

**CONDENSED INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**FOR THE FIRST QUARTER ENDED**

**31 MARCH 2019**



**Pakistan Oxygen Limited**



## Our vision

To improve the quality of life and wellbeing of people, communities and environment by operating in all sectors of the economy; envisage growth aggressively as a market leader while admiring its people.

## Our mission

To remain the Market leader in industrial and medical sector while growing aggressively in welding & hardgoods.

We shall achieve this profitably on sustained basis through the talent of our people, product reliability, superior product service & quality.

We would provide innovative solutions to our customers along with enhancing trust of our shareholders while keeping highest standards of ethics, safety and environment.



# Company information

## Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive
Fawad Anwar	Non-Executive Director
Atif Riaz Bokhari	Non-Executive Director
Siraj Dadabhoy	Non-Executive Director
Syed Hasan Ali Bukhari	Non-Executive Director
Sheikh Muhammad Abdullah	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Feroz Rizvi	Independent Director
Muhammad Zindah Moin Mohajir	Independent Director

## Chief Financial Officer

Syed Ali Adnan

## Company Secretary

Mazhar Iqbal

## Board Audit Committee

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

## Board Human Resource & Remuneration Committee

Feroz Rizvi	Chairman	Independent Director
Atif Riaz Bokhari	Member	Non-Executive Director
Syed Hasan Ali Bukhari	Member	Non-Executive Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of Human Resources

## Share Transfer Committee

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

## Bankers

Standard Chartered Bank (Pakistan) Limited  
Deutsche Bank AG  
HBL Bank Limited  
Citibank NA  
MCB Bank Limited  
National Bank of Pakistan Limited  
Meezan Bank Limited  
Askari Bank Limited

## Auditors

External Auditors  
BDO Ebrahim & Co.  
  
Internal Auditors  
EY Ford Rhodes

## Legal advisor

Ayesha Hamid of Hamid Law Associates

## Share Registrar

Central Depository Company of Pakistan Limited

## 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 2019.

Pakistan's economy remained under pressure in FY19 due to large current account deficit, rupee depreciation, decline in large-scale manufacturing, slowdown of agriculture sector, contraction in domestic demand and shrinking capital investments. GDP growth, as a result, is expected to slow down to 3.5% for FY19. CPI inflation stood at 9.4% on year-on-year basis in March 2019 as compared to 3.2% during the corresponding period. Rising input costs due to higher energy prices and rupee depreciation are likely to maintain upward pressure on inflation. On the external front, the current account deficit recorded a sizeable contraction during the first two months of 2019, which, together with bi-lateral inflows, helped ease some pressures on SBP's foreign exchange reserves. SBP increased the policy rate by 50 bps to 10.75%.

These economic challenges have impacted the Company's performance during the period under review. Steel and ship breaking sectors remained under pressure due to slack demand. Similarly, automotive and fabrication segments, which are major markets for our hardgoods business also remained slow during the period. In industrial gases segment, prices also continued to remain highly competitive. This was partially mitigated by moderate growth in healthcare segment and an upturn in oil and gas and chemical sectors. Despite this, your Company achieved net sales of Rs. 1.1 billion, almost in line with the same period last year.

Your Company continued to improve plant productivity and efficiency through new process initiatives. Similarly, there were margin improvements in hardgoods segment due to inhouse manufacturing of electrodes. As a result, gross profit was recorded at Rs. 289 million, up by 8% compared to the same period last year. Overheads stood at Rs. 129 million, lower by 5% compared to the same period last year. Finance costs increased by 46% due to higher interest rates and higher utilization of credit facilities. Profit after tax and EPS were recorded at Rs. 95 million and Rs. 3.78 respectively, higher by 18% over the same period last year.

Given the challenging macro-economic environment that is expected to persist in short to medium term, your Company is striving to capitalize on the available opportunities to mitigate the impact of these challenges.

On behalf of the Board

Karachi:  
30 April 2019

  
Matin Amjad  
Chief Executive Officer

  
Waqar Ahmed Malik  
Chairman

## ڈائریکٹرز کا جائزہ

ہمیں ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کے مختصر عبوری مالیاتی معلومات (غیر آڈٹ شدہ) برائے پہلی سہ ماہی اختتامہ 31 مارچ 2019 پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

مالی سال 19 کے دوران میں پاکستان کی معیشت دباؤ کا شکار رہی جس کی وجہ موجودہ کرنٹ اکاؤنٹ کا بڑا شمارہ روپے کی قدر میں کمی، بڑے پیمانے کی مینوفیکچرنگ میں کمی، بزرگی شعبہ کی سست روی، مقامی طلب میں تخفیف اور کیپٹل انوٹمنٹس کے حجم کی کمی تھی۔ اس کے نتیجے میں مالی سال 19 کیلئے GDP میں اضافہ کی شرح کم ہو کر 3.5% رہنے کی توقع ہے۔ مارچ 2019 میں CPI انفرافلز رسالہ سالہ سال کی بنیاد پر 9.4% رہا جو گزشتہ اسی مدت میں 3.2% تھا۔ توانائی کی قیمتوں میں اضافہ اور روپے کی قدر میں کمی کے سبب اشیاء کی تیاری کی لاگت میں بھی اضافہ کا عمل جاری رہنے کا امکان ہے جس سے انفرافلز کا دباؤ بھی بڑھے گا۔ بیرونی محاذ پر دیکھیں تو 2019 کے ابتدائی دو ماہ کے دوران میں کرنٹ اکاؤنٹ کے شمارے میں کافی تخفیف ہوئی ہے جس نے دو طرفہ انفلو کے ساتھ مل کر ایس بی پی کے زرمبادلہ کے ذخائر پر دباؤ کم کیا۔ ایس بی پی نے پالیسی ریٹ میں 50 bps کا اضافہ کر کے سے 10.75% کر دیا ہے۔

معیشت کے ان چیلنجز کے سبب زبر جائزہ مدت میں کمپنی کی کارکردگی متاثر رہی ہے۔ اسٹیل اور شپ بریکنگ کے شعبہ جات، طلب میں سست روی کے باعث دباؤ کا شکار ہے ہیں۔ اسی طرح آٹو موٹیو اور مہر کیچین کے شعبے، جو کمپنی کے ہارڈ گڈز بزنس کی بنیادی مددیت ہے، کی رفتار بھی کم رہی۔ صنعتی کیسز کے شعبہ میں بھی قیمتیں مسابقتی رہیں۔ تاہم ہیلتھ کیئر کے شعبہ میں مناسب اضافے اور آئل اینڈ گیس اور کیمیکل کے شعبوں میں اٹھان سے اس کا جزوی طور پر ازالہ ہو گیا۔ اس کے باوجود آپ کی کمپنی نے 1.1 بلین روپے کی خالص سیلز کا ہدف حاصل کر لیا جو گزشتہ سال کی اسی مدت کے ہدف کے تقریباً برابر ہے۔

آپ کی کمپنی میں نئے پروجیکٹس کے اقدام کے سبب پائنت کی پیداوار میں اور استعداد میں بہتری کا عمل جاری رہا۔ اسی طرح الیکٹرو ڈزلی ان ہاؤس مینوفیکچرنگ سے ہارڈ گڈز کے شعبہ کے مارنٹز میں بھی بہتری دیکھنے میں آئی۔ اس کے نتیجے میں مجموعی منافع 289 بلین روپے رہا جو کیا گیا جو گزشتہ سال کی اسی مدت کے منافع سے 8% زیادہ ہے۔ بالائی اخراجات 129 بلین روپے ہوئے جو گزشتہ سال کی اسی مدت کے اخراجات سے 5% کم ہیں۔ البتہ زیادہ شرح سود اور کریڈٹ کی سہولت سے مالیاتی لاگت میں 46% اضافہ ہوا۔ بعد از گیس منافع اور فی شیئر آمدنی ہائیرٹیپ 95 بلین روپے اور 3.78 روپے ہے جو گزشتہ سال کی اسی مدت کے مقابلے میں 18% زیادہ ہیں۔ میکرو اکنامک کے موجودہ چیلنجز کے قبیل اور اوسط مدت میں جاری رہنے کی توقع ہے۔ آپ کی کمپنی دستیاب مواقع سے فائدہ اٹھاتے ہوئے ان چیلنجز کے اثرات کو ختم کرنے میں کوشاں ہے۔

منجانب بورڈ

Wazir Ahmad

دقار احمد ملک  
چیرمین

حسین احمد  
چیف ایگزیکٹو آفیسر

کراچی  
30 اپریل 2019



Pakistan Oxygen Limited  
 Condensed Interim Profit and Loss Account (Unaudited)  
 For the first quarter ended 31 March 2019

	Note	31 March 2019	31 March 2018
Rupees in '000			
Gross sales	5	1,290,225	1,311,915
Trade discount and sales tax	5	(145,468)	(147,181)
<b>Net sales</b>		<b>1,144,757</b>	1,164,734
Cost of sales	5	(855,376)	(897,755)
<b>Gross profit</b>		<b>289,381</b>	266,979
Distribution and marketing expenses	5	(63,050)	(69,285)
Administrative expenses	5	(52,956)	(55,669)
Other operating expenses		(13,465)	(10,924)
		(129,471)	(135,878)
<b>Operating profit before other income</b>		<b>159,910</b>	131,101
Other income		2,834	3,322
<b>Operating profit</b>		<b>162,744</b>	134,423
Finance costs		(34,860)	(23,887)
<b>Profit before taxation</b>		<b>127,884</b>	110,536
Taxation		(33,205)	(30,523)
<b>Profit for the period</b>		<b>94,679</b>	80,013
----- (Rupees) -----			
<b>Earnings per share - basic and diluted</b>		<b>3.78</b>	3.20

The annexed notes 1 to 13 form an integral part of these 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 first quarter ended 31 March 2019

	<b>31 March 2019</b>	31 March 2018
	<i>Rupees in '000</i>	
Profit for the period	<b>94,679</b>	80,013
<b>Other comprehensive income</b>		
<i>Items that will never be reclassified to profit and loss account</i>		
Net re-measurement on defined benefit plans	-	2,280
Tax thereon	-	(684)
	-	1,596
<b>Total comprehensive income for the period</b>	<b>94,679</b>	81,609

The annexed notes 1 to 13 form an integral part of these 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 31 March 2019

	Note	31 March 2019 ( Unaudited)	31 December 2018 (Audited)
Rupees in '000			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	4,510,297	4,558,190
Intangible assets		31,983	33,701
Investment in subsidiary		10	10
Long term Loans		4,137	-
Long term deposits		69,853	69,853
		<b>4,616,280</b>	<b>4,661,754</b>
<b>Current assets</b>			
Stores and spares		197,448	161,393
Stock-in-trade	7	286,162	406,146
Trade debts		757,111	674,550
Loans and advances		27,534	18,543
Deposits and prepayments		138,653	130,279
Other receivables		110,086	136,443
Taxation - net		346,820	363,350
Cash and bank balances		26,976	144,780
		<b>1,890,791</b>	<b>2,035,484</b>
<b>Total assets</b>		<b>6,507,071</b>	<b>6,697,238</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorised:</i>			
40,000,000 (2018: 40,000,000) Ordinary shares of Rs. 10 each		<b>400,000</b>	400,000
<i>Issued, subscribed and paid-up:</i>			
25,038,720 (2018: 25,038,720) Ordinary shares of Rs. 10 each		<b>250,387</b>	250,387
<i>Revenue reserves</i>			
General reserves		1,579,262	1,579,262
Unappropriated profit		365,860	271,181
<i>Capital reserves</i>			
Surplus on revaluation of property, plant and equipment		1,798,150	1,798,150
		<b>3,743,272</b>	<b>3,648,593</b>
		<b>3,993,659</b>	<b>3,898,980</b>
<b>Non-current liabilities</b>			
Long term deposits		185,799	184,818
Deferred liabilities		298,116	317,812
		<b>483,916</b>	<b>502,630</b>
<b>Current liabilities</b>			
Trade and other payables		1,046,416	1,024,246
Short term borrowings		692,350	978,568
Un-claimed dividend		20,729	22,814
Current maturity of long term financing		270,000	270,000
		<b>2,029,496</b>	<b>2,295,628</b>
<b>Total equity and liabilities</b>		<b>6,507,071</b>	<b>6,697,238</b>
<b>Contingencies and Commitments</b>			
	8		

The annexed notes 1 to 13 form an integral part of these condensed interim financial information.

Syed Ali Adnan  
Chief Financial Officer

Matin Amjad  
Chief Executive Officer

Waqar A. Malik  
Chairman





Pakistan Oxygen Limited  
Condensed Interim Cash Flow Statement *(Unaudited)*

For the first quarter ended 31 March 2019

	Note	<b>31 March 2019</b>	31 March 2018
<i>Rupees in '000</i>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	9	<b>273,353</b>	(58,118)
Finance costs paid		<b>(24,271)</b>	(11,841)
Income tax paid		<b>(36,552)</b>	(33,848)
Post retirement medical benefits paid		<b>(62)</b>	(58)
Long term loans		<b>(4,137)</b>	-
Long term deposits - received		<b>981</b>	1,412
Net cash generated from operating activities		<b>209,312</b>	(102,453)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		<b>(40,826)</b>	(18,308)
Proceeds from disposal of operating assets		<b>2,013</b>	9,453
Interest received on balances with banks		<b>-</b>	128
Net cash used in investing activities		<b>(38,813)</b>	(8,727)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		<b>(2,085)</b>	(2,291)
Net cash used in financing activities		<b>(2,085)</b>	(2,291)
Net Increase/ (decrease) in cash and cash equivalents		<b>168,414</b>	(113,471)
Cash and cash equivalents at beginning of the year		<b>(833,788)</b>	(305,461)
Cash and cash equivalents at end of the period	10	<b>(665,374)</b>	(418,932)

The annexed notes 1 to 13 form an integral part of these 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 first quarter ended 31 March 2019

Issued, subscribed and paid-up Share capital	Capital Reserves	Revenue Reserves		Total
	Surplus on revaluation of property, plant & equipment	General reserve	Unappropriated profit	

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

Balance as at 1 January 2018 250,387 - 1,475,338 241,637 1,967,362

**Total comprehensive income for the period:**

Profit for the period	-	-	-	80,013	80,013
Other comprehensive income for the period	-	-	-	1,596	1,596
	-	-	-	81,609	81,609

Transactions with owners of the Company  
 recognised directly in equity - distribution

Final dividend for the year ended

December 31, 2017 Rs 5.5 per share - - - (137,713) (137,713)

Transfer to general reserve

- - 103,924 (103,924) -

Balance as at 31 March 2018

250,387 - 1,579,262 81,609 1,911,258

Balance as at 1 January 2019

**250,387 1,798,150 1,579,262 271,181 3,898,980**

**Total comprehensive income for the period:**

Profit for the period	-	-	-	94,679	94,679
Other comprehensive income for the period	-	-	-	-	-
	-	-	-	94,679	94,679

**Balance as at 31 March 2019**

**250,387 1,798,150 1,579,262 365,860 3,993,659**

The annexed notes 1 to 13 form an integral part of these 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

Notes to the Condensed Interim Financial Information (*Unaudited*)

For the first quarter ended 31 March 2019

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

The Company owns a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities during the year. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (6) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the year ending 31 December 2019 and all interim periods within the aforementioned year.

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

This condensed interim financial information is unaudited and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the listing regulations of the Pakistan Stock Exchange.

This condensed interim financial information does not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual financial statements of the Company as at and for the year ended December 31, 2018 which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

This condensed interim financial information of the Company for the first quarter ended March 31, 2019 has been prepared in accordance with accounting and reporting Standard 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
- Provision of and directives issued under the Companies Act, 2017.

Where the provision 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.

### **2.2 Basis of measurement**

This condensed interim financial information has been prepared under the historical cost convention, except for the recognition of certain staff retirement benefits at present value. 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 31 December 2018.

**3.2** Amendments to certain existing standards and new standards and interpretations on approved accounting 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. ACCOUNTING ESTIMATES, JUDGMENTS, FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT**

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended 31 December 2018.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended 31 December 2018. The Company has established control framework with respect to the measurements of fair values. Management uses observable inputs / data as far as possible to determine fair values of assets and liabilities, where ever required or permitted under accounting standards. At reporting date management considers fair values of financial assets and liabilities not measured at fair values approximate their carrying amounts.

### **4.1 Change in accounting estimate**

#### **Useful lives of property, plant and equipment**

The Company reviews the useful lives and expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment. This review indicated that useful life of leasehold land and expected pattern of consumption of the future economic benefits is no longer as per the previous estimation. Effective from January 01, 2019, the Company has determined that useful life of its leasehold land is indefinite as per requirements of para 51 of International Accounting Standards 16 "Property plant and equipment". Accordingly, there will be no further impact of depreciation in respect of leasehold land.



## 5. SEGMENT RESULTS

For the first quarter ended

	31 March 2019			31 March 2018		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----					
Gross sales	1,025,413	264,812	1,290,225	1,060,841	251,074	1,311,915
<b>Less:</b>						
Trade discount	5,686	-	5,686	906	-	906
Sales tax	102,035	37,748	139,782	110,137	36,138	146,275
	107,721	37,748	145,468	111,043	36,138	147,181
<b>Net sales</b>	<b>917,693</b>	<b>227,064</b>	<b>1,144,757</b>	<b>949,798</b>	<b>214,936</b>	<b>1,164,734</b>
<b>Less:</b>						
Cost of sales	671,362	184,014	855,376	703,464	194,291	897,755
Distribution and marketing expenses	53,670	9,380	63,050	63,927	5,358	69,285
Administrative expenses	45,078	7,878	52,956	51,365	4,304	55,669
	770,110	201,272	971,382	818,756	203,952	1,022,709
<b>Segment result</b>	<b>147,582</b>	<b>25,792</b>	<b>173,375</b>	<b>131,042</b>	<b>10,984</b>	<b>142,025</b>
Unallocated corporate expenses:						
- Other operating expenses			(13,465)			(10,924)
- Other income			2,834			3,322
			(10,631)			(7,602)
<b>Operating profit</b>			<b>162,744</b>			<b>134,423</b>
Finance costs			(34,860)			(23,887)
Taxation			(33,205)			(30,523)
<b>Profit for the period</b>			<b>94,679</b>			<b>80,013</b>



## 6. PROPERTY, PLANT AND EQUIPMENT

	31 March 2018 (Unaudited)	31 December 2018 (Audited)
	<i>Rupees in '000</i>	
Operating assets	4,391,345	4,395,765
Capital work-in-progress	118,952	162,425
	<b>4,510,297</b>	<b>4,558,190</b>

### 6.1 Operating assets

Net book value/Revalued amount as at 1 January 2019 / 2018	4,395,765	2,749,332
Additions during the period / year:		
- Land and Building	1,495	-
- Plant and machinery	60,557	200,057
- Vehicles	17,083	21,077
- Furniture, fittings and office equipments	980	-
- Computer equipments	4,185	1,102
	<b>84,299</b>	<b>222,236</b>
Revaluation Surplus	-	1,798,150
Less:		
- Disposals during the period / year - net book value	(877)	(10,088)
- Depreciation charge during the period / year	(87,842)	(363,865)
	<b>(88,719)</b>	<b>(373,953)</b>
	<b>4,391,345</b>	<b>4,395,765</b>

## 7 STOCK-IN-TRADE

Raw and packing materials		
- in hand	98,624	156,632
- in transit	-	3,672
	<b>98,624</b>	<b>160,304</b>
Finished goods		
- in hand	184,667	245,842
- in transit	2,870	-
	<b>187,537</b>	<b>245,842</b>
	<b>286,162</b>	<b>406,146</b>

**7.1** Raw and packing materials and finished goods include inventories held by various parties, located at Site and Landhi industrial areas of Karachi, amounting to Rs. 14.910 million (31 December 2018: Rs. 33.358 million) for manufacturing purposes.

**7.2** The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 39.330 million (31 December 2018: Rs. 36.870 millions).



## 8 CONTINGENCIES AND COMMITMENTS

### 8.1 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 31 March 2018 amounted to Rs. 48.580 million (31 December 2018: Rs.47.943 million).

### 8.2 Commitments

Capital commitments outstanding as at 31 March 2018 amounted to Rs. 138.092 million (31 December 2018: Rs. 163.614 million).

## 9. CASH GENERATED FROM OPERATIONS

Note	31 March 2019	31 March 2018
	<i>Rupees in '000</i>	
Profit before taxation	<b>127,884</b>	110,536
<i>Adjustments for :</i>		
Depreciation	<b>87,842</b>	89,419
Amortisation	<b>1,718</b>	928
Gain on disposal of property, plant and equipment	<b>(1,136)</b>	(438)
Mark-up income from savings and deposit accounts		(126)
Finance cost	<b>34,860</b>	23,887
Post retirement medical benefits	<b>243</b>	138
Working capital changes	<b>21,942</b>	(282,462)
	<b>273,353</b>	(58,118)

### 9.1 Working capital changes

*Decrease / (increase) in current assets:*

Stores and spares	<b>(36,056)</b>	(21,516)
Stock-in-trade	<b>119,984</b>	2,559
Trade debts	<b>(82,562)</b>	(62,292)
Loans and advances	<b>(8,991)</b>	(6,096)
Deposit and prepayments	<b>(8,374)</b>	(14,807)
Other receivables	<b>26,357</b>	49,495
	<b>10,359</b>	(52,657)

*Increase / (decrease) in current liabilities:*

Trade and other payables	<b>11,583</b>	(229,805)
	<b>21,942</b>	(282,462)

## 10. CASH AND CASH EQUIVALENTS

Cash and bank balances	<b>26,976</b>	62,359
Short term borrowings - running finance under mark-up arrangement	<b>(692,350)</b>	(481,291)
	<b>(665,374)</b>	(418,932)



## 11. 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:

### 11.1 Transactions with related parties are summarised as follows:

Nature of Relationship	Nature of Transaction	31 March 2019	31 March 2018
		Rupees in '000	
Major shareholders and associated companies by virtue of common directorship	Dividend	-	110,176
	Sale of goods	20,416	19,625
	Mark up	9,546	-
	Purchase of goods and receipt of service	38,767	24,383
Key management personnel Directors	Compensation	62,723	54,742
	Meeting fee	1,538	2,900
Staff retirement benefits	Contributions to staff retirement	8,241	7,261
	Re-measurement: Actuarial (loss) / gain recognised in other comprehensive income	-	2,280

### 11.2 Balances with related parties are summarised as follows:

	31 March 2019	31 December 2018
	Rupees in '000	
<b>Receivable from:</b>		
Staff Retirement Funds	18,131	22,564
Associated companies by virtue of shareholding and common directorship	11,360	7,487
<b>Payable to:</b>		
Staff Retirement Funds	1,916	1,866
Short term financing facilities including markup payable: Standard Chartard Bank ( Pakistan ) Ltd	514,891	623,379

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

## 12. CORRESPONDING FIGURES

The condensed interim balance sheet has been compared with the preceding balance sheet as at 31 December 2018, whereas the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the corresponding period of the previous year.

## 13. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 30 April 2019 by the Board of Directors of the Company.

Syed Ali Adnan  
Chief Financial Officer

Matin Amjad  
Chief Executive Officer

Waqar A. Malik  
Chairman





## Our Products and Services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The 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. A Pakistan Oxygen customer receives for each gas application, the complete solution – gas, know-how, tailor-made hardware and customized services

### Industrial gases

#### Bulk gases

- Liquid oxygen
- Liquid nitrogen
- Liquid argon
- Pipeline & Trailer hydrogen
- Liquid carbon dioxide
- Industrial pipelines

#### PGP gases

- Compressed oxygen
- Aviation oxygen
- Compressed nitrogen
- Compressed argon
- Compressed air
- Compressed hydrogen
- Compressed carbon dioxide
- Dissolved acetylene

#### Specialty gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Propane
- Helium (liquid & compressed)
- Refrigerants

### Healthcare

#### Medical gases

- Liquid medical oxygen
- Compressed medical oxygen
- Nitrous oxide
- ENTONOX<sup>+</sup>
- Specialty Medical Gases & Mixtures e.g. Helium, Carbon dioxide, Heliox etc

#### Medical equipment

- Medical Air, Vacuum & AGSS Plants
- Medical Gases high & low-Pressure Monitoring & Alarm Systems, High precision flowmeters
- Suction injector units and oxygen therapy products
- ENTONOX<sup>+</sup> delivery systems complete with apparatus, regulators and cylinders

#### Medical engineering services

- Consultation, design, Installation and servicing of medical gas pipeline systems – (O<sub>2</sub>, N<sub>2</sub>O, Air, Suction etc)
- Safety, quality, risk analysis & training on medical gas pipeline systems.

### Welding & others

#### Welding consumables

- Low hydrogen welding electrodes Fortrex E7018
- Mild Steel welding electrodes - Zodian Universal E6013
- Mild Steel welding electrodes - Matador47 E6013
- Mild Steel welding electrode - Spark E6013
- Stainless steel electrodes- Matador SS (E308 & E308L)
- Special Electrodes
- MIG welding wires- Matador

#### Welding machines

- Automatic
- Semi-automatic
- Manual

#### Welding accessories

- Regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (Cutting & Grinding discs)
- Welding Cable
- Gas control equipment
- Safety equipment

#### PGP – others

- Calcium Carbide
- Industrial gases pipeline (O<sub>2</sub>, N<sub>2</sub>, DA, Ar etc)
- Training on safe use of industrial gases and pipelines system.



## BUSINESS LOCATIONS

### Registered office/head office

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

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

**Acetylene plant**

**Gas compression facility**

### North-western region

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

**Nitrous oxide plant**

**Gas compression facility**

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

**Sales office**

Plot No. 705, Sundar Industrial Estate  
Phones +92.42.35297244-47 (4 lines)

**ASU plant**

### Southern region

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

**Nitrogen plant**

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

**Gas compression facility**  
**Acetylene plant**  
**Electrode factory**  
**Speciality gases**

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

**Sales depot**

**Gas compression facility**

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

**ASU plant**  
**Hydrogen plant**  
**Carbon dioxide plant**  
**Dry ice plant**

Sukkur  
A-15, Airport Road  
Near Bhatti Hospital  
Phone +92.71.5630871

**Sales depot**