

Condensed Interim Financial Statements (Unaudited) for the First Quarter Ended March 31, 2024



PRINCIPLES

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.

CORPORATE VALUES

- Collaborate to Succeed
- Commit to Achieve
- Passion to Excel
- People to Perform
- Innovate to Grow

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
Atif Aslam Bajwa	Independent Director
Javed Kureishi	Non-Executive Director
Matin Amjad	Chief Executive Officer
Mohammad Iqbal Puri	Non-Executive Director
Shahid Mehmood Umerani	Non-Executive Director
Siraj Ahmed Dadabhoy	Non-Executive Director
Syed Hassan Ali Bukhari	Non-Executive Director
Tayyeb Afzal	Independent Director
Tushna D Kandawalla	Independent Director

COMPANY SECRETARY

Mazhar Iqbal

BOARD AUDIT COMMITTEE

Tayyeb Afzal	Chairman	Independent Director
Javed Kureishi	Member	Non-Executive Director
Tushna D Kandawalla	Member	Independent Director

BOARD STRATEGY COMMITTEE

Waqar Ahmed Malik	Chairman	Non-Executive Director
Javed Kureishi	Member	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer
Siraj Ahmed Dadabhoy	Member	Non-Executive Director
Tayyeb Afzal	Member	Independent Director

BOARD HUMAN RESOURCE, REMUNERATION AND NOMINATION COMMITTEE

Atif Aslam Bajwa	Chairman	Independent Director
Shahid Mehmood Umerani	Member	Non-Executive Director
Syed Hassan Ali Bukhari	Member	Non-Executive Director
Tushna D Kandawalla	Member	Independent Director

SHARE TRANSFER COMMITTEE

Syed Hassan Ali Bukhari	Chairman	Non-Executive Director
Matin Amjad	Member	Chief Executive Officer

BANKERS

Standard Chartered Bank (Pakistan) Limited
 Meezan Bank Limited
 Habib Bank Limited
 Citibank NA
 MCB Bank Limited
 National Bank of Pakistan Limited
 Askari Bank Limited
 Dubai Islamic Bank Pakistan Limited
 BankIslami Pakistan Limited
 Habib Metropolitan Bank Limited
 Allied Bank Limited
 The Bank of Punjab Taqwa Islamic Bank

EXTERNAL AUDITORS

BDO Ebrahim & Company

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

CDC Share Registrar Services Limited

DIRECTORS' REPORT

We are pleased to present the Directors' Review together with the Condensed Interim Financial Statements (un-audited) of your Company for the first quarter ended March 31, 2024.

Despite bleak macro-economic prospects, with GDP growth projected at 1.8% for FY 2024 and an almost stagnant LSM sector, the Company posted Net Sales of Rs. 2.7 billion, up a strong 50% over the same period last year. This was on the back of good performance in the healthcare segment and higher Nitrogen sales to industrial customers. Demand in the Hardgoods segment, however, remained weak due to the overall slowdown of the economy. Consumer Price Index (CPI) for March 2024 was recorded at 20.7% compared to 35.4% for the same period last year. SBP maintained its policy rate at 22%.

Gross Profit for the quarter was recorded at Rs. 707 million, up by a significant 137% compared to the same period last year. This growth was achieved primarily through improved prices to pass through rising input costs as well as from better production efficiencies post the successful commissioning of the ASU 270 TPD plant at Port Qasim. Overheads were tightly controlled, higher by 16% mainly due to charge on account of Workers Profit Participation Fund (WPPF) and Workers Welfare Funds (WWF) which grew by 663% over last year due to higher profitability. Overheads without WPPF and WWF are up by 6% despite much higher inflation. Finance costs were recorded at Rs. 270 million, a substantial increase of 272% compared to the same period last year. This increase was mainly a result of the policy rate rising from 16% to 22%, along with the impact of finance costs associated with 270 TPD ASU and 11 TPS Electrode projects which were capitalized last year. As a result, Profit Before Tax for the quarter was recorded at Rs. 299 million, up by a significant 536% over the same period last year. After accounting for income tax and super tax of Rs. 120 million, the Company recorded Profit After Tax for the quarter at Rs. 178 million, witnessing a substantial increase of 436% compared to the same period last year.

The Company remains cognizant of the macro-economic challenges, yet it is committed to delivering a strong financial performance throughout the remainder of the year, continuing to take advantage of improved production efficiencies from its newly commissioned plants.

Karachi:
April 25, 2024



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 پہلی سہ ماہی مختتمہ 31 مارچ 2024ء پیش کر رہے ہیں۔

مالی سال 2024ء کے GDP کی متوقع شرح نمو 1.8% ہونے اور LSM شعبے میں قریب قریب جمود کے ساتھ کمزور میکرو اقتصادی صورت حال کے باوجود، کمپنی کی خالص فروخت 2.7 ارب روپے رہی، جو گزشتہ سال اسی عرصے کے مقابلے میں 50% زیادہ ہے۔ یہ کارکردگی ہیلتھ کیئر کے شعبے میں اچھے نتائج اور صنعتی گاہکوں کو نائٹروجن کی زیادہ فروخت کے باعث تھی۔ تاہم معیشت کی مجموعی سست روی کی وجہ سے ہارڈ گڈز کے شعبے میں مانگ کمزور رہی۔ مارچ 2024ء کے لیے کنزیومر پرائس انڈیکس (CPI) 20.7% ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے کے لیے 35.4% تھا۔ اسٹیٹ بینک نے پالیسی ریٹ 22% پر برقرار رکھا۔

مذکورہ سہ ماہی کے دوران مجموعی منافع 707 ملین روپے ریکارڈ کیا گیا، جو گزشتہ سال کے اسی عرصے کے مقابلے میں نمایاں طور پر 137% زیادہ ہے۔ اس ترقی کی بنیادی وجہ ان پٹ لاگت کا اضافہ صارفین کو منتقل کرنے اور پورٹ قاسم میں ASU 270 TPD پلانٹ کے کامیاب آغاز کے بعد بہتر پیداواری صلاحیت تھی۔ اور وہیڈز پر سختی سے قابو رکھا گیا جن میں 16% اضافہ ہوا جس کی بنیادی وجہ ورکرز پرفارمنس پارٹیسپیٹیشن فنڈ (WPPF) اور ورکرز ویلفیئر فنڈز (WWF) کے ضمن میں چارجز تھے جو زیادہ منافع کی وجہ سے گزشتہ سال کے مقابلے میں 663% بڑھے۔ WPPF اور WWF کے بغیر اور وہیڈز میں بلند افراط زر کے باوجود محض 6% اضافہ ہوا۔ فنانس کی لاگت 270 ملین روپے ریکارڈ کی گئی، جو گزشتہ سال اس عرصے کی نسبت 272% کا بھاری اضافہ ہے۔ یہ اضافہ بنیادی طور پر پالیسی ریٹ 16% سے 22% ہونے، اور 270 TPD ASU اور 11 TPS الیکٹروڈ منصوبوں سے متعلقہ فنانس لاگت جو کے پچھلے سال کپیڈلائزڈ کی گئی تھی، کے باعث تھا۔ نتیجتاً قبل از ٹیکس منافع 299 ملین روپے ریکارڈ کیا گیا جو گزشتہ سال اسی عرصے کے مقابلے میں نمایاں طور پر 536% زیادہ ہے۔ 120 ملین روپے کے انکم ٹیکس اور سپر ٹیکس کے بعد، کمپنی نے اس سہ ماہی کے لیے بعد از ٹیکس منافع 178 ملین روپے ریکارڈ کیا، جو گزشتہ سال اس عرصے کی نسبت 436% کا خاطر خواہ اضافہ ہے۔ کمپنی میکرو اکنامک چیلنجز سے بخوبی آگاہ ہے اور اپنے نئے پلانٹس کے ذریعے بہتر پیداواری کارکردگی سے فائدہ اٹھاتے ہوئے بقیہ سال کے دوران بھی مستحکم مالی کارکردگی دکھانے کے لیے پرعزم ہے۔

و قار احمد ملک

چیرمین

Metin Agha

چیف ایگزیکٹو آفیسر

کراچی:

25 اپریل 2024ء

Pakistan Oxygen Limited
Condensed Interim Statement of Profit or Loss (Unaudited)
For the period ended March 31, 2024

	Note	For the period ended	
		31 March 2024	31 March 2023
		-----Rupees in '000-----	
Gross sales	4	3,131,265	2,087,321
Trade discount and sales tax	4	(404,513)	(272,645)
Net sales		<u>2,726,752</u>	<u>1,814,676</u>
Cost of sales	4	(2,019,822)	(1,516,587)
Gross profit		<u>706,930</u>	<u>298,089</u>
Distribution and marketing expenses	4	(93,884)	(90,036)
Administrative expenses	4	(80,081)	(78,218)
Other operating expenses		(37,033)	(13,820)
		<u>(210,998)</u>	<u>(182,074)</u>
Operating profit before other income		495,932	116,015
Other income		72,791	3,591
Operating profit		<u>568,723</u>	<u>119,606</u>
Finance cost		(269,992)	(72,621)
Profit before taxation		<u>298,731</u>	<u>46,985</u>
Taxation		(120,341)	(13,706)
Profit for the period		<u>178,390</u>	<u>33,279</u>
			(Restated)
Earnings per share - basic and diluted (Rupees)		<u>2.05</u>	<u>0.45</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Matin Majad

Chief Executive Officer



Tayyeb Afzal

Director



Waqar A. Malik

Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Comprehensive Income (Unaudited)
For the period ended March 31, 2024

	For the period ended	
	31 March 2024	31 March 2023
	-----Rupees in '000-----	
Profit for the period	178,390	33,279
Other comprehensive income	-	-
Total comprehensive income for the period	178,390	33,279

The annexed notes 1 to 19 form an integral part of this condensed interim financial statements.



Matin Majad

Chief Executive Officer



Tayyeb Afzal

Director



Waqar A. Malik

Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Financial Position
As at March 31, 2024

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	Note	-----Rupees in '000-----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	13,414,222	13,538,765
Intangible assets		18,423	19,765
Investment in subsidiary		10	10
Long term loans		5,758	6,329
Long term deposits		80,610	73,082
		<u>13,519,023</u>	<u>13,637,951</u>
Current assets			
Stores and spares		388,412	362,507
Stock-in-trade	6	998,216	1,029,826
Trade debts		1,638,607	1,337,550
Loans and advances		44,098	53,042
Deposits and prepayments		367,931	328,228
Other receivables	7	944,605	1,063,092
Taxation - net		364,195	420,578
Cash and bank balances		339,021	406,822
		<u>5,085,085</u>	<u>5,001,645</u>
Non current assets classified as held for sale		11,986	11,986
Total assets		<u><u>18,616,094</u></u>	<u><u>18,651,582</u></u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
150,000,000 (2023: 150,000,000) Ordinary shares of Rs. 10 each		<u>1,500,000</u>	<u>1,500,000</u>
Issued, subscribed and paid-up capital			
87,124,228 (2023: 87,124,228) Ordinary shares of Rs. 10 each		871,243	871,243
Revenue reserves			
General reserves		2,844,930	2,844,930
Unappropriated profit		319,126	140,736
Capital reserves			
Share Premium		595,092	595,092
Surplus on revaluation of property, plant and equipment		4,186,648	4,186,648
		<u>7,945,796</u>	<u>7,767,406</u>
		8,817,039	8,638,649
Non-current liabilities			
Long term deposits		252,371	254,993
Lease liabilities	8	12,683	14,715
Long term financing	9	3,894,894	4,024,222
Deferred capital grant	10	415,856	447,046
Deferred liabilities		156,004	117,847
		<u>4,731,808</u>	<u>4,858,823</u>
Current liabilities			
Trade and other payables		1,763,491	1,693,913
Short term borrowings		2,746,194	2,930,941
Un-claimed dividend		18,495	18,495
Current portion of lease liabilities	8	3,710	2,623
Current maturity of long term financing	9	422,423	393,317
Current portion of deferred capital grant	10	112,934	114,821
		<u>5,067,247</u>	<u>5,154,110</u>
Total equity and liabilities		<u><u>18,616,094</u></u>	<u><u>18,651,582</u></u>
Contingencies and Commitments	11		

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


Matin Majad

Chief Executive Officer


Tayyeb Afzal

Director


Waqar A. Malik

Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Cash Flows (Unaudited)
For the period ended March 31, 2024

	31 March 2024	31 March 2023
Note	-----Rupees in '000-----	
Cash flow from operating activities		
Cash generated from operations	536,527	(185,486)
Finance cost paid	(255,342)	(51,130)
Income tax paid - net	(26,235)	(47,486)
Long term loans and deposits (paid)	(6,957)	(2,112)
Long term deposits (received)	(2,622)	(5,685)
Net cash generated from / (used in) operating activities	245,371	(291,899)
Cash flow from investing activities		
Additions to property, plant and equipment	(78,972)	(709,252)
Additions to intangibles assets	-	(2,231)
Proceeds from disposal of property, plant and equipment	85,192	3,443
Interest received on balances with banks	21	1
Net cash generated from / (used in) investing activities	6,241	(708,039)
Cash flow from financing activities		
Repayment of long term financing	(133,299)	-
Proceeds from long term financing	-	80,084
Repayment of lease liabilities	(1,367)	(1,276)
Net cash (used in) / generated from financing activities	(134,666)	78,808
Net Increase / (decrease) in cash and cash equivalents	116,946	(921,130)
Cash and cash equivalents at beginning of the year	(2,524,119)	(1,930,578)
Cash and cash equivalents at end of the period	(2,407,173)	(2,851,708)

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.


 Matin Majad

Chief Executive Officer


 Tayyeb Afzal

Director


 Waqar A. Malik

Chairman

Pakistan Oxygen Limited
Condensed Interim Statement of Changes in Equity (Unaudited)
For the period ended March 31, 2024

	Revenue Reserves			Capital Reserves			Total	
	General reserve	Unappropriated profit	Sub total	Share Premium	Surplus on revaluation of property, plant and equipment	Sub total		
	-----Rupees in '000-----							
Balance as at 1 January 2023 (Audited)	585,906	2,579,669	411,737	2,991,406	-	4,186,648	4,186,648	7,763,960
Total comprehensive income for the period:								
Profit for the period	-	-	33,279	33,279	-	-	-	33,279
Balance as at 31 March 2023 (Un-audited)	<u>585,906</u>	<u>2,579,669</u>	<u>445,016</u>	<u>3,024,685</u>	<u>-</u>	<u>4,186,648</u>	<u>4,186,648</u>	<u>7,797,239</u>
Balance as at 1 January 2024 (Audited)	871,243	2,844,930	140,736	2,985,666	595,092	4,186,648	4,781,740	8,638,649
Total comprehensive income for the period:								
Profit for the period	-	-	178,390	178,390	-	-	-	178,390
Balance as at 31 March 2024 (Un-audited)	<u>871,243</u>	<u>2,844,930</u>	<u>319,126</u>	<u>3,164,056</u>	<u>595,092</u>	<u>4,186,648</u>	<u>4,781,740</u>	<u>8,817,039</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial statements.



Matin Majad

Chief Executive Officer



Tayyeb Afzal

Director



Waqar A. Malik

Chairman

Pakistan Oxygen Limited
Notes to the Condensed Interim Financial Information (Unaudited)
For the period ended March 31, 2024

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.

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

These condensed interim financial statements of the Company for the period ended March 31, 2024 have been prepared in accordance with the accounting and reporting standards (IFRS) 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 the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017 and the Listing Regulations of the Pakistan Stock Exchange.

These condensed interim financial statements do not include all the information and disclosures as 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, 2023 which have been prepared in accordance with the IFRS as applicable in Pakistan.

The comparative statement of financial position presented in these condensed interim financial statements, together with the notes thereto have been extracted from the annual audited financial statements of the Company for the year ended December 31, 2023, 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 together with the notes thereto for the period ended March 31, 2024 have been extracted from the unaudited condensed interim financial statements for the period ended March 31, 2023.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention, except leasehold and freehold lands which are recognized at revalued amount and lease liabilities and certain retirement benefits which are recognized at present values. These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

These condensed interim financial statements have been presented in Pakistan 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 these condensed interim financial statements 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, 2023.

3.2 Amendments to certain existing standards, interpretations on accounting standards and new standards became effective during the period either were not relevant to the Company's operations or did not have any significant impact on the accounting policies of the Company.

4. SEGMENT RESULTS

	For the period ended					
	31 March 2024			31 March 2023		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	-----Rupees in '000-----					
Gross sales	2,678,228	453,037	3,131,265	1,653,383	433,938	2,087,321
Less:						
Sales tax	336,471	68,042	404,513	204,311	68,334	272,645
Net sales	2,341,757	384,995	2,726,752	1,449,072	365,604	1,814,676
Less:						
Cost of sales	1,682,032	337,790	2,019,822	1,196,271	320,316	1,516,587
Distribution and marketing expenses	87,615	6,269	93,884	76,357	13,679	90,036
Administrative expenses	74,734	5,347	80,081	66,335	11,883	78,218
	1,844,381	349,406	2,193,787	1,338,963	345,878	1,684,841
Segment result	497,376	35,589	532,965	110,109	19,726	129,835
Unallocated corporate expenses:						
- Other operating expenses			(37,033)			(13,820)
- Other income			72,791			3,591
			35,758			(10,229)
Operating profit			568,723			119,606
Finance cost			(269,992)			(72,621)
Taxation			(120,341)			(13,706)
Profit for the period			178,390			33,279

31 March **31 December**
2024 **2023**
(Unaudited) **(Audited)**
 -----Rupees in '000-----

Note

5 PROPERTY, PLANT AND EQUIPMENT

Operating assets	5.1	12,713,739	12,913,617
Capital work-in-progress	5.2	690,153	614,008
Right-of-use assets - building	5.3	10,330	11,140
		13,414,222	13,538,765

5.1 Operating assets

Net book value as at January 01		12,913,617	6,612,385
Additions during the period / year:			
Land and building		-	416,976
Plant and machinery		71	6,413,185
Vehicle		-	11,783
Furniture, fittings and office equipment		2,755	2,284
Computer equipment		-	2,120
		2,826	6,846,348
Less:			
Disposals during the period / year - net book value		(15,106)	(4,975)
Depreciation charge during the period / year		(187,598)	(528,155)
		(202,704)	(533,130)
Non current assets classified as held for sale		-	(11,986)
		12,713,739	12,913,617

5.2 Capital work-in-progress

As at January 01		614,008	5,458,169
Additions during the period /year	5.2.1	78,971	2,005,062
		692,979	7,463,231
Transfers during the period/year		(2,826)	(6,849,223)
		690,153	614,008

5.2.1 Additions to plant and machinery include borrowing cost capitalised during the period amounting to Rs. 17.938 million (March 31, 2023: Rs.180.190 million). The rate of mark up used to determine the amount of borrowing cost is in the range of 3 months KIBOR+1.4% (2023: 3 months KIBOR+1.4%) per annum.

31 March **31 December**
2024 **2023**
(Unaudited) **(Audited)**
 -----Rupees in '000-----

5.3 Right-of-use assets - Buildings

Net carrying value basis

As at January 01		11,140	14,381
Depreciation during the period/year		(810)	(3,241)
		10,330	11,140

31 March **31 December**
2024 **2023**
(Unaudited) **(Audited)**
 -----Rupees in '000-----

6 STOCK-IN-TRADE

	31 March 2024 (Unaudited)	31 December 2023 (Audited)
Raw and packing materials - in hand	241,452	229,584
Finished goods - in hand	756,764	800,242
6.1	998,216	1,029,826

6.1 The cost of raw and packaging materials and finished goods has been adjusted for provision for slow moving and obsolete stock by Rs. 35.544 million (December 31, 2023: Rs. 34.444 million). During the period, provision in respect of slow moving and obsolete stock amounting to Rs. 2.1 million was recorded (March 31, 2023: Rs. 1.9 million).

31 March **31 December**
2024 **2023**
(Unaudited) **(Audited)**
 -----Rupees in '000-----

7 OTHER RECEIVABLES

Considered good		
Receivable from defined benefit funds	54,282	52,338
Receivable from defined contribution funds	-	2,623
Sales tax recoverable	830,207	948,015
Margin against letters of credit and bank guarantees	60,116	60,116
	944,605	1,063,092

8 LEASE LIABILITIES

Lease liabilities recognised as on January 01	17,338	20,591
Interest accrued	422	1,895
Less: repayment of lease liabilities	(1,367)	(5,148)
8.1	16,393	17,338

8.1 Break up of lease liabilities

Lease liabilities	16,393	17,338
Less: current portion	(3,710)	(2,623)
	12,683	14,715

Maturity analysis-contractual undiscounted cashflow		
Less than one year	5,163	5,258
One to five year	14,524	15,795
Total undiscounted lease liability	19,687	21,053

8.2 When measuring lease liabilities, the Company discounted lease payments using its incremental borrowing rate of 10% at the time of initial recognition of the lease liabilities.

9 LONG TERM FINANCING

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	Note	-----Rupees in '000-----	
Secured from banking companies			
Temporary economic relief facility	9.1	2,858,670	2,918,197
Term finance facility	9.2	1,458,647	1,499,342
		<u>4,317,317</u>	<u>4,417,539</u>
Less: current portion shown under current liabilities		<u>(422,423)</u>	<u>(393,317)</u>
		<u>3,894,894</u>	<u>4,024,222</u>

9.1 This represents long term financing agreements entered into by the Company with certain banks to avail long term financing facilities including Islamic Temporary Economic Refinance Facility (ITERF) of the State Bank of Pakistan 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. These loans are repayable in thirty two quarterly installments over a period of eight years beginning from May 2023 and are secured against charge over certain fixed assets of the Company. These facilities carry mark-up/ profit at 4% (SBP rate 1% + bank spread 3%). The amount of loan outstanding as at reporting date includes Rs. 1,916 million (December 31, 2023: Rs. 1,978 million) obtained under ITERF.

9.2 This represents financing agreements entered into by the Company with certain banks under Islamic mode of financing 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 loans are repayable in thirty two quarterly installments over a period of eight years beginning from May 2023 and are secured against charge over certain fixed assets of the Company. These facilities carry mark-up /profit rate ranging from 3 months KIBOR + 1.1% - 1.4%.

		31 March 2024 (Unaudited)	31 December 2023 (Audited)
	Note	-----Rupees in '000-----	
10 DEFERRED CAPITAL GRANT			
Capital grant	10.1	528,790	561,867
Current portion shown under current liability		<u>(112,934)</u>	<u>(114,821)</u>
		<u>415,856</u>	<u>447,046</u>

10.1 The Company received term finance facility amounting to Rs. 3,665 million from certain banks under Islamic / Temporary Economic Refinance Facility (ITERF) introduced by the State Bank of Pakistan. Deferred capital grant has been recorded in respect of this facility under IAS-20, Government Grants.

11 CONTINGENCIES AND COMMITMENTS

11.1 Contingencies

The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at March 31, 2024 amounted to Rs. 67.9 million (December 31, 2023: Rs. 67.9 million).

11.2 Commitments

Capital commitments outstanding as at March 31, 2024 amounted to Rs. 247.179 million (December 31, 2023: Rs. 288.032 million).

Commitments under letters of credit for inventory items as at March 31, 2024 amounted to Rs. 327 Million (December 31, 2023: Rs. 804 million).

Commitments under letters of credit for fixed assets as at March 31, 2024 amounted to Rs. 1,461 Million (December 31, 2023: Rs. 1,528 million).

Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at March 31, 2024 amounted to Rs. 381 million (December 31, 2023: Rs. 434 million).

12 CASH GENERATED FROM OPERATIONS

Profit before taxation	298,731	46,985
Adjustments for non cash charges and other items:		
Depreciation	188,408	101,078
Amortisation	1,346	1,256
Gain on disposal of property, plant and equipment	(70,086)	(195)
Mark-up income from saving and deposit accounts	(21)	(1)
Finance cost	269,992	72,621
Post retirement medical benefits	433	368
Working capital changes	12.1 (152,276)	(407,598)
	536,527	(185,486)

12.1 Working capital changes

Decrease / (Increase) in current assets:		
Stores and spares	(25,905)	(41,480)
Stock-in-trade	31,610	(227,883)
Trade debts	(301,057)	(145,054)
Loans and advances	8,944	79,566
Deposit and prepayments	(39,703)	(26,939)
Other receivables	118,487	(3,883)
	(207,624)	(365,673)
(Decrease) / Increase in current liabilities:		
Trade and other payables	55,348	(41,925)
	(152,276)	(407,598)

13 CASH AND CASH EQUIVALENTS

Cash and bank balances	339,021	300,163
Short term borrowings - running finance under mark-up arrangement	(2,746,194)	(3,151,871)
	(2,407,173)	(2,851,708)

14 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of associated companies, entities with common directors, major shareholders and sponsors, 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	31 March 2024 (Un-audited)	31 March 2023 (Un-audited)
		-----Rupees in '000-----	
Major shareholders and associated companies by virtue of common directorship	Sale of goods	33,901	22,161
	Purchase of goods and receipt of	76,887	2,541
	Mark up on long term financing	17,938	14,355
	Mark up on short term financing	49,633	39,434
Directors	Meeting fee	4,300	5,500
Staff retirement funds	Charge in respect of retirement funds	13,661	11,296
Key management personnel	Compensation	95,586	88,129
		31 March 2024 (Un-audited)	31 December 2023 (Audited)
		-----Rupees in '000-----	

14.2 Balances with related parties are summarised as follows:

Receivable from:

Staff retirement funds	54,282	54,961
Associated companies	11,845	5,499

Payable to:

Staff Retirement Funds	19,214	18,017
Long term borrowings from an associated company	319,185	319,185
Short term borrowings from an associated company	900,000	900,000

Advance from Customer:

Associated company	665	2,514
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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, 2023.

16 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying values of all financial assets and financial liabilities reflected in these condensed interim financial statements approximate their fair values. As of the reporting date, none of the financial instruments of the Company are carried at fair value.

17 DATE OF AUTHORISATION

These condensed interim financial statements were authorised for issue on 25 April 2024 by the Board of Directors of the Company.

18 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.

19 GENERAL

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

These financial statements for the quarter ended 31 March 2024 have been signed by the Chief Executive Officer and two Directors of the Company as the position of Chief Financial Officer of the Company is presently vacant due to the resignation of the Chief Financial Officer effective 19 April 2024.


Matin Majad

Chief Executive Officer


Tayyeb Afzal

Director


Waqar A. Malik

Chairman

PRODUCTS AND SERVICES

At Pakistan Oxygen, our reputation is built on our ability to promptly and effectively address the diverse needs of our customers, regardless of their industry or interests. Our customer-centric approach guides the development of our products, technologies, and support services, ensuring they are tailored to meet each customer's unique requirements and contribute value to their operations.

What distinguishes Pakistan Oxygen is our extensive expertise in process engineering, project development, and our comprehensive product range. We offer a diverse array of gas products, facilities, turnkey services, and solutions, encompassing bulk and compressed gas lines, welding consumables, equipment, and safety gear. Supported by a team of highly skilled engineers, product managers, technologists, and marketers, we provide dedicated assistance and collaborate closely with customers to deliver tailored solutions for their specific gas applications.

At Pakistan Oxygen, we believe in empowering our customers with the knowledge and resources they need for success. Recognizing that each customer faces unique challenges, we are committed to delivering customized solutions that address their individual needs. Our ultimate objective is to ensure a seamless and hassle-free experience for our customers, allowing them to concentrate on their core business activities.

In essence, Pakistan Oxygen is an organization driven by customer needs, offering customized solutions to businesses throughout Pakistan. With our extensive product portfolio, comprehensive services, and unwavering support, we differentiate ourselves from the competition and remain dedicated to empowering our customers with the tools and insights required for success.

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)
- OGLIN™

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)
- Oxymat™ (footwear disinfection)
- Oxygizer™ (portable oxygen canister)

WELDING CONSUMABLES AND HARDGOODS

Welding Consumables

- Low hydrogen welding electrode - E7018 - Quick Pac™ H4R & Alpha Weld™ - H4
- Low hydrogen welding electrode - Fortrex™ E7018
- Low hydrogen welding electrode – Matador48™ E7018
- Mild Steel welding electrode Zodian Universal™ E6013
- Mild Steel welding electrode Prime Arc™ E6013
- Mild Steel welding electrode Matador47™ E6013
- Mild Steel welding electrode HERO WELD™
- Mild Steel welding electrode POL 113 SUPER™ E6013
- Mild Steel welding electrode POL 113™ E6013
- Hard facing welding electrode POLHARD 650™
- Saffire™ MIG welding wire, flux cored wire, arc & gas equipment
- Saffire lite™ MIG welding wire

Welding Machines

- SPARK ARC 200™
- MMA, MIG, TIG, Plasma

Welding Accessories

- Gas regulators
- Cutting torches
- Welding torches
- Cutting machines
- Abrasives (POLCUT™ cutting and 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)



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