

HALF YEARLY REPORT



**CONDENSED INTERIM FINANCIAL
INFORMATION (UNAUDITED)
FOR THE SECOND QUARTER ENDED
30 JUNE 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 Condensed Interim Financial Information of your Company for the half-year ended June 30, 2021. 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 witnessed a recovery with GDP growth of 3.9 percent for the fiscal year 2021 (budgetary target of 2.1 percent). Large Scale Manufacturing (LSM) surpassed its pre-COVID levels during the period Jul-May FY21, witnessing a growth of 14.6 percent as compared to a decline of 10.2 percent recorded last year. Sectors that have shown the most significant improvement include Textile, Food & Beverages, Petroleum Products, Iron & Steel, and Automobile. The YoY growth from Jan-May 2021 was recorded at a robust 23 percent. Government's incentives package to the Construction sector has also provided growth impetus to a number of allied manufacturing segments. Average Consumer Price Index (CPI) stood at 8.9 percent for FY21, whereas SBP maintained its policy rate at 7 percent.

During the period under review, the Company achieved a Net Turnover of Rs. 3.5 billion, up by a strong 55 percent compared to the same period last year. This was achieved on the back of robust performance in the Healthcare segment, as the Company continued to prioritize Oxygen supplies to hospitals. Furthermore, several contracts were secured to further strengthen and consolidate the Medical Engineering portfolio. Performance in the Hardgoods segment was also strong reflecting the growth in LSM. Similarly, the Bulk segment also posted a good recovery on back of rising demand from the Oil & Gas sector, which helped the segment overcome the deficit due to the non-availability of Oxygen; supplies of which were prioritized for the Healthcare segment. Overall, PGP and Bulk segments registered growths of 119 percent and 26 percent, respectively.

Gross Profit for the half-year was recorded at Rs. 655 million, up by 63 percent compared to last year despite rising input costs of electricity and fuel. Overheads, net of Other Income, for the period under review stood at Rs. 289 million compared to Rs. 245 million last year, with the difference mainly accounted for by inflation. Finance Cost at Rs. 56 million, were lower by 44 percent compared to last year, underpinned by better working capital management and low interest rates. Profit After Tax and Earnings Per Share (EPS) for the period were recorded at Rs. 220 million and Rs. 4.70, respectively, up by 442% compared to last year.

Although, the economy seems poised for sustained growth, yet there are reasons for caution and concern as the Delta variant spreads and unrest brews on Pakistan's Western border. Nevertheless, in the short to mid-term, growth momentum of LSM sector is expected to continue. Work on expansion projects, including the 270 TPD plant at Port Qasim and expansion in electrode manufacturing capacity, are progressing as per plan. In order to further expand its footprints across the country and strengthen its market leadership position, the Board of Directors, in its meeting held on July 16, 2021, has also announced an investment plan to set up a state-of-the-art Air Separation Unit in the Northern region of Pakistan. This will enhance the Company's capability and capacity to reliably meet the growing demand of its customers both in Bulk and the Healthcare segments.

On behalf of the Board

Karachi:

26 August 2021

A handwritten signature in black ink, appearing to read "Matin Amjad".

Matin Amjad

Chief Executive Officer

A handwritten signature in black ink, appearing to read "Waqar Ahmed Malik".

Waqar Ahmed Malik

Chairman

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات برائے ششماہی ختمہ 30 جون 2021 پیش کرتے ہیں۔ قانونی آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت منسلک مالیاتی معلومات کا محدود جائزہ لیا ہے۔

پاکستان کی معیشت میں مالی سال کیلئے جی ڈی پی کی 3.9% کی شرح نمو کے ساتھ بحالی دیکھنے میں آئی (بجٹ میں مقرر کیا گیا ہدف: 2.1%)۔ بڑے پیمانے کی مینوفیکچرنگ (LSM) نے مالی سال جولائی تا مئی 21 کی مدت کے دوران میں Covid سے پہلے کی سطحوں کو عبور کر لیا جس میں 14.6% کا اضافہ دیکھا گیا جب کہ گزشتہ سال 10.2% کمی ریکارڈ کی گئی۔ جن شعبوں میں سب سے نمایاں بہتری آئی ان میں ٹیکسٹائل، خوراک و مشروبات، پیٹرولیم مصنوعات، آئرن اینڈ اسٹیل اور آٹوموبائل شامل ہیں۔ جنوری۔ مئی 2021 میں سال بہ سال 23% کی زبردست شرح نمو ریکارڈ ہوئی۔ حکومت کی جانب سے تعمیرات کے شعبہ کو دینے گئے مراعات کے چیکنگ سے مینوفیکچرنگ کے کئی منسلک شعبہ جات کو بھرپور ترقی کا موقع فراہم ہوا۔ مالی سال کیلئے صارف کی قیمت کا اوسط انڈیکس (CPI)، 8.9% رہا جب کہ اسٹیٹ بینک آف پاکستان نے اپنی پالیسی کی شرح 7 فیصد برقرار رکھی۔

زیر جائزہ مدت کے دوران میں کمپنی نے 3.5 بلین روپے کا خالص منافع حاصل کیا جو گزشتہ سال کی اسی مدت کے مقابلے میں نمایاں ترین 55 فیصد زیادہ ہے۔ یہ ہدف ہیلتھ کیئر کے شعبہ کی بھرپور کارکردگی کے سبب حاصل ہوا جس میں کمپنی نے ترقیاتی طور پر ہسپتالوں کو آکسیجن گیس کی مسلسل فراہمی جاری رکھی۔ اس کے علاوہ میڈیکل انجینئرنگ پورٹ فولیو کو مزید مضبوط اور مستحکم کرنے کیلئے کئی معاہدے کئے گئے۔ ہارڈ گڈز کے شعبہ میں بھی اچھی کارکردگی دیکھی گئی جو بڑے پیمانے کی صنعتوں میں نمو کی عکاسی کرتی ہے۔ اسی طرح آئل اینڈ گیس کے شعبہ سے بڑھتی ہوئی طلب کے باعث Bulk کے شعبہ میں خاطر خواہ بحالی آئی جس سے آکسیجن کی عدم دستیابی کے سبب پیش آنے والے خسارے پر قابو پانے میں مدد ملی جو کہ ترقیاتی طور پر ہیلتھ کیئر کے شعبہ کو فراہم کی جا رہی تھی۔ مجموعی طور پر PGP اور Bulk کے شعبہ جات میں بالترتیب 119 فیصد اور 26 فیصد اضافہ ریکارڈ ہوا۔

بجلی اور ایندھن کی بڑھتی ہوئی قیمتوں کے باوجود ششماہی مجموعی منافع 655 ملین روپے ریکارڈ ہوا جو گزشتہ سال کے مقابلے میں 63 فیصد زیادہ ہے۔ زیر جائزہ مدت کیلئے اوور ہیڈز، دیگر آمدنی نکالنے کے بعد 289 ملین روپے رہے جب کہ اس کے مقابلے میں گزشتہ سال 245 ملین روپے ریکارڈ ہوئے تھے، اس فرق کا بنیادی سبب افراط زر تھا۔ مالیاتی لاگت 56 ملین روپے ریکارڈ ہوئی جو گزشتہ سال سے 44 فیصد کم ہے اور اس کی وجہ بہتر ورکنگ کیپٹل اور کم شرح سود تھی۔ مذکورہ مدت میں بعد از ٹیکس منافع اور فی شیئر آمدنی (EPS) بالترتیب 220 ملین روپے اور 4.70 روپے رہی جو گزشتہ سال کے مقابلے میں 442% زیادہ ہے۔

اگرچہ معیشت میں مسلسل استحکام کی بھرپور توقع ہے لیکن ڈیلٹا ویرینٹ کے پھیلاؤ اور پاکستان کی مغربی سرحد پر بڑھتی ہوئی بد امنی خطرے کے امکان اور تشویش کا باعث ہے۔ اس کے باوجود قلیل سے درمیانی مدت میں LSM کے شعبہ کی ترقی کی رفتار برقرار رہنے کی توقع ہے۔ توسیعی پروجیکٹس، بشمول پورٹ قاسم پر 270 TPD پلانٹ اور الیکٹروڈ مینوفیکچرنگ کی صلاحیت میں توسیعی منصوبوں پر کام پلان کے مطابق آگے بڑھ رہا ہے۔ ملک بھر میں اپنے کاروباری مقامات میں توسیع اور مارکیٹ میں اپنی قائدانہ حیثیت کو مضبوط

کرنے کیلئے بورڈ آف ڈائریکٹرز نے اپنی 16 جولائی 2021 کو منعقد ہونے والی میٹنگ میں پاکستان کے شمالی ریجن میں ایک اسٹیٹ آف دی آرٹ انیسر سپر لیشن یونٹ کے قیام میں سرمایہ کاری کے پلان کا اعلان کیا۔ اس سے کمپنی کی صلاحیت میں اضافے اور Bulk اور Health care دونوں شعبہ جات میں صارفین کی بڑھتی ہوئی طلب کو یقینی طور پر پورا کرنے کی گنجائش پیدا ہوگی۔

Waqar Ahmad Malik

منجانب بورڈ

و قار احمد ملک

متین امجد

کراچی

چیئرمین

چیف ایگزیکٹو آفیسر

26 اگست 2021



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
Pakistan

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS

Report on review of Interim Financial Information to the members of Pakistan Oxygen Limited

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **PAKISTAN OXYGEN LIMITED** ("the Company") as at June 30, 2021 and the related condensed interim statement of profit and loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, condensed interim statement of changes in equity and notes to the condensed interim financial information for the six-month period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial information 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 information 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 condensed interim financial information as at and for the six-month period ended June 30, 2021 is not prepared, in all material respects, in accordance with the accounting standards as applicable in Pakistan for interim financial reporting.

The figures for the quarters ended June 30, 2021 and June 30, 2020 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 audit resulting in this independent auditor's report is Zulfikar Ali Causer.

KARACHI
DATED: 26 AUG 2021

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ail Causer



PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Note	For the half year ended		For the second quarter ended	
		June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
-----Rupees in '000-----					
Gross sales	4	3,915,257	2,542,954	2,224,285	1,205,298
Trade discount and sales tax	4	(366,998)	(256,226)	(197,968)	(114,497)
Net sales		3,548,259	2,286,728	2,026,317	1,090,801
Cost of sales	4	(2,892,805)	(1,883,625)	(1,680,924)	(899,122)
Gross profit		655,454	403,103	345,393	191,679
Distribution and marketing expenses	4	(146,310)	(117,397)	(80,858)	(51,401)
Administrative expenses	4	(129,597)	(116,619)	(69,992)	(55,917)
Other operating expenses		(35,971)	(16,157)	(18,347)	(7,680)
		(311,878)	(250,173)	(169,197)	(114,998)
Operating profit before other income		343,576	152,930	176,196	76,681
Other income		22,587	5,279	5,288	1,127
Operating profit		366,163	158,209	181,484	77,808
Finance costs		(56,366)	(101,375)	(26,995)	(45,414)
Profit before taxation		309,797	56,834	154,489	32,394
Taxation		(89,686)	(16,206)	(43,056)	(8,478)
Profit for the period		220,111	40,628	111,433	23,916
			(Restated)		(Restated)
Earnings per share - basic and diluted		4.70	0.87	2.38	0.51

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

Syed Ali Adnan
 Syed Ali Adnan
 Chief Financial Officer

Matin Amjad
 Matin Amjad
 Chief Executive Officer

Waqar A. Malik
 Waqar A. Malik
 Chairman



PAKISTAN OXYGEN LIMITED

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE HALF YEAR ENDED JUNE 30, 2021

	For the half year ended		For the second quarter ended	
	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	-----Rupees in '000-----			
Profit for the period	220,111	40,628	111,433	23,916
Items that may be reclassified subsequently to profit or loss				
Changes in fair value of cash flow hedge	(32,717)	-	(32,717)	-
Tax thereon	9,488		9,488	
	(23,229)	-	(23,229)	-
Total comprehensive income for the period	187,394	40,628	78,716	23,916

The annexed notes from 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 (UN-AUDITED)

AS AT JUNE 30, 2021



	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
	-----Rupees in '000-----	
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	5,414,352	4,510,405
Intangible assets	28,050	29,818
Investment in subsidiary	10	10
Long term loans	5,417	6,318
Long term deposits	50,839	50,839
	5,498,668	4,597,390
CURRENT ASSETS		
Stores and spares	252,999	237,915
Stock-in-trade	818,370	653,012
Trade debts	743,800	595,604
Loans and advances	72,776	48,706
Deposits and prepayments	368,475	242,342
Other receivables	491,448	399,296
Taxation-net	337,155	395,073
Cash and bank balances	488,622	219,839
	3,573,645	2,791,787
	9,072,313	7,389,177
TOTAL ASSETS		
EQUITY AND LIABILITIES		
SHARE CAPITAL AND RESERVES		
Authorised share capital		
70,000,000 (2020: 70,000,000) Ordinary shares of Rs. 10 each	700,000	700,000
Issued, subscribed and paid-up capital		
46,872,483 (2020: 39,060,403) Ordinary shares of Rs. 10 each	468,725	390,604
Reserves		
Revenue	2,455,061	2,313,071
Capital	1,774,921	1,798,150
	4,229,982	4,111,221
	4,698,707	4,501,825
NON-CURRENT LIABILITIES		
Long term deposits	219,342	208,630
Lease liabilities	21,955	23,210
Long term finance	977,894	109,705
Deferred capital grant	506	3,313
Deferred liabilities	227,566	259,292
	1,447,263	604,150
CURRENT LIABILITIES		
Trade and other payables	1,518,242	1,063,879
Short term borrowings	1,273,090	1,083,064
Un-claimed dividend	19,045	19,945
Current portion of deferred capital grant	6,400	9,310
Current portion of lease liabilities	2,342	2,078
Current maturity of long term financing	107,224	104,926
	2,926,343	2,283,202
	9,072,313	7,389,177
TOTAL EQUITY AND LIABILITIES		
CONTINGENCIES AND COMMITMENTS		

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

Syed Ali Adnan
Syed Ali Adnan
Chief Financial Officer

Matin Amjad
Matin Amjad
Chief Executive Officer

Waqar A. Malik
Waqar A. Malik
Chairman



PAKISTAN OXYGEN LIMITED
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE HALF YEAR ENDED JUNE 30, 2021

	Share capital	Revenue Reserves		Capital Reserves		Total
	Issued, subscribed and paid-up	General reserve	Unappropriated profit	Cash flow hedging reserve	Surplus on revaluation of property, plant and equipment	
-----Rupees in '000-----						
Balance as at January 1, 2020	325,503	1,725,250	294,836	-	1,798,150	4,143,739
Total comprehensive income for the period						
Profit for the period	-	-	40,628	-	-	40,628
Other comprehensive income for the period	-	-	-	-	-	-
	-	-	40,628	-	-	40,628
Transactions with owners of the Company recognised directly in equity - distribution						
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 June 30, 2020	<u>390,604</u>	<u>1,954,985</u>	<u>40,628</u>	<u>-</u>	<u>1,798,150</u>	<u>4,184,367</u>
Balance as at January 1, 2021	390,604	1,954,985	358,086	-	1,798,150	4,501,825
Total comprehensive income for the period						
Profit for the period	-	-	220,111	-	-	220,111
Other comprehensive loss for the period	-	-	-	(23,229)	-	(23,229)
	-	-	220,111	(23,229)	-	196,882
Transactions with owners of the Company recognised directly in equity - distribution						
Issuance of bonus shares in proportion of 2 shares for every 10 shares	78,121	-	(78,121)	-	-	-
Transfer to general reserve	-	279,965	(279,965)	-	-	-
Balance as at June 30, 2021	<u>468,725</u>	<u>2,234,950</u>	<u>220,111</u>	<u>(23,229)</u>	<u>1,798,150</u>	<u>4,698,707</u>

The annexed notes from 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 HALF YEAR ENDED JUNE 30, 2021

	June 30, 2021	June 30, 2020
Note	-----Rupees in '000-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash generated from operations	11 402,191	602,309
Finance costs paid	(51,785)	(115,557)
Income tax paid	(54,364)	(99,189)
Post retirement medical benefits paid	(111)	(144)
Long term loans and deposits	901	(714)
Long term deposits	10,712	5,312
Net cash flows from operating activities	307,544	392,017
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(1,090,109)	(90,856)
Additions to intangibles	(1,246)	-
Proceeds from disposal of operating fixed assets	791	4,607
Interest received on balances with banks	133	716
Net cash used in investing activities	(1,090,431)	(85,533)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term finance	921,582	94,790
Repayment of long term financing	(56,812)	-
Repayment of lease liabilities	(2,226)	(2,869)
Dividends paid	(900)	(102)
Net cash flows from financing activities	861,644	91,819
Net increase in cash and cash equivalents	78,757	398,303
Cash and cash equivalents at beginning of the period	(863,225)	(1,311,766)
Cash and cash equivalents at end of the period	12 (784,468)	(913,463)

The annexed notes from 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 HALF YEAR ENDED JUNE 30, 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 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. This condensed interim financial information does not include all the information and disclosures required for annual financial statements, and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended December 31, 2020.

This condensed interim financial information of the Company for the half year ended June 30, 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 with the requirements of IAS 34, 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 half year ended June 30, 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 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 Derivative financial instruments

When a derivative is designated as the hedging instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the cash flow hedge reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit and loss account.

When the hedge item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. Derivative financial instruments are carried as assets when fair value is positive and liabilities when fair value is negative.



4 SEGMENT RESULTS (UN-AUDITED)

	For the half year ended						For the second quarter ended					
	June 30, 2021			June 30, 2020			June 30, 2021			June 30, 2020		
	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	3,226,425	688,832	3,915,257	2,137,587	405,367	2,542,954	1,838,643	385,642	2,224,285	978,189	227,109	1,205,298
Less:												
Trade discount	3,357	-	3,357	5,139	-	5,139	2,513	-	2,513	1,967	-	1,967
Sales tax	264,803	98,838	363,641	192,119	58,968	251,087	139,806	55,649	195,455	79,463	33,067	112,530
	268,160	98,838	366,998	197,258	58,968	256,226	142,319	55,649	197,968	81,430	33,067	114,497
Net sales	2,958,265	589,994	3,548,259	1,940,329	346,399	2,286,728	1,696,324	329,993	2,026,317	896,759	194,042	1,090,801
Less:												
Cost of sales	2,383,499	509,306	2,892,805	1,584,738	298,887	1,883,625	1,387,543	293,381	1,680,924	734,880	164,242	899,122
Distribution and marketing expenses	128,299	18,011	146,310	103,560	13,837	117,397	72,151	8,707	80,858	43,093	8,308	51,401
Administrative expenses	113,643	15,954	129,597	102,874	13,745	116,619	62,511	7,481	69,992	47,257	8,660	55,917
	2,625,441	543,271	3,168,712	1,791,172	326,469	2,117,641	1,522,205	309,569	1,831,774	825,230	181,210	1,006,440
Segment result	332,824	46,723	379,547	149,157	19,930	169,087	174,119	20,424	194,543	71,529	12,832	84,361
Unallocated corporate expenses:												
Other operating expenses			(35,971)			(16,157)			(18,347)			(7,680)
Other income			22,587			5,279			5,288			1,127
			(13,384)			(10,878)			(13,059)			(6,553)
Operating profit			366,163			158,209			181,484			77,808
Finance costs			(56,366)			(101,375)			(26,995)			(45,414)
Taxation			(89,686)			(16,206)			(43,056)			(8,478)
Profit for the period			220,111			40,628			111,433			23,916



June 30, **December 31,**
2021 **2020**
(Un-audited) **(Audited)**

Note -----Rupees in '000-----

5 PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	5.1	4,307,817	4,423,422
Capital work-in-progress		1,087,293	66,120
Right-of-use assets - Building	5.2	19,242	20,863
		5,414,352	4,510,405

5.1 Operating fixed assets

Net book value as at January 1		4,423,422	4,440,947
Additions during the period / year:			
Land and building		10,346	173,093
Plant and machinery		36,152	154,878
Vehicles		12,452	19,209
Furniture, fittings and office equipment		3,167	814
Computer equipment		6,862	4,778
		68,979	352,772
Less:			
Disposals during the period / year - net book value		(43)	(4,152)
Depreciation charge during the period / year		(184,497)	(366,145)
		(184,540)	(370,297)
		4,307,861	4,423,422

5.2 Right-of-use assets - Building

The recognised right-of-use assets relate to the following types of assets:

Building		19,242	20,863
Balance as at January 1, 2021 / 2020		20,863	28,565
Additions during the period / year		-	2,175
Effects of reassessment of lease liabilities		-	315
Deletions		-	(5,534)
Depreciation charge during the period / year		(1,621)	(4,658)
		19,242	20,863

6 STOCK-IN-TRADE

Raw and packing materials		202,652	275,211
Finished goods		615,718	377,801
	6.1	818,370	653,012



- 6.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 25.903 million (2020: Rs. 23.039 million). During the year, a provision amounting to Rs. 3.044 million (2020: Rs. 7.026 million) in respect of slow moving and obsolete stock has been reversed. Slow moving and obsolete stock amounting to Rs. 0.181 million (2020: Rs. 1.88 million) have been written off by utilising the provision.

	June 30, 2021 (Un-audited)	December 31, 2020 (Audited)
Note	-----Rupees in '000-----	
7 LEASE LIABILITIES		
Lease liabilities as on January 1	25,288	32,118
Effects of reassessment of lease liabilities	-	315
Addition during the period / year	-	2,175
Disposals during the period / year	-	(6,578)
Interest accrued	1,232	3,231
Less: Repayment of lease liabilities	(2,223)	(5,972)
7.1	24,297	25,288
7.1 Break up of lease liabilities		
Lease liabilities	24,297	25,288
Less: Current portion	(2,342)	(2,078)
	21,955	23,210
Maturity analysis-contractual undiscounted cash flow		
Less than one year	2,342	4,491
One to five year	14,553	25,790
More than five year	7,400	5,219
Total undiscounted lease liability	24,295	35,500
7.2	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 10%.	

8 LONG TERM FINANCING

Secured-from banking companies

Refinance facility	8.1	163,536	214,631
Long term finance facility	8.2	921,582	-
Less: Current portion shown under current liabilities		(107,224)	(104,926)
		977,894	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.

		June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
9 DEFERRED CAPITAL GRANT	Note	-----Rupees in '000-----	
Capital grant	9.1	6,906	12,623
Current portion shown under current liability		<u>(6,400)</u>	<u>(9,310)</u>
		<u>506</u>	<u>3,313</u>

- 9.1 During 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 June 30, 2021 amounted to Rs. 54.629 million (December 31, 2020: Rs. 53.249 million).



10.2 Commitments

Capital commitments outstanding as at June 30, 2021 amounted to Rs. 101.496 million (December 31, 2020 : Rs. 32.541 million).

Commitments under letters of credit for inventory items as at June 30, 2021 amounted to Rs. 420 million (2020: Rs. 275.749 million).

Commitments under letters of credit for fixed assets as at June 30, 2021 amounted to Rs. 2.41 billion (2020: Rs. Nil).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at June 30, 2021 amounted to Rs. 113.9 million (December 31, 2020: Rs. 109.521 million)

Commitments under forward contract as at June 30, 2021 amounted to Rs. 1,025 million (2020: Rs. Nil).

	June 30, 2021 (Un-audited)	June 30, 2020 (Un-audited)
Note	-----Rupees in '000-----	

11 CASH GENERATED FROM OPERATIONS

Profit before taxation	309,797	56,834
Adjustments for :		
Depreciation	186,118	183,509
Amortisation	3,014	4,002
Gain on disposal of property, plant and equipment	(748)	(2,944)
Interest income on balances with banks	(133)	(716)
Finance cost	56,366	101,375
Post retirement medical benefits	473	520
Working capital changes	11.1 (152,696)	259,729
	<u>402,191</u>	<u>602,309</u>

11.1 Working capital changes

(Increase) / decrease in current assets:		
Stores and spares	(15,084)	727
Stock-in-trade	(165,358)	(40,912)
Trade debts	(148,196)	242,380
Loans and advances	(24,070)	(12,262)
Deposit and prepayments	(126,133)	(32,481)
Other receivables	(92,152)	(46,581)
	<u>(570,993)</u>	<u>110,871</u>
Increase in current liabilities:		
Trade and other payables	418,297	148,858
	<u>(152,696)</u>	<u>259,729</u>



12 CASH AND CASH EQUIVALENTS

Cash and bank balances	488,623	168,315
Short term borrowings	(1,273,090)	(1,081,778)
	<u>(784,467)</u>	<u>(913,463)</u>

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:

Related Party	Nature of transactions	June 30,	June 30,
		2021	2020
		(Un-audited)	(Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	73,164	93,278
	Purchase of goods and receipt of services	53,389	14,159
	Mark up	32,821	45,633
	Issuance of bonus shares	35,227	29,321
Directors	Meeting fee	9,125	9,150
	Issuance of bonus shares	5,669	4,724
Staff retirement benefits	Charge in respect of staff retirement funds	19,899	21,106
Key management personnel	Compensation	139,042	137,246
	Issuance of bonus shares	24	20

June 30,	December 31,
2021	2020
(Un-audited)	(Audited)
-----Rupees in '000-----	

13.2 Balances with related parties are summarised as follows:

Receivable from Staff retirement funds	<u>33,070</u>	<u>32,925</u>
Receivable from associated companies by virtue of shareholding and common directorship	<u>8,804</u>	<u>13,062</u>
Payable to Staff retirement funds	<u>4,530</u>	<u>3,639</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, 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 still difficult to predict.

We have been given to understand by the management that there are no significant financial impacts of COVID-19 on the carrying amounts of the Company's assets and liabilities or items of income and expenses. Further, the management has evaluated the implications of COVID-19 and concluded that there are no material implications of COVID-19 that require specific disclosure in this condensed interim financial information.

16 DATE OF AUTHORISATION

This condensed interim financial information was authorized for issue on 26 August, 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.

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