

**CONDENSED INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**SECOND QUARTER & HALF YEAR ENDED**

**JUNE 30, 2018**



**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 Officer
Atif Riaz Bokhari	Non-Executive Director
Siraj Ahmed Dadabhoy	Non-Executive Director
Fawad Anwar	Non-Executive Director
Syed Hasan Ali Bukhari	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Sheikh Muhammad Abdullah	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	Manager Finance & 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 Officer
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

BDO Ebrahim & Co.

### Legal advisor

Ayesha Hamid of Hamid Law Associates

### Registered office

West Wharf, Dockyard Road, Karachi

### Share Registrar

Central Depository Company of Pakistan Limited

### Website

[www.pakoxygen.com](http://www.pakoxygen.com)



## Directors' Review

We are pleased to present the Directors' Review together with the Condensed Interim Financial Information of your Company for the half-year ended 30 June 2018. The accompanying financial statements were subject to a limited scope review by the statutory auditors as required under the Code of Corporate Governance.

Pakistan's real GDP growth was 5.8% in FY 2018, the highest rate in the past 13 years. The average CPI inflation remained below the 6% target (SBP, July 2018). Economic output accelerated in FY18 with growth in the agriculture and manufacturing sectors. However, current account and foreign exchange reserves remained under pressure due to strong demand for imports and sharp increase in international oil prices. As a result, the rupee devalued by 12.5% (January 2018 to end July 2018) and the SBP also increased the discount rate by 100 basis points to 7.50%.

The Company posted a strong set of results. Profit after tax at Rs. 192M was higher by 57% compared with the same period last year. EPS is Rs. 7.67 vs last year's Rs. 4.90. The significant growth in the Company's bottom line was led by double digit growth in sales of 12 percent, margin expansion by 14 percent and optimisation of costs that resulted in administration and marketing expenses being lower by 9% and 20%, respectively.

The top line growth is underpinned by strong performance in the Healthcare and the Electrode businesses and consolidation in the other key business segments. The margin expansion was led by top line growth, higher production and improved efficiencies from the plant and better margin management.

Your Company shall continue to focus on business growth while protecting the margins.

Handwritten signature of Matin Amjad in black ink.

**Matin Amjad**  
Chief Executive Officer

Handwritten signature of Waqar Ahmed Malik in black ink.

**Waqar Ahmed Malik**  
Chairman

**Karachi:**  
**27 August 2018**

ہم نہایت مسرت کے ساتھ ڈائریکٹرز کا جائزہ مع آپ کی کمپنی کی مختصر عبوری مالیاتی معلومات برائے ششماہی تختہ 30 جون 2018 پیش کر رہے ہیں۔ منسلک مالیاتی گوشوارے کا قانونی آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کے تحت محدود جائزہ لیا ہے۔

مالی سال 2018 میں پاکستان کی مجموعی ملکی پیداوار (GDP) 5.8% رہی جو گزشتہ 13 سال کی بلند ترین شرح ہے۔ CPI افراط زر کا اوسط 6% (ایس بی پی، جولائی 18) کے ہدف سے کم رہا۔ مالی سال 2018 میں زرعی اور مینوفیکچرنگ کے شعبہ جات میں ترقی ہوئی تاہم کرنٹ اکاؤنٹ اور غیر ملکی زرمبادلہ کے ذخائر دباؤ کی حالت میں رہے جس کی وجہ درآمدات میں بھاری طلب اور بین الاقوامی آئل قیمتوں میں معمول سے زیادہ اضافہ تھی۔ اس کے نتیجے میں روپے کی قدر میں 12.5% کمی واقع ہوئی ہے (جنوری 2018 سے جولائی 2018 کے آخر تک) اور اسٹیٹ بینک آف پاکستان نے ڈسکاؤنٹ ریٹ 100 بیس پوائنٹ سے بڑھا کر 7.50% کر دیا۔

کمپنی نے بہت اچھے نتائج حاصل کئے۔ بعد از ٹیکس منافع 192 ملین روپے رہا جو گزشتہ سال کی اسی مدت کے مقابلے میں 57% زیادہ ہے۔ اسی طرح فی شیئر آمدنی 7.67 روپے رہی جو گزشتہ سال 4.90 روپے تھی۔ کمپنی کے منافع میں خاطر خواہ اضافہ سیلز میں دوہندی یعنی 12% اضافہ، مارجن میں 14% توسیع اور انتظامی اور مارکیٹنگ کے اخراجات میں بالترتیب 9% اور 20% کمی کے باعث حاصل ہوا۔

ٹاپ لائن میں اضافے کا سب سے بڑا سبب ہیلتھ کیئر اور الیکٹریٹیٹی کے شعبہ جات کی زبردست کارکردگی اور دیگر بنیادی کاروبار کے شعبہ جات کی مضبوطی تھی۔ مارجن کی توسیع سیلز میں اضافہ، پروڈکشن کی ترقی، پلانٹ کی بہتر کارکردگی اور مارجن منیجمنٹ کے سبب ممکن ہوئی۔ بہر حال آپ کی کمپنی کی توجہ کاروبار میں ترقی اور مارجن کے تحفظ پر مسلسل مرکوز رہے گی۔

Waqar Ahmad

وقار احمد ملک

چیئر مین

Mahmood Ahmad

مشین احمد

چیف ایگزیکٹو آفیسر

کراچی 27 اگست 2018



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

### Introduction

We have reviewed the accompanying condensed interim balance sheet of PAKISTAN OXYGEN LIMITED ("the Company") as at June 30, 2018 and the related condensed interim profit and loss account, 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 as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this 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 interim financial information as at and for the six months period ended June 30, 2018 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Other matters

The condensed interim financial information of the Company for the half year ended June 30, 2017 and financial statements for the year ended December 31, 2017 were reviewed and audited by another firm of Chartered accountants who had expressed an unqualified conclusion and opinion thereon vide their reports dated August 22, 2017 and February 27, 2018 respectively.

KARACHI  
DATED: 27 AUG 2018

  
CHARTERED ACCOUNTANTS  
Engagement Partner: Raheel shahnawaz

BDO Ebrahim & Co. Chartered Accountants

BDO Ebrahim & Co., a Pakistan registered partnership firm, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



**PAKISTAN OXYGEN LIMITED**  
**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)**  
**AS AT JUNE 30, 2018**

	Note	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
-----Rupees in '000-----			
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	7	2,801,368	2,948,292
Intangible assets		10,613	12,471
Investment in subsidiary		10	10
Long term deposits		69,853	69,853
		2,881,844	3,030,626
<b>CURRENT ASSETS</b>			
Stores and spares		166,421	117,768
Stock-in-trade	8	367,018	264,728
Trade debts		689,506	666,736
Loans and advances		27,341	22,159
Deposits and prepayments		138,330	93,887
Other receivables		176,097	174,975
Taxation - net		329,035	317,276
Cash and bank balances		133,322	434,239
		2,027,070	2,091,768
<b>TOTAL ASSETS</b>		4,908,914	5,122,394
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital:			
40,000,000 (2017: 40,000,000) Ordinary shares of Rs. 10 each		400,000	400,000
Issued, subscribed and paid-up capital:			
25,038,720 (2017: 25,038,720) Ordinary shares of Rs. 10 each		250,387	250,387
Reserves		1,579,262	1,475,338
Unappropriated profit		193,644	241,637
		1,772,906	1,716,975
		2,023,293	1,967,362
<b>NON-CURRENT LIABILITIES</b>			
Long term financing		135,000	270,000
Long term deposits		189,607	186,384
Deferred liabilities		342,195	356,990
		666,802	813,374
<b>CURRENT LIABILITIES</b>			
Trade and other payables		917,528	1,216,958
Short term borrowings		781,291	739,700
Current maturity of long term financing		520,000	385,000
		2,218,819	2,341,658
<b>TOTAL EQUITY AND LIABILITIES</b>		4,908,914	5,122,394
<b>CONTINGENCIES AND COMMITMENTS</b>			
	9		

The annexed notes 1 to 16 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**  
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE HALF YEAR ENDED JUNE 30, 2018**

	Note	For the half year ended		For the second quarter ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
-----Rupees in '000-----					
Gross sales	5	2,681,989	2,407,372	1,370,074	1,242,725
Trade discount and sales tax	5	(300,196)	(287,393)	(153,015)	(147,270)
Net sales		2,381,793	2,119,979	1,217,059	1,095,455
Cost of sales	5	(1,843,857)	(1,649,330)	(946,102)	(852,379)
Gross profit		537,936	470,649	270,957	243,076
Distribution and marketing expenses	5	(100,365)	(124,879)	(31,080)	(58,535)
Administrative expenses	5	(106,366)	(117,369)	(50,697)	(60,540)
Other operating expenses		(24,954)	(28,797)	(14,030)	(17,772)
		(231,685)	(271,045)	(95,807)	(136,847)
Operating profit before other income		306,251	199,604	175,150	106,229
Other income		6,668	10,265	3,346	5,156
Operating profit		312,919	209,869	178,496	111,385
Finance costs		(50,864)	(50,864)	(26,976)	(24,731)
Profit before taxation		262,055	159,005	151,520	86,654
Taxation	6	(70,007)	(36,437)	(39,484)	(18,701)
Profit for the period		192,048	122,568	112,036	67,953
<b>Earnings per share - basic and diluted ( Rupees )</b>		<u>7.67</u>	<u>4.90</u>	<u>4.47</u>	<u>2.71</u>

The annexed notes 1 to 16 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 HALF YEAR ENDED JUNE 30, 2018**

	For the half year ended		for the second quarter ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
	-----Rupees in '000-----			
Profit for the period	192,048	122,568	112,036	67,953
Other comprehensive income				
Items that will never be reclassified to profit and loss account				
Net re-measurement on defined benefit plans	2,280	2,063	-	4,559
Tax thereon	(684)	(434)	-	(1,368)
	1,596	1,629	-	3,191
Total comprehensive income for the period	193,644	124,197	112,036	71,144

The annexed notes 1 to 16 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 HALF YEAR ENDED JUNE 30, 2018**

		June 30, 2018	June 30, 2017
	Note	-----Rupees in '000-----	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash (used in) / generated from operations	10	(36,683)	409,906
Finance costs paid		(44,041)	(51,655)
Income tax paid		(97,412)	(36,610)
Post retirement medical benefits paid		(108)	(42)
Long term loans and deposits		-	(3,322)
Long term deposits		3,223	4,861
Net cash (used in) / generated from operating activities		(175,021)	323,138
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(42,335)	(31,433)
Proceeds from disposal of operating assets		9,453	4,614
Interest received on balances with banks		132	72
Net cash used in investing activities		(32,750)	(26,747)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		-	(385,000)
Dividends paid		(134,737)	(74,060)
Net cash used in financing activities		(134,737)	(459,060)
Net decrease in cash and cash equivalents		(342,508)	(162,669)
Cash and cash equivalents at beginning of the period		(305,461)	20,981
Cash and cash equivalents at end of the period	11	(647,969)	(141,688)

The annexed notes 1 to 16 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 HALF YEAR ENDED JUNE 30, 2018**

	Share capital Issued, subscribed and paid-up	General reserve	Inappropriated profit	Total
	-----Rupees in '000-----			
Balance as at January 1, 2017	250,387	1,375,413	187,561	1,813,361
Total comprehensive income for the period				
Profit for the period	-	-	122,568	122,568
Other comprehensive income for the period	-	-	1,629	1,629
	-	-	124,197	124,197
Transactions with owners of the Company recognised directly in equity - distribution				
Final dividend for the year ended December 31, 2016 - Rs. 3.5 per share	-	-	(87,636)	(87,636)
Transfer to general reserve	-	99,925	(99,925)	-
Balance as at June 30, 2017	250,387	1,475,338	124,197	1,849,922
Balance as at January 1, 2018	250,387	1,475,338	241,637	1,967,362
Total comprehensive income for the period				
Profit for the period	-	-	192,048	192,048
Other comprehensive income for the period	-	-	1,596	1,596
	-	-	193,644	193,644
Transactions with owners of the Company recognised directly in equity - distribution				
Final dividend for the year ended December 31, 2017 - Rs. 5.50 per share	-	-	(137,713)	(137,713)
Transfer to general reserve	-	103,924	(103,924)	-
	-	103,924	(241,637)	(137,713)
Balance as at June 30, 2018	250,387	1,579,262	193,644	2,023,293

The annexed notes 1 to 16 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



## **1 LEGAL STATUS AND OPERATIONS**

Pakistan Oxygen Limited (formerly Linde Pakistan Limited) ["the Company"] was incorporated in Pakistan under the 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.

During the period, on January 7, 2018, by virtue of share acquisition made in accordance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 by Adira Capital Holdings (Private) Limited and its affiliates consisting of Hilton Pharma (Private) Limited, Soorty Enterprises (Private) Limited, Al-Karam Textile Mills (Private) Limited, Mr. Fawad Anwar and Mr. Siraj Dadabhoy (Adira and Affiliates), the Company is now majority owned by Adira and Affiliates. Accordingly, the Company is no more subsidiary of the BOC Group with effect from January 7, 2018 and resultantly Linde AG, Germany also ceases to be the ultimate parent company of the Company simultaneously.

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 (7) of section 228 of the Companies Act, 2017 requiring consolidation of subsidiary in the preparation of financial statements for the year ending December 31, 2018 and all interim periods within the aforementioned year.

## **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 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, 2017 which have been prepared in accordance with approved accounting standards as applicable in Pakistan.

This condensed interim financial information of the Company for the six months period ended June 30, 2018 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 December 31, 2017.
- 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 December 31, 2017.

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 December 31, 2017. 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.



## 5. SEGMENT RESULTS

	For the half year ended						For the second quarter ended					
	June 30, 2018			June 30, 2017			June 30, 2018			June 30, 2017		
	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	2,121,271	560,718	2,681,989	1,987,828	419,544	2,407,372	1,060,430	309,644	1,370,074	1,029,899	212,826	1,242,725
<b>Less:</b>												
Trade discount	1,977	-	1,977	1,199	-	1,199	1,071	-	1,071	434	-	434
Sales tax	218,360	79,859	298,219	227,253	58,941	286,194	108,223	43,721	151,944	116,836	30,000	146,836
	220,337	79,859	300,196	228,452	58,941	287,393	109,294	43,721	153,015	117,270	30,000	147,270
<b>Net sales</b>	<b>1,900,934</b>	<b>480,859</b>	<b>2,381,793</b>	<b>1,759,376</b>	<b>360,603</b>	<b>2,119,979</b>	<b>951,136</b>	<b>265,923</b>	<b>1,217,059</b>	<b>912,629</b>	<b>182,826</b>	<b>1,095,455</b>
<b>Less:</b>												
Cost of sales	1,414,553	429,304	1,843,857	1,365,724	283,606	1,649,330	711,089	235,013	946,102	708,462	143,917	852,379
Distribution and marketing expenses	90,746	9,619	100,365	104,449	20,430	124,879	26,819	4,261	31,080	49,209	9,326	58,535
Administrative expenses	96,172	10,194	106,366	98,168	19,201	117,369	44,807	5,890	50,697	50,850	9,690	60,540
	1,601,471	449,117	2,050,588	1,568,341	323,237	1,891,578	782,715	245,164	1,027,879	808,521	162,933	971,454
<b>Segment result</b>	<b>299,463</b>	<b>31,742</b>	<b>331,205</b>	<b>191,035</b>	<b>37,366</b>	<b>228,401</b>	<b>168,421</b>	<b>20,759</b>	<b>189,180</b>	<b>104,108</b>	<b>19,893</b>	<b>124,001</b>
Unallocated corporate expenses:												
Other operating expenses			(24,954)			(28,797)			(14,030)			(17,772)
Other income			6,668			10,265			3,346			5,156
			(18,286)			(18,532)			(10,684)			(12,616)
<b>Operating profit</b>			<b>312,919</b>			<b>209,869</b>			<b>178,496</b>			<b>111,385</b>
Finance costs			(50,864)			(50,864)			(26,976)			(24,731)
Taxation			(70,007)			(36,437)			(39,484)			(18,701)
<b>Profit for the period</b>			<b>192,048</b>			<b>122,568</b>			<b>112,036</b>			<b>67,953</b>

## 6. TAXATION

Under Section 5A of the Income Tax Ordinance, 2001 (the Ordinance), amended by Finance Act, 2018, tax shall be imposed at the rate of 7.5 percent of accounting profit before tax on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute at least 20 percent of its after-tax profits within six months of the end of said tax year through cash.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending December 31, 2018 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognised in these condensed interim financial information.





	June 30, 2018 (Un-audited)	December 31, 2017 (Audited)
<b>Note</b>	-----Rupees in '000-----	
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating assets	7.1 2,778,077	2,749,332
Capital work-in-progress	23,291	198,960
	<u>2,801,368</u>	<u>2,948,292</u>
<b>7.1 Operating assets</b>		
Net book value as at January 1, 2018 / 2017	2,749,332	2,982,317
Additions during the period / year:		
Land and Building	-	3,400
Plant and machinery	200,056	95,524
Vehicles	16,845	19,970
Furniture, fittings and office equipments	-	1,022
Computer equipments	1,102	4,040
	218,003	123,956
Less:		
Disposals during the period / year - net book value	(9,014)	(1,911)
Depreciation charge during the period / year	(180,244)	(355,030)
	<u>(189,258)</u>	<u>(356,941)</u>
	<u>2,778,077</u>	<u>2,749,332</u>
<b>8. STOCK-IN-TRADE</b>		
Raw and packing materials - in hand	200,212	83,851
Finished goods		
in hand	148,702	171,138
in transit	18,104	10,009
	<u>166,806</u>	<u>181,147</u>
	<u>367,018</u>	<u>264,998</u>
8.1	Raw and packing materials and finished goods include inventories held by various parties, located at SITE and Landhi Industrial Area of Karachi, amounting to Rs. 112,539 thousand (December 31, 2017: Rs. 29,461 thousand) for manufacturing purposes.	
8.2	The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving, obsolete stock and NRV by Rs. 33,516 thousand (December 31, 2017: Rs. 35,482 thousand).	
<b>9. CONTINGENCIES AND COMMITMENTS</b>		
<b>9.1 Contingencies</b>		
	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, 2018 amounted to Rs. 46,668 thousand (December 31, 2017: Rs.45,442 thousand).	
<b>9.2 Commitments</b>		
	Capital commitments outstanding as at June 30, 2018 amounted to Rs. 160,345 thousand (December 31, 2017: Rs. 128,385 thousand).	



	June 30, 2018	June 30, 2017
Note	-----Rupees in '000-----	
<b>10. CASH (USED IN) / GENERATED FROM OPERATIONS</b>		
Profit before taxation	262,055	159,005
Adjustments for :		
Depreciation	180,244	177,676
Amortisation	1,860	1,859
Gain on disposal of property, plant and equipment	(438)	(3,686)
Mark-up income from savings and deposit accounts	(132)	(72)
Finance cost	50,864	50,864
Post retirement medical benefits	276	269
Working capital changes	10.1 (531,412)	23,991
	<u>(36,683)</u>	<u>409,906</u>
<b>10.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores and spares	(48,653)	(5,335)
Stock-in-trade	(102,290)	97,091
Trade debts	(22,770)	(49,382)
Loans and advances	(5,182)	26,216
Deposit and prepayments	(44,443)	(10,557)
Other receivables	1,155	4,789
	<u>(222,183)</u>	<u>62,822</u>
Decrease in current liabilities:		
Trade and other payables	(309,229)	(38,831)
	<u>(531,412)</u>	<u>23,991</u>
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	133,322	230,118
Short term borrowings - running finance under mark-up arrangement	(781,291)	(371,806)
	<u>(647,969)</u>	<u>(141,688)</u>
<b>12. TRANSACTIONS AND BALANCES WITH RELATED PARTIES</b>		
<p>The related parties comprise of group companies, holding company, 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:</p>		



**12.1 Transactions with related parties are summarised as follows:**

Nature of relationship	Nature of transactions	June 30, 2018	June 30, 2017
		-----Rupees in '000-----	
Adira Capital Holdings (Private) Limited	Dividend	60,374	-
Associated companies by virtue of shareholding and common directorship	Sale of goods	14,585	2,447
	Purchase of goods and receipt of service	38,716	36,290
	Dividend	49,802	-
Staff retirement benefits	Contributions to staff retirement funds	15,139	14,920
Key management personnel	Compensation	122,025	115,660
Directors	Meeting fee	4,100	2,618
Re-measurement: Actuarial gain / (Loss) recognised in other comprehensive income on account of Staff Retirement Benefits		2,280	2,662
		June 30, 2018	December 31, 2017
		-----Rupees in '000-----	

**12.2 Balances with related parties are summarised as follows:**

Receivable from Staff Retirement Funds	22,632	21,542
Associated companies by virtue of shareholding and common directorship	3,677	2,678
Payable to Staff Retirement Funds	3,178	-

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

**13 FINANCIAL RISK MANAGEMENT**

The Company's financial risk management objective and policies are consistent with that disclosed in the annual financial statements for the year ended December 31, 2017.

**14 DATE OF AUTHORISATION**

This condensed interim financial information was authorized for issue on 27th August 2018 by the Board of Directors of the Company.

**15 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.

**16 GENERAL**

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

Syed Ali Adnan  
Chief Financial Officer

Matin Amjad  
Chief Executive Officer

Waqar A. Malik  
Chairman



## Our Products and Services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The 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®
- 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® 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**