

A COMPANY MOVING FORWARD

Condensed Interim Financial Information (Unaudited)
for the Nine Months Ended
30 September 2022

QUARTERLY
REPORT Q3 2022



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

CODE OF ETHICS

At Pakistan Oxygen, we live and work by a set of principles and values which encompass our foundational principles of safety, integrity, sustainability and respect and core values of Commit to Achieve, Collaborate to Succeed, Innovate to Grow, Passion to Excel and People to Perform. Together our principles and core values underpin all our actions, decisions and behavior and express what we stand for as an organization and what differentiates us from others. These principles and core values are embedded in our organization and resonate in everything we do. To uphold the highest ethical standards, we have developed a Code of Ethics which provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition and international trade
- Dealing with governments, product development, ethical purchasing and advertising
- Dealings with stakeholders, financial reporting and communication, insider dealing, protecting company secrets and protecting company assets
- Dealings with our employees, conflicts of interest, avoidance of bribery, gifts and entertainment, data protection, human rights and dealings with each other
- Dealings with communities and the public with regard to our corporate responsibilities and on restrictions to provide support for political activities

All employees of Pakistan Oxygen undergo training on the Code of Ethics and are expected to comply with the standards laid out in the Code.

Company information

Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
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 (Resigned w.e.f 25.10.2022)	Non-Executive Director
Mohammad Iqbal Puri (Appointed w.e.f 26.10.2022)	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 (Resigned w.e.f 25.10.2022)	Member	Non-Executive Director
Mohammad Iqbal Puri (Appointed w.e.f 26.10.2022)	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
Ciflbank NA
MCB Bank Limited
National Bank of Pakistan Limited
Askari Bank Limited
Dubai Islamic Bank Pakistan Limited
BankIslami Pakistan Limited
Habib Metropolitan Bank Limited
Allied Bank Limited
The Bank of Punjab Taqwa Islamic Bank

External Auditors

BDO Ebrahim & 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

Entity Credit Rating by PACRA

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

Share Registrar

Central Depository Company of Pakistan Limited

Directors' Report

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, 2022.

The macroeconomic outlook appears bleak for a number of reasons. GDP growth forecast has been revised down to 2 percent for FY23, compared to the pre-flood forecast of 3 to 4 percent. In July, Large Scale Manufacturing (LSM) declined by 1.4 percent; first contraction in two years, largely due to dampening of domestic demand amid high inflation. The average 12-month Consumer Price Index (CPI) was recorded at 16.3 percent in September 2022 compared to 8.8 percent in the same period last year. The SBP decided to maintain the policy rate at 15 percent.

Net Sales for the nine-months ended September 30, 2022, were recorded at Rs. 5.6 billion, up 4% over the same period last year. This was mainly achieved on the back of strong performance by the Hardgoods segment, as demand for electrodes remained robust due to expansion in dealer network and better end-customer reach. Carbon Dioxide sales also contributed to volume growth with strong sales to the Food & Beverages sector. Oxygen sales declined due to reduced demand from both the Healthcare and Industrial sectors, but the decline was mitigated as new contracts for pipeline design and engineering solutions were secured.

Gross profit was recorded at Rs. 1.0 billion, in line with last year. This was achieved despite adverse impact on margins due to unprecedented increase of around 70% in electricity and fuel costs over last year. Overall, margins remained under pressure and overheads were affected due to higher inflation, rupee depreciation, and high commodity prices in the international market. Finance cost at Rs. 150 million, were up by 77% compared to last year due to increase in policy rate from 7% p.a. to 15% p.a. Retrospective imposition of super tax has also led to an additional income tax charge of Rs. 30 million and Rs.12 million for year 2021 and 2022, respectively. Profit After Tax and Earnings Per Share (EPS) for the period were recorded at Rs. 302 million and Rs. 5.16, respectively, witnessing a decline of 13% compared to last year.

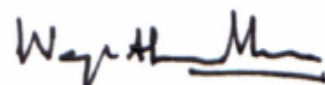
As part of the Company's CSR drive, the Company and its employees actively participated in the Flood Relief efforts and contributed Rs. 7 million in the form of food items and necessities supplied to the flood survivors in the KPK, Punjab and Sindh. The Management team remained fully involved in the execution of the Relief operations.

The Company's new ASU 270 TPD plant, which effectively doubles the Company's production capacity, is expected to come onstream at the start of next year. With this, the market will enter a period of over-supply for the short to mid-term at a time when there are imminent challenges of demand contraction due to high inflation amid tightening fiscal and monetary policies. Nevertheless, the management of the Company remains determined to achieve its targeted market share with strong customer engagement and competitive pricing on the back of improved production efficiencies.



Karachi:
October 25, 2022

Matin Amjad
Chief Executive Officer



Waqar Ahmed Malik
Chairman

ڈائریکٹرز کا جائزہ

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے تیسری سہ ماہی مختتمہ 30 ستمبر 2022ء پیش کرتے ہیں۔

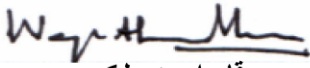
کلیدی اقتصادی منظر نامہ متعدد وجوہات کے باعث مایوس کن ہے۔ مالی سال 2023ء کے لیے GDP کی نمو کی پیش گوئی پر نظر ثانی کرتے ہوئے اس میں کمی کر کے 2% کر دیا گیا، جبکہ سیلاب سے قبل 3% تا 4% کی پیش گوئی تھی۔ جولائی میں، بڑے پیمانے کی مینوفیکچرنگ (LSM) میں 1.4% تک کمی واقع ہوئی؛ ایسا گزشتہ دو سالوں میں پہلی بار ہوا ہے، جس کی بڑی وجہ مقامی طلب میں کمی اور افراط زر میں اضافہ تھا۔ 12 ماہ کا اوسط کنزیومر پرائس انڈیکس (CPI) ستمبر 2022ء میں 16.3% ریکارڈ کیا گیا، جو گزشتہ سال اسی عرصے کے دوران 8.8% تھا۔ SBP نے پالیسی کی شرح 15% پر برقرار رکھنے کا فیصلہ کیا۔

30 ستمبر 2022ء کو ختم ہونے والے 9 ماہ کے لیے کمپنی کی خالص فروخت 5.6 بلین روپے ریکارڈ کی گئی، جو گزشتہ سال اسی عرصے کے مقابلے میں 4% زیادہ ہے۔ یہ بنیادی طور پر Hardgoods کے شعبے میں مضبوط کارکردگی کی وجہ سے حاصل ہوا جس کا سبب ڈیلرشپ نیٹ ورک میں توسیع اور حتمی صارفین کی بہتر رسائی کی وجہ سے الیکٹروٹز کی طلب میں اضافہ تھا۔ کاربن ڈائی آکسائیڈ کی فروخت نے بھی خوراک و مشروبات کے شعبے میں مستحکم فروخت کے ساتھ حجم کے اضافے میں بھی نمایاں کردار ادا کیا۔ صحت عامہ اور صنعتی شعبے میں طلب گھٹ جانے کے باعث آکسیجن کی فروخت میں کمی واقع ہوئی، تاہم پائپ لائن ڈیزائن اور انجینئرنگ سروسز کے نئے معاہدوں کے حصول میں کامیابی کے ذریعے اس کمی کا ازالہ کیا گیا۔


مجموعی منافع 1 بلین روپے ریکارڈ کیا گیا، جو گزشتہ سال سے ہم آہنگ ہے۔ گزشتہ سال کے مقابلے میں بجلی اور ایندھن کی لاگت میں تقریباً 70% غیر معمولی اضافے کے باعث منافع پر منفی اثرات کے باوجود یہ کامیابی حاصل ہوئی۔ بلند افراط زر، روپے کی قدر میں کمی، اور بین الاقوامی مارکیٹ میں اجناس کی بلند قیمتوں کے باعث، مجموعی طور پر، منافع دباؤ کا شکار رہا اور متفرق اخراجات بھی متاثر ہوئے۔ مالیاتی لاگت گزشتہ سال کے مقابلے میں 77% اضافے کے ساتھ 150 ملین روپے ہو گئی، جس کی بنیادی وجہ پالیسی شرح کا 7% سالانہ سے بڑھ کر 15% سالانہ ہوجانا تھا۔ سپرٹیکس کے ماضی سے نفاذ کے باعث بھی سال 2021ء اور 2022ء کے لیے بالترتیب 30 ملین روپے اور 12 ملین روپے کے اضافی انکم ٹیکس چارجز ادا کیے گئے۔ مذکورہ عرصے کے لیے بعد از ٹیکس منافع اور فی شیئر آمدن (EPS) بالترتیب 302 ملین روپے اور 5.16 روپے ریکارڈ کی گئی، جو گزشتہ سال کے مقابلے میں 13% کم ہے۔

کارپوریٹ سماجی ذمہ داری (CSR) کے ضمن میں کمپنی کی کاوشوں کے تحت، کمپنی اور اس کے عملے نے سیلاب کے بعد امدادی کارروائیوں میں بھرپور حصہ لیا اور خوراک سمیت دیگر ضروری اشیا کی صورت میں 7 ملین روپے کے عطیات دیے؛ یہ اشیا خیبر پختونخوا، پنجاب اور سندھ میں سیلاب متاثرین میں تقسیم کی گئیں۔ مینجمنٹ ٹیم امدادی کارروائیوں میں مکمل طور پر شامل رہی۔

کمپنی کی پیداواری صلاحیت دگنی کرنے والا نیا ASU 270 TPD پلانٹ اگلے سال کے آغاز میں فعال ہونے کی توقع ہے۔ اس کے ساتھ ہی مارکیٹ مختصر سے درمیانی مدت کے لیے اضافی رسد کے دور میں داخل ہوجائے گی، اور وہ بھی ایک ایسے وقت میں جبکہ سخت مالی و زری پالیسیوں اور بلند افراط زر کے باعث طلب میں انتہائی کمی کے ناگزیر چینجز درپیش ہیں۔ تاہم، کمپنی کی انتظامیہ کسٹمرز کو مرکزی اہمیت دینے اور مسابقتی نرخوں کے ذریعے نیز پروڈکشن کی بہتر کارکردگی کی بنیاد پر مارکیٹ میں اپنا مطلوبہ شیئر حاصل کرنے کے لیے پُر عزم ہے۔



وقار احمد ملک
چینر مین



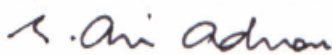
متین احمد
چیف ایگزیکٹو آفیسر

کراچی:
25 اکتوبر 2022ء

Pakistan Oxygen Limited
Condensed Interim Statement of Financial Position
As at September 30, 2022

		30 September 2022 (Unaudited)	31 December 2021 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	8,298,508	5,935,707
Intangible assets		23,402	27,359
Investment in subsidiary		10	10
Long term loans		5,845	5,395
Long term deposits		75,438	50,839
		<u>8,403,203</u>	<u>6,019,310</u>
Current assets			
Stores and spares		356,284	286,112
Stock-in-trade	5	1,181,645	1,041,152
Trade debts		1,008,249	653,763
Loans and advances		219,575	90,896
Deposits and prepayments		469,424	399,993
Other receivables	6	1,178,366	589,234
Taxation - net		346,722	296,734
Cash and bank balances		274,932	429,755
		<u>5,035,197</u>	<u>3,787,639</u>
Total assets		<u><u>13,438,400</u></u>	<u><u>9,806,949</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised 70,000,000 (2021: 70,000,000) Ordinary shares of Rs. 10 each		<u>700,000</u>	<u>700,000</u>
Issued, subscribed and paid-up 58,590,604 (2021: 46,872,483) Ordinary shares of Rs. 10 each		585,906	468,725
Revenue reserves			
General reserves		2,579,670	2,234,950
Unappropriated profit		302,188	461,901
Capital reserves		1,798,150	1,827,620
		<u>4,680,008</u>	<u>4,524,471</u>
		5,265,914	4,993,196
Non-current liabilities			
Long term deposits		248,220	224,693
Lease liabilities	7	18,156	20,588
Long term financing	8	3,992,830	1,125,955
Deferred capital grant	9	320,294	216,547
Deferred liabilities		208,988	235,765
		<u>4,788,488</u>	<u>1,823,548</u>
Current liabilities			
Trade and other payables		1,664,303	1,417,497
Short term borrowings		1,466,461	1,394,044
Un-claimed dividend		18,495	19,428
Current portion of lease liabilities	7	3,141	2,623
Current maturity of long term financing	8	163,244	110,833
Current portion of deferred capital grant	9	68,354	45,780
		<u>3,383,998</u>	<u>2,990,205</u>
Total equity and liabilities		<u><u>13,438,400</u></u>	<u><u>9,806,949</u></u>
Contingencies and Commitments			
	10		

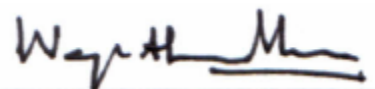
The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the nine months ended September 30, 2022

	Note	For the nine months ended		For the third quarter ended	
		30 September	30 September	30 September	30 September
		2022	2021	2022	2021
-----Rupees in '000-----					
Gross sales	11	6,454,720	5,920,863	2,075,092	2,005,606
Trade discount and sales tax	11	(882,661)	(560,978)	(268,262)	(193,980)
Net sales		5,572,059	5,359,885	1,806,830	1,811,626
Cost of sales	11	(4,537,870)	(4,340,111)	(1,523,120)	(1,447,306)
Gross profit		1,034,189	1,019,774	283,710	364,320
Distribution and marketing expenses	11	(244,982)	(223,865)	(84,763)	(77,555)
Administrative expenses	11	(217,566)	(195,875)	(75,509)	(66,278)
Other operating expenses		(51,992)	(56,377)	(13,204)	(20,406)
		(514,540)	(476,117)	(173,476)	(164,239)
Operating profit before other income		519,649	543,657	110,234	200,081
Other income		30,609	29,901	3,178	7,314
Operating profit		550,258	573,558	113,412	207,395
Finance costs		(149,798)	(84,636)	(40,787)	(28,270)
Profit before taxation		400,460	488,922	72,625	179,125
Taxation		(98,272)	(140,675)	24,823	(50,989)
Profit for the period		302,188	348,247	97,448	128,136
			(Restated)		(Restated)
Earnings per share - basic and diluted (Rupees)		5.16	5.94	1.66	2.19

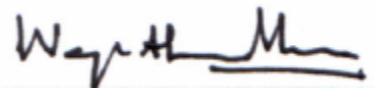
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Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer




Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the nine months ended September 30, 2022

	<u>For the nine months ended</u>		<u>For the third quarter ended</u>	
	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>	<u>30 September</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
-----Rupees in '000-----				
Profit for the period	302,188	348,247	97,448	128,136
Items that will be reclassified subsequently to profit and loss account:				
Changes in fair value of cash flow hedge	(88,797)	20,021	(88,797)	20,021
Tax thereon	25,751	(5,806)	25,751	(5,806)
	(63,046)	14,215	(63,046)	14,215
Total comprehensive income for the period	<u>239,142</u>	<u>362,462</u>	<u>34,402</u>	<u>142,351</u>

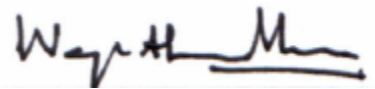
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Syed Ali Adnan
 Chief Financial Officer



Matin Amjad
 Chief Executive Officer

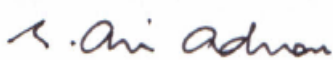


Waqar A. Malik
 Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the nine months ended September 30, 2022

		30 September 2022	30 September 2021
	Note	-----Rupees in '000-----	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash (used in)/ generated from operations	12	(358,545)	457,587
Finance costs paid		(101,267)	(77,418)
Income tax paid - net		(163,285)	(79,574)
Post retirement medical benefits paid		(469)	(226)
Long term deposits - receivable		(25,049)	(564)
Long term deposits - payable		23,526	13,495
Net cash (used in)/ generated from operating activities		(625,089)	313,300
CASH FLOW FROM INVESTING ACTIVITIES			
Addition to property, plant and equipment		(2,656,417)	(1,691,973)
Addition to Intangibles		-	(3,037)
Proceeds from disposal of property, plant and equipment		11,878	2,734
Interest received on balances with banks		1,293	1,038
Net cash used in from investing activities		(2,643,246)	(1,691,238)
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of long term financing		(55,884)	(88,113)
Long term financing		3,101,490	1,388,380
Repayment of lease liabilities		(3,578)	(3,343)
Dividends paid		(933)	(950)
Net cash generated from financing activities		3,041,095	1,295,974
Decrease in cash and cash equivalents		(227,240)	(81,964)
Cash and cash equivalents at beginning of the year		(964,289)	(863,225)
Cash and cash equivalents at end of the period	13	(1,191,529)	(945,189)

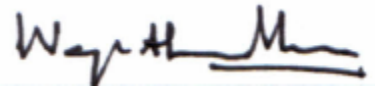
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Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer

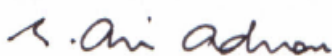


Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the nine months ended September 30, 2022

	Revenue Reserves			Capital Reserves			Total	
	Issued, subscribed and paid-up Capital	General reserve	Unappropriated profit	Sub total	Cash flow hedging reserve	Surplus on revaluation of property, plant & equipment		Sub total
-----Rupees in '000-----								
Balance as at 1 January 2021 (Audited)	390,604	1,954,985	358,086	2,313,071	-	1,798,150	1,798,150	4,501,825
Total comprehensive income for the period:								
Profit for the period	-	-	348,247	348,247	-	-	-	348,247
Other comprehensive income for the period	-	-	-	-	14,215	-	14,215	14,215
	-	-	348,247	348,247	14,215	-	14,215	362,462
Transactions with owners of the Company recognised directly in equity - distribution								
Issuance of bonus shares in proportion of 20 shares for every 100 shares	78,121	-	(78,121)	(78,121)	-	-	-	-
Transfer to general reserve	-	279,965	(279,965)	-	-	-	-	-
Balance as at 30 September 2021 (Un-audited)	468,725	2,234,950	348,247	2,583,197	14,215	1,798,150	1,812,365	4,864,287
Balance as at 1 January 2022 (Audited)	468,725	2,234,950	461,901	2,696,851	29,470	1,798,150	1,827,620	4,993,196
Total comprehensive income for the period:								
Profit for the period	-	-	302,188	302,188	-	-	-	302,188
Other comprehensive income for the period	-	-	-	-	(63,046)	-	(63,046)	(63,046)
	-	-	302,188	302,188	(63,046)	-	(63,046)	239,142
Transactions with owners of the Company recognised directly in equity - distribution								
Issuance of bonus shares in proportion of 25 shares for every 100 shares	117,181	-	(117,181)	(117,181)	-	-	-	-
Transfer to property, plant and equipment	-	-	-	-	33,576	-	33,576	33,576
Transfer to general reserve	-	344,720	(344,720)	-	-	-	-	-
Balance as at 30 September 2022 (Un-audited)	585,906	2,579,670	302,188	2,881,858	-	1,798,150	1,798,150	5,265,914

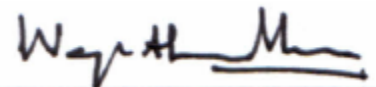
The annexed notes 1 to 20 form an integral part of this condensed interim financial information.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

Pakistan Oxygen Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the nine months ended September 30, 2022

1 LEGAL STATUS AND OPERATIONS

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

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

The Company has a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities since its incorporation. Accordingly, the Securities & Exchange Commission of Pakistan ("SECP") has granted status of inactive company to BOCPL.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information 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, 2021 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 September 30, 2022 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, 2021, 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, 2021.

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 preparation of the preceding annual audited financial statements of the Company as at and for the year ended December 31, 2021.
- 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.

		30 September 2022	31 December 2021
		(Unaudited)	(Audited)
	Note	-----Rupees in '000-----	
4	PROPERTY, PLANT AND EQUIPMENT		
Operating assets	4.1	4,149,204	4,219,369
Capital work-in-progress	4.2	4,134,113	1,698,716
Right-of-use assets - building	4.3	15,191	17,622
		<u>8,298,508</u>	<u>5,935,707</u>
4.1	Operating assets		
Net book value as at January 1		4,219,369	4,423,422
Additions during the period / year:			
- Land and building		15,800	10,985
- Plant and machinery		122,770	117,403
- Vehicles		67,912	18,757
- Furniture, fittings and office equipments		366	3,679
- Computer equipments		10,214	15,808
		217,062	166,632
Less:			
- Disposals during the period / year - net book value		(1,804)	(374)
- Depreciation charge during the period / year		(285,423)	(370,311)
		<u>(287,227)</u>	<u>(370,685)</u>
		<u>4,149,204</u>	<u>4,219,369</u>
4.2	Capital work-in-progress		
Opening balance		1,698,716	66,120
Addition during the period / year		2,652,459	1,802,659
		4,351,175	1,868,779
Transfers during the period / year		(217,062)	(170,063)
Closing balance		<u>4,134,113</u>	<u>1,698,716</u>
4.3	Right-of-use assets - building		
The recognised right-of-use assets relate to the following types of assets:			
Building		<u>15,191</u>	<u>17,622</u>
Opening balance		17,622	20,863
Depreciation charge during the period / year		(2,431)	(3,241)
Closing balance		<u>15,191</u>	<u>17,622</u>

		30 September 2022	31 December 2021
		(Unaudited)	(Audited)
	Note	-----Rupees in '000-----	
5 STOCK-IN-TRADE			
Raw and packing materials		255,116	324,513
Finished goods		926,529	716,639
	5.1	<u>1,181,645</u>	<u>1,041,152</u>
5.1	The cost of raw and packaging materials and finished goods has been adjusted for provision for slow moving and obsolete stock by Rs. 22.20 million (31 December 2021: Rs. 28.98 million). During the period, a provision amounting to Rs. 3.92 million (31 December 2021: Rs. 12.73 million) in respect of slow moving and obsolete stock has been recorded. The Company has also written off slow moving and obsolete stock amounting to Rs. 10.70 million (31 December 2021: Rs. 6.79 million) by utilising the provision.		
6 OTHER RECEIVABLES			
Considered good			
Receivable from defined benefit funds		49,235	45,427
Receivable from defined contribution funds		-	2,570
Sales tax recoverable		1,062,502	499,680
Insurance claim		-	50
Derivative financial asset		-	41,507
LC margin		66,629	-
		<u>1,178,366</u>	<u>589,234</u>
7 LEASE LIABILITIES			
Opening balance		23,211	25,288
Interest accrued		1,664	2,414
Less: Repayment of lease liabilities		(3,578)	(4,491)
Closing balance	7.1	<u>21,297</u>	<u>23,211</u>
7.1 Break up of lease liabilities			
Lease liabilities		21,297	23,211
Less: Current portion		(3,141)	(2,623)
		<u>18,156</u>	<u>20,588</u>
Maturity analysis-contractual undiscounted cashflow			
Less than one year		5,061	5,110
One to five year		22,369	23,937
More than five year		-	2,264
Total undiscounted lease liability		<u>27,430</u>	<u>31,311</u>
7.2	When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate which is 15% (2021: 10%).		

8 LONG TERM FINANCING

		30 September 2022	31 December 2021
		(Unaudited)	(Audited)
	Note	-----Rupees in '000-----	
Secured from banking companies			
Temporary economic relief facility	8.1	2,480,577	1,125,955
Refinance facility	8.2	56,312	110,833
Term finance	8.3	1,619,185	-
		<u>4,156,074</u>	<u>1,236,788</u>
Less: current portion shown under current liabilities		<u>(163,244)</u>	<u>(110,833)</u>
		<u><u>3,992,830</u></u>	<u><u>1,125,955</u></u>

- 8.1** This represents long term financing agreements entered into by the Company with certain banks to avail long term financing facility including Islamic / Temporary Economic Refinance Facility (I/TERF) for an amount of Rs. 3,600 million and Rs. 200 million for import and construction of ASU 270 TPD plant and 11 TPS Electrode plant, respectively. The loans are repayable in thirty two quarterly installments over period of eight years beginning from May 2023. The facility is fixed at the rate of 4% (SBP rate 1% + bank spread 3%). The facility is secured against charge over certain fixed assets of the Company.
- 8.2** 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 January 2021. The facility is secured against charge over specific plant and machinery of the Company.
- 8.3** This represents financing agreements entered into by the Company with certain banks for an amount of Rs. 2,300 million, Rs. 1,300 million and Rs. 100 million for construction of ASU 105 TPD plant, ASU 270 TPD plant and 11 TPS Electrode plant, respectively. The facility has a variable rate of 3 months KIBOR + 1.1% - 1.4% and is repayable in thirty-two quarterly instalments starting from May 2024. The facility is secured against charge over certain fixed assets of the Company.

30 September 2022 **31 December 2021**

(Unaudited) **(Audited)**

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

9 DEFERRED CAPITAL GRANT

Capital grant	9.1	388,648	262,327
Current Portion of Capital Grant		<u>(68,354)</u>	<u>(45,780)</u>
		<u>320,294</u>	<u>216,547</u>

9.1 The Company has received term finance facility amounting to Rs, 2,298.05 million from certain banks under "Islamic / Temporary Economic Refinance Facility (I/TERF)" introduced by the State Bank of Pakistan. The loans are repayable in thirty two quarterly installments over the period of eight years beginning May 2023.

9.2 In the year 2020, the Company received term finance facility amounting to Rs. 227.25 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 January 2021.

9.3 Deferred capital grant has been recorded in respect of these facilities under IAS-20, Government grants.

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, 2022 amounted to Rs. 59.29 million (December 31, 2021: Rs. 56.06 million).

10.2 Commitments

Capital commitments outstanding as at September 30, 2022 amounted to Rs. 388.62 million (December 31, 2021: Rs. 381.72 million).

Commitments under letters of credit for inventory items as at September 30, 2022 amounted to Rs. 446.3 million (December 31, 2021: Rs. 505 million).

Commitments under letters of credit for fixed assets as at September 30, 2022 amounted to Rs. 1,700.30 million (December 31, 2021: Rs. 2,263.39 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at September 30, 2022 amounted to Rs. 205.5 million (December 31, 2021: Rs. 134.21 million).

11. SEGMENT RESULTS

	For the nine months ended						For the third quarter ended					
	30 September 2022			30 September 2021			30 September 2022			30 September 2021		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----											
Gross sales	4,929,151	1,525,569	6,454,720	4,867,949	1,052,915	5,920,863	1,599,303	475,789	2,075,092	1,641,523	364,083	2,005,606
Less:												
Trade discount	362	-	362	5,583	-	5,583	-	-	-	2,226	-	2,226
Sales tax	663,167	219,132	882,299	404,797	150,598	555,395	200,275	67,987	268,262	139,994	51,760	191,754
Net sales	4,265,622	1,306,437	5,572,059	4,457,569	902,317	5,359,885	1,399,028	407,802	1,806,830	1,499,303	312,323	1,811,626
Less:												
Cost of sales	3,422,734	1,115,136	4,537,870	3,556,594	783,517	4,340,111	1,177,882	345,238	1,523,120	1,173,095	274,211	1,447,306
Distribution and marketing expenses	199,666	45,316	244,982	197,786	26,079	223,865	66,931	17,832	84,763	69,487	8,068	77,555
Administrative expenses	177,321	40,245	217,566	173,057	22,819	195,875	59,632	15,877	75,509	59,414	6,865	66,278
	3,799,721	1,200,697	5,000,418	3,927,436	832,415	4,759,851	1,304,445	378,947	1,683,392	1,301,996	289,143	1,591,139
Segment result	465,901	105,740	571,641	530,132	69,902	600,034	94,583	28,855	123,438	197,308	23,180	220,487
Unallocated corporate expenses:												
- Other operating expenses			(51,992)			(56,377)			(13,204)			(20,406)
- Other income			30,609			29,901			3,178			7,314
			(21,383)			(26,476)			(10,026)			(13,092)
Operating profit			550,258			573,558			113,412			207,395
Finance costs			(149,798)			(84,636)			(40,787)			(28,270)
Taxation			(98,272)			(140,675)			24,823			(50,989)
Profit for the period			302,188			348,247			97,448			128,136

30 September 2022 **30 September 2021**

(Un-audited) **(Un-audited)**

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

12 CASH GENERATED FROM OPERATIONS

Profit before taxation	400,460	488,922
<i>Adjustments for:</i>		
Depreciation	291,812	279,812
Amortisation	3,958	4,424
Gain on disposal of property, plant and equipment	(10,077)	(2,380)
Mark-up income from saving and deposit accounts	(1,293)	(1,038)
Finance costs	149,798	84,636
Post retirement medical benefits	753	709
Working capital changes	12.1 (1,193,956)	(397,493)
	(358,545)	457,592

12.1 Working capital changes

<i>Increase in current assets:</i>		
Stores and spares	(70,172)	(25,860)
Stock-in-trade	(140,493)	54,735
Trade debts	(354,486)	(339,445)
Loans and advances	(128,679)	(71,187)
Deposit and prepayments	(69,431)	(153,140)
Other receivables	(630,639)	(95,092)
	(1,393,900)	(629,989)
<i>Increase in current liabilities:</i>		
Trade and other payables	199,944	232,496
	(1,193,956)	(397,493)

13 CASH AND CASH EQUIVALENTS

Cash and bank balances	274,932	346,980
Short term borrowings - running finance under mark-up arrangement	(1,466,461)	(1,292,170)
	(1,191,529)	(945,190)

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

14.1 Transactions with related parties are summarised as follows:

Nature of Relationship	Nature of Transaction	30 September 2022	30 September 2021
		(Un-audited)	(Un-audited)
-----Rupees in '000-----			
Major shareholders and associated companies by virtue of common directorship	Sale of goods	69,138	50,129
	Purchase of goods and receipt of services	79,778	72,097
	Issuance of bonus shares	53,204	35,227
	Mark up on short term financing	87,178	49,388
	Long term loan	319,185	-
	Mark up on long term financing	18,934	-
Directors	Meeting fee	11,325	13,875
	Issuance of Bonus shares	8,442	5,669
Staff retirement funds	Charge in respect of retirement funds	32,898	30,297
Key management personnel	Compensation	255,967	209,584
	Issuance of Bonus shares	37	24
		30 September 2022	31 December 2021
		(Un-audited)	(Audited)
-----Rupees in '000-----			

14.2 Balances with related parties are summarised as follows:

Receivable from:

Staff retirement funds	49,234	47,998
Associated companies by virtue of common directorship	6,007	12,734

Payable to:

Staff Retirement Funds	5,322	2,740
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Short term borrowings from:

Associated company by virtue of common directorship	890,000	875,000
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14.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions.

15 FINANCIAL RISK MANAGEMENT

The Company's financial risk management objective and policies are consistent with that disclosed in the annual audited financial statements of the Company for the year ended December 31, 2021.

16 IMPACTS OF COVID-19 ON THE FINANCIAL STATEMENTS

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.

17 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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, 2021.

Underlying the definition of fair value is the presumption that the Company is a going concern and there is no intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

IFRS 13 'Fair Value Measurement' requires the Company to classify fair value measurements and fair value hierarchy that reflects the significance of the inputs used in making the measurements of fair value.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Fair value measurements using quoted price (unadjusted) in active markets for identical asset or liability.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

As of the reporting date, none of the financial instruments of the Company are carried at fair value.

The carrying values of all other financial assets and liabilities reflected in this condensed interim financial information approximate their fair values.

The Company has not disclosed the fair values for all other financial assets and financial liabilities, as these are either short term in nature or reprice periodically. Therefore, their carrying amounts are reasonable approximation of fair value.

18 DATE OF AUTHORISATION

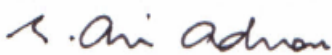
This condensed interim financial information was authorised for issue on 25 October 2022 by the Board of Directors of the Company.

19 CORRESPONDING FIGURES

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

20 GENERAL

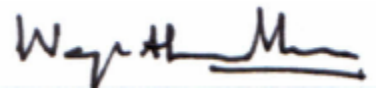
Amounts have been rounded off to the nearest thousands of rupees unless otherwise stated.



Syed Ali Adnan
Chief Financial Officer



Matin Amjad
Chief Executive Officer



Waqar A. Malik
Chairman

PRODUCTS AND SERVICES

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)
- NITROPOD™ (cryogenic dewar)

Compressed industrial gases

- Compressed Oxygen
- Aviation Oxygen
- Compressed Nitrogen
- Compressed Argon
- Compressed Air
- Compressed Hydrogen
- Compressed Carbon dioxide
- Dissolved Acetylene

Specialty industrial Gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Felix™ Refrigerants

INNOVATIVE SOLUTIONS

- TeleTel™ (remote telemetry)
- Asset Tracking System
- Oxytizer™ (hand sanitizer)
- Oxytizer™ (footwear disinfection)
- Oxygizer™ (portable Oxygen canister)

WELDING CONSUMABLES AND HARDGOODS

Welding consumables

- Low Hydrogen welding electrode - Fortrex™ E7018
- Low Hydrogen welding electrode - Matador48™ E7018
- Mild Steel welding electrode Zodian Universal™ E6013
- Mild Steel welding electrode Matador47™ E6013
- Mild Steel welding electrode POL 113™, POL 113 SUPER™ E6013
- Mild Steel welding electrode HEROWELD™ E6013
- Hard facing welding electrode POLHARD 650™
- Saffire™ arc and gas equipment
- Saffire™ MIG welding wire
- Saffire lite™ MIG welding wire
- Saffire™ Flux cored wire

Welding machines

- MMA ■ MIG ■ TIG

Welding accessories

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

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



Pakistan Oxygen Limited

**P.O Box 4845, Dockyard Road,
West Wharf, Karachi-74000, Pakistan.**

Phone +92.21.32313361 (9 lines),

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