
	(Unaudited)	(Audited)
-----Rupees in '000-----		
Receivable from:		
Staff Retirement Funds	32,947	32,925
Associated companies by virtue of shareholding and common directorship	14,648	13,049
Payable to:		
Staff Retirement Funds	3,966	3,639

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, 2020.

15 OTHER NON FINANCIAL INFORMATION

On January 30, 2020, The International Health Regulations Emergency Committee of the World Health Organization declared the COVID-19 outbreak "Public Health Emergency of International Concern". Many countries including Pakistan have enacted protection measures against COVID-19, with a significant impact on economic activities in these countries. The evolution of COVID-19 as well as its impact on the global and the local economy is difficult to predict at this stage. As of the release date of these financial statements, there has been no specifically material quantifiable impact of COVID-19 on the Company's financial condition or results of operations.

16 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 27, 2021 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.

Handwritten signature of Syed Ali Adnan in blue ink.

Syed Ali Adnan
Chief Financial Officer

Handwritten signature of Matin Amjad in blue ink.

Matin Amjad
Chief Executive Officer

Handwritten signature of Waqar A. Malik in blue ink.

Waqar A. Malik
Chairman



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 ever changing requirements of customers are the driving force behind the development of all our products, technologies and support services. Pakistan Oxygen provides gas products, facilities and turnkey services and solutions which are customized to meet the unique needs of our customers and add value to their businesses. Our competitive advantage

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

Healthcare

Medical gases

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

Medical equipment

- Medical air, vacuum and AGSS Plants
- Medical gases alarm systems, high precision flowmeters
- Suction injector units, vacuum controllers, oxygen therapy products and high precision flowmeters
- Entonox delivery systems, complete with apparatus
- Manifolds – semi and fully automatic
- Patient bedhead units and ICU beam systems
- Operation Theatre (OT) – pendants (fixed and movable)
- Fully equipped Modular OT

Medical engineering services

- Consultation, design, installation and service of medical gas pipeline systems (O₂, N₂O, Air, Suction etc)
- Safety, quality, risk analysis and training on medical gases pipeline systems

Industrial gases

Bulk industrial gases

- Liquid Oxygen
- Liquid Nitrogen
- Liquid Argon
- Pipeline and trailer Hydrogen
- Liquid Carbon dioxide
- Industrial pipelines and associated services
- Ultra-Ice™ (dry ice)

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)

Welding consumables and hardgoods

Welding consumables

- Low hydrogen welding electrode - Fortrex E7018
- Low hydrogen welding electrode - Matador48™ E7018
- Mild Steel welding electrode Zodian Universal E6013
- Mild Steel welding electrode Matador47® E6013
- Mild Steel welding electrode POL 113™ E6013
- Special electrodes
- Saffire™ arc and gas equipment
- Saffire™ MIG welding wire
- 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

North-western region

Lahore

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

Plot No. 705, Sundar Industrial Estate
Phones: +92.42.35297244 (4 lines)

Taxila

Adjacent to HMC - 2
Phones: +92.51.4560701 (5 lines), 4560600
Fax: +92.51.4560700

Multan

Adjacent to PFL Khanewal Road, Khanewal
Phones: +92.61.65622012 (2 Lines)
Fax: +92.61.6778401

Mehmood Kot

Adjacent to PARCO
Mid Country Refinery, Mehmood Kot
Qasba Gujrat, Muzaffargarh
Phones: +92.66.2290751, 2290484 (2 Lines)
Fax: +92.66.2290752

Faisalabad

5km, Daewoo Road
Near WASA Work station
Phones: +92.41.8812400, 8812500 (2 Lines)

Wah Cantonment

Kabul Road
Phone: +92.51.4545359

Southern region

Karachi

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

Port Qasim

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

Sukkur

Near Madina Marble factory
Plot No: B-91 site area
Opposite Labour Colony
Phone: +92.71.5630871