



# Leveraging our Strengths to Innovate and Grow.

Annual Report 2017



**Pakistan Oxygen Limited**  
(formerly Linde Pakistan Limited)



## LEVERAGING OUR STRENGTHS TO INNOVATE AND GROW

Enhancing the deep-rooted legacy, Pakistan Oxygen Limited (formerly Linde Pakistan Limited)\* continues to remain country's leading supplier of industrial and medical gas solutions and is poised to carry its growth agenda forward through focus on innovation and application development to add value to life of our customers through highly engaged team.

### **Building up on our heritage**

By harnessing the strength of our heritage from POL, BOC and Linde, our people have developed competence and ability to synergise the process and technical innovations from around the globe. Pakistan Oxygen has developed best in class solutions that add value to customers' processes. In an economy increasingly characterised by volatility and cost sensitivity, our solutions add value to the production process by improving efficiency and productivity thereby alleviating the need for major capital expenditures and improving customer profitability.

### **The most extensive product service offering**

Another edge that we have over any other industrial gas supplier is our extensive product service offering (PSO). For more than 80 years we have continued to invest in our production abilities, delivery vehicles and storage vessels. We serve the needs ranging from very largest industries who need on-site reliable gas supplies to the needs of a customer who needs a single cylinder of a specialised gas mixture. Our customers benefit from the convenience of having a single reliable gas supplier who can serve the

complete spectrum of their industrial gas needs, packaging the basic product with the equipment and technical know-how that is needed to get complete value. We continue to add to our portfolio and further enhance our reliability so that our offerings are able to meet the customer demands of today and tomorrow.

### **Ongoing efficiency and productivity improvements**

Over the past few years, global and local economies have continued to face headwinds, with weak commodity prices, global steel oversupply and power volatility in Pakistan leading to a slower than expected demand growth. Despite this we were able to continuously grow at a company level through investment in improving our production efficiencies over the last several years. This is a major strength that has allowed us to grow sustainably and profitably over the years. We continue to work towards our vision of 'zero incidents' through trainings, process improvements, procedural controls, risk management and state-of-art monitoring and tracking devices that allow us to make timely improvements. In this we are supported by a dedicated team at national level. All the above efforts are to ensure the safety of all our assets, whether people, production, distribution or storage.

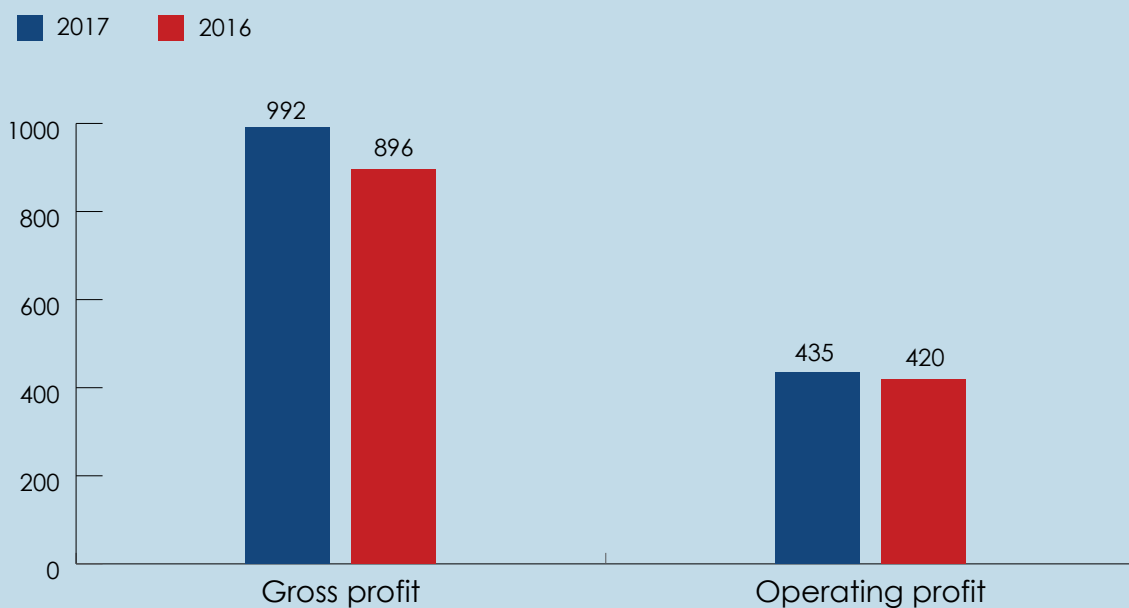
We continue to build on our strengths, leveraging our legacy and heritage to innovate and grow aggressively, while making the life of customer easier and adding value to our people, customers and shareholders.

\*hereinafter referred as "Pakistan Oxygen"

## YEAR AT A GLANCE

	2017	2016
	(Rupees in '000)	
Net sales	4,412,652	3,954,638
Gross profit	991,727	895,994
Total overheads	(583,561)	(496,787)
Operating profit before other income	408,166	399,207
Other income	27,232	20,992
Operating profit	435,398	420,199
Profit before taxation	340,021	309,589
<b>Profit for the year</b>	<b>240,033</b>	<b>216,886</b>
Earnings per share - basic and diluted (Rupees)	9.59	8.66
Number of permanent employees at year end	117	114

Gross profit and operating profit (Rupees in million)



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## PAKISTAN OXYGEN, OUR BRAND

The Company has been known earlier as “Pakistan Oxygen Limited” in the gases industry in Pakistan for many decades (from 1949 to 1995) before its name was changed first to “BOC Pakistan Limited” followed by “Linde Pakistan Limited” by the previous owners. As “Pakistan Oxygen Limited”, the Company had earned market recognition and cemented its position as a market leader in various segments.

Keeping in view the strong legacy and heritage associated with “Pakistan Oxygen Limited”, the new Board decided to capitalize on the strengths of the original name and has therefore decided to revert to “Pakistan Oxygen Limited” which enjoys and inherits the strong brand recognition and legacy in the gases industry of Pakistan.

The new logo has Mayan blue color in background showing legacy of Linde while the heritage of BOC is being shown by the flowing element. The element has two sides. The “outer side” which changes colour over the years as the ownership and name of the Company changed, reflecting association with BOC and Linde while the “inside” of the element continues to be green reflecting association with Pakistan and its continued contribution to the industrial growth since inception.

The new brand affirms that Pakistan Oxygen is a leading supplier of industrial & medical gases, pipeline engineering services and welding solutions in Pakistan. We are poised to add value to the

business success of our customers through focus on safety and quality of products and services.

By harnessing the strength of world-class engineering and synergizing the process and technical innovations from around the globe, Pakistan Oxygen is able to develop best in class solutions that add value to customers' processes.

At Pakistan Oxygen, we put health, safety and environment (HSE) first. We continually work to uphold a leading HSE culture by adhering to strict industry and international standards.

### **Address of Head office**

**Pakistan Oxygen Limited**  
(formerly **Linde Pakistan Limited**)

P. O. Box 4845, Dockyard Road,  
West Wharf, Karachi 74000, Pakistan  
Phone +92.21.32313361 (9 lines)  
Fax +92.21.32312968

Customer services UAN +92.21.111.262.725  
Website : [www.pakoxygen.com](http://www.pakoxygen.com)

National Tax Number : 0709930-4  
Company Registration Number : 000288

# OUR LEGACY IN PAKISTAN

Pakistan Oxygen Limited has led the development of the industrial gases industry for more than 80 years, providing global solutions with a local outlook, each customised to the specific needs of our customers.

We supply products to more than 4,000 customers from a wide spectrum of industries ranging from chemicals and petrochemicals to steel, food and healthcare. Our team of trained and professional

staff manages 24-hour operations at all major industrial locations across the country to support our customers wherever they may be located.

Our legacies are pioneering and sustaining technologies for the local industries. Our heritage is our partnership with our customers and enabling them to become leaders in their fields.



1935 – 2018



## 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.



# CODE OF ETHICS

At Pakistan Oxygen, we work and live by a set of principles and values which encompasses our foundational principles of safety, integrity, sustainability and respect and our core values of passion to excel, innovating for customers, empowering people and thriving through diversity. 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 our competitors. These principles and core values are embedded in our organization and resonate in everything we do. One of our most valuable assets is our reputation for uncompromising ethics. Integrity is one of our four guiding principles ensuring that we always act with honesty and fairness to all the stakeholders. We have developed a Code of Ethics which is a comprehensive guide for integrity in the workplace and while on company business and is structured to reflect the expectations of our main stakeholder groups. At Pakistan Oxygen, employees must learn and comply with the standards and laws that apply to their jobs and we actively monitor the standards set out in the code. The Code of Ethics provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition and international trade
- Dealing with governments, our product development, ethical purchasing and advertising
- Dealings with our shareholders, 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, SHEQ (safety, health, environment and quality), human rights and on 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 Limited undergo training on the Code of Ethics and are expected to comply with the standards laid out in the code.



Our values are embedded in our organization and resonate in everything we do.



Learning and compliance with the standards and laws applies to everyone.

# OUR BUSINESS

Everyday we touch the lives of millions of people through the products and services we supply to our customers across a wide range of industries – from medical gases that sustain lives, to gases used in steel making and in food production and distribution. We provide innovative solutions in areas such as clean energy, food processing and distribution, waste water treatment, environmental protection and healthcare. We are relentless in our search for new technologies and applications for the benefit of our customers and our planet.

Pakistan Oxygen proudly serves wide range of customers across Pakistan most of which are leading companies from a variety of industrial sectors that span petrochemicals, steel, metals, glass, food and beverage, fabrication, pharmaceutical and medical segments. We act as strategic solution providers to our customers, providing value through our innovative products and services and using best operating practices from across globe.

Our business portfolio is strategically divided into four parts which are On-site, Bulk, Packaged Gases and Products (PGP) and Healthcare.

## **On-site**

On-site customers e.g. petrochemicals, steelmaking and refineries etc. require extremely large amounts of gases for their daily production. For such customers, we provide product through pipeline supply schemes and on-site production units. In addition to catering to normal business activities, we ensure logistical and production capability to support extra demand due to turnaround at customer end.

## **Bulk**

Bulk customers are those to whom the product is supplied through cryogenic road tankers in liquid form and is stored in cryogenic storage tanks installed at their sites. The bulk product line includes Oxygen, Nitrogen, Argon, Hydrogen and Carbon Dioxide. LPL is actively involved in delivering products and solutions to a wide array of customers in industrial sectors such as chemicals, steel, glass, oil and gas, distributors and food and beverage.

## **Packaged Gases and Products**

Packaged Gases and Products (PGP) cover a wide range of products which include compressed industrial gases, specialty gases, welding consumables and equipment. PGP is characterized by a diversified portfolio of customers nationwide from quality control labs to pharmaceutical companies and from ship-breaking to the construction industry.

## **Healthcare**

Pakistan Oxygen has been the most trusted partner at hospitals across the country for decades and this trust has been hard-won and kept through our focus on customer satisfaction. Our healthcare portfolio includes a variety of products including medical gases such as medical oxygen – liquid and compressed, nitrous oxide, special medical mixtures and medical equipment such as concentrators and flowmeters etc. We also provide the design, installation and maintenance of central medical gases pipeline systems.

ADDING VALUE TO LIFE WITH WIDE RANGE OF PRODUCTS & SERVICES



We support hospitals in providing patient-focused services. In emergency and medical care, our oxygen provides immediate life support and enable other life-saving procedures. Our on-site Bulk Liquid Medical Oxygen solutions along with complete pipeline with backup compressed medical oxygen ensure meeting patients' needs around the clock.

PURIFYING WASTE WATER BY OUR INNOVATIVE SOLUTIONS



Our gas expertise will bring quality and environmental benefits in Inerting, purging, blanketing & NOx removal / SOx removal to achieve desired BOD & COD in waste water treatment. We can serve customers' requirements through bulk tanks or even pipelines and on-site production depending on volumes.

# 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

### Speciality 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.

## BRINGING INNOVATION IN WELDING TECHNOLOGY



We develop innovative solutions tailored to individual needs across the full application spectrum - from joining and cutting through soldering and coating to heat treatment. Our welding gas mixtures and extensive range of welding equipment and consumables for Arc, MIG and TIG welding support our customers to meet their production and efficiency targets.

## PRESERVING THE FRESHNESS OF FOOD



Cryogenic freezing and cooling of food stuffs using liquid nitrogen has been enhancing food processing for many years. It ensures fast freezing and chilling, preservation of flavor, reduces dehydration resulting in a higher yield. Pakistan Oxygen offers food-grade Nitrogen as well as associated equipment to suit product requirements for Fruit, Meat and other food processes.

We also provide food grade Nitrogen for product preservation in Snacks industry along with food grade Carbon dioxide for carbonation in Beverage Industry.

# OUR COMMITMENT TO SAFETY

## Safety is our topmost priority

Pakistan Oxygen aims to improve the quality of its products and services constantly, while maintaining the highest standards of safety, health, environmental and quality.

Safety continues to be the topmost priority for us. We aspire to become a world-class organisation, where Health, Safety and Environment (HSE) rules and procedures are clearly defined, understood, respected and complied with by all employees, contractors, supervisors and managers instinctively and automatically.

We have implemented 'Golden rules of safety' which apply across our company including our contractors with the aim of preventing severe injuries and fatalities and supporting the journey towards strong safety culture. They underpin critical safety rules and compliance which helps to prevent incidents and therefore serious injury or fatality. Each and every employee and contractor working with us must abide by these Golden Rules which are enforced as a condition of work at Pakistan Oxygen.

Visible Leadership is also a critical component of our HSE Strategy and Senior Management team, Function Heads, & managers – everyone support the HSE agenda through active engagement, interventions, positive reinforcements etc., crucial for building an interdependent safety culture.

## Hazards and Risk Management

Major Hazards regarding the storage of flammable, toxic, cryogenic materials & processes are already reviewed and mitigated at all of our production sites.

We also implemented best industry practices in Pakistan Oxygen for example:

- a. Competency Based Training and internal licensing of persons working in Safety Critical Roles e.g Commercial Vehicle Drivers, Cylinder Fillers, Site Managers etc.
- b. Monitoring of unsafe behaviours of commercial vehicle drivers through in-cab cameras, on board computers, drivers briefing and debriefing system
- c. Installation of telemetry systems at critical installations at customer sites, to ensure the reliability of our supplies and the compliance to applicable international standards.

We believe that our HSE policy and initiatives will help us achieve our vision of Zero fatalities and severe incidents and we continue to focus on the HSE aspects of all our decisions, actions and behaviours, visibly leading the HSE agenda, ensuring that all necessary training, systems, processes and tools are in place, and most importantly reinforcing the right attitude.



**Aimed to improve the quality of products and services constantly.**



**Maintaining the highest standards of safety in everything we do.**



# ONE COMPANY, COUNTLESS SOLUTIONS

As a technology leader, we strive to constantly raise the bar and develop high-quality products and innovative processes that create added value, clearly discernible competitive advantages, and greater profitability for our customers.

Our customers use our gases to improve competitiveness, cut process costs and enhance quality and productivity. Even more importantly, our innovative gas technologies and applications are paving the way for more sustainable, green lifestyle choices and business practices.

## **Zero-additive preservation alternatives for the food & beverage industry**

Food-grade industrial gases are an effective and natural way of meeting rising consumer demands for quality, variety and freshness in the food and beverage industry. It is a low or zero-additive alternative to conventional preservation techniques. Our state-of-the-art technologies and applications optimize processes, improve quality, increase yield, protect quality during transport and extend shelf life. We are able to support our customers from dairy, meat and fish through bakery, fruit and vegetables to the packaged business through our extensive gases portfolio which covers:

- Aquaculture
- Carbonation
- Chilling & freezing
- Fumigation
- Greenhouse horticulture
- Hydrogenation
- In-transit refrigeration
- Purging
- Water treatment

## **Oxygen enrichment in Process Industry**

With strong oxidizing properties, oxygen is an ideal enrichment gas that increases efficiency of combustion in furnaces, and productivity of various stages in the process industry that require cutting, molding and refining of end products. Oxygen enables to reach higher temperatures, thereby enhancing process capabilities and melting capacities.

Pakistan Oxygen has been serving the process industry for over a proud legacy of 80 years. Our satisfied customers are spread all over Pakistan, and range from the glass industry to the pharmaceuticals sector and more.

## **Cryogenic Freezing for Frozen Meat/Fruit Industry**

A type of freezing that reaches extremely low temperatures

of below -150 degrees Celsius, cryogenic chilling is a process to safely freeze and then thaw food items without any impact on quality. At temperatures lesser than freezing point, the growth of bacteria and other microorganisms is greatly reduced, thus ensuring food quality. Rapid freezing also ensures quality of the food, and keeps it safely preserved.

Liquid nitrogen has the ability to reach extremely low temperatures of -196 degrees Celsius. This property enables their use for cryogenic freezing. With our learned expertise in this arena, we live to our customers' expectations in terms of service delivery and successful job executions.

## **Nitrogen for food preservation**

Increasing the shelf life of products, and keeping them preserved in existing condition over longer periods, nitrogen filling in food packages is an established solution for our customer's needs. Nitrogen gas keeps moisture and oxygen out of packaged items, limiting microbial growth, and preserving food quality.

We have a diversified customer portfolio and a reliable product supply mechanism, meeting the nitrogen supply needs of our customers to increase products' shelf life. With tested reliability, and safety standards that match international practices, Pakistan Oxygen is a proud supplier of nitrogen gas to the food industry in Pakistan.

## **The full spectrum of metal fabrication technologies**

From general welding to highly specialized laser job shops, Pakistan Oxygen is able to support the varying application needs across the full application and equipment spectrum, combining both traditional and new cutting, welding and coating processes. We provide the equipment, consumables and safety gear as well as the safety training to ensure that all the gases you need are installed and handled properly. Our engineers are available to guide you through the extensive range of welding and cutting options and gas mixtures available to help you make the process choice best suited to your budget, productivity and quality demands.

## **Specialty and fine chemicals**

Fine and specialty chemicals cover the manufacture of specialty products used in everything from adhesives, sealants and coatings to pharmaceuticals, detergents and electronic goods. Highly complex with a huge portfolio of patented technologies, this sector is under pressure to meet increasingly stringent safety and environmental regulations and hone competitiveness, particularly as more and more fine chemicals are evolving into commodities. Manufacturers are challenged to innovate in the search



for environmentally cleaner reactions and smart solutions to highly specialized problems. Our gas enabled technologies can help fine and specialty chemical players meet these challenges.

#### Applications for steel and metal production

Steel and metal production industries face stiff competition both locally and from imports. Striking the right balance between profitability and competitiveness requires vigilant control over fuel consumption, resource management, efficiency, productivity and quality.

Pakistan Oxygen offers gas solutions to increase productivity, lower fuel consumption and other costs to support the metal industry in attaining their efficiency and profitability objectives. We cover the full spectrum from ore reduction and metals recycling through refining and casting to reheating and metal working and, finally, heat treatment to deliver proven efficiency gains.

#### Solutions for the oil and gas segment

Environmental pressures are particularly acute for oil and gas customers including refineries due to increasingly strict environmental protection laws. Our gases applications can support customers in addressing their challenges. Our expertise will bring quality and productivity benefits in the following areas in particular:

- Inerting, purging and blanketing
- Enhanced Oil recovery (EOR)
- NOx removal / SOx removal
- Water treatment.
- Diesel Hydrodesulphurisation

#### Improved quality of life through therapies and medicines

Numerous healthcare applications for our products and services truly make us a one stop shop for this critical segment that involves medical oxygen, nitrogen and nitrous oxide.

#### Therapeutic care through effective use of medicinal gases – liquid and compressed medical oxygen

- In clinical practice to provide a basis for virtually all modern anaesthetic techniques as well as pre and post-operative management.
- To restore the tissue oxygen tension towards normal by improving oxygen availability in a wide range of conditions, such as:
  - o cyanosis of recent origin as a result of cardio-pulmonary disease
  - o surgical trauma, chest wounds and rib fractures

- o shock, severe haemorrhage and coronary occlusion
- o carbon monoxide poisoning
- o hyperpyrexia
- o major trauma

#### Background Anesthesia and Analgesia – Nitrous Oxide and Entonox®

- When an inhalation anaesthetic is required, the administration of nitrous oxide is usually accompanied by simultaneous administration of a volatile agent such as Halothane, Ethrane, etc.
- In the relief of severe pain, usually in emergency situations, by inhalation with 50% oxygen (Entonox®)
- In short term procedures which inevitably involve pain, such as wound and burn
- Dressing, wound debridement and suturing. Administered usually with 50% oxygen.
- In dental work to provide short-term analgesia for tooth extraction and other brief procedures, administered with 50% oxygen.
- Occasionally as an insufflating agent in laparoscopy.
- In cryosurgery as a refrigerant.

#### Hospital Infrastructure - Medical Gas Pipeline System, Medical Equipment and accessories

- Complete piping from source plant to patient bed, medical air and vacuum plants, bed head trunking, ceiling pendants, zoning solutions and complete range of alarm systems for gas management.
- Medical gas manifold systems, cylinders, flowmeters, regulators and venture systems.
- Portable oxygen concentrators, portable cylinders and accessories

#### Diagnostic & Special Purpose Gases – Specialty gas mixtures, liquid helium, liquid nitrogen and medical air

- Specialty gas mixtures for diagnostic labs
- Liquid helium for MRI
- Liquid nitrogen in specialized containers for Cryopreservation of cord cells
- Synthetic and medical air for surgical tools and ventilation therapy

# KEY FACILITIES AROUND PAKISTAN

With local capability backed by global technology and a strong commitment to quality, reliability and safety, Pakistan Oxygen provides the very best in technical know-how, quality products, professional service and life-saving dependability. This is why all major industrial corporations and hospitals throughout Pakistan depend on us for their complete gas solutions.

## Reliability of supply

We take our customers' trust in our reliability very seriously. To ensure that we are able to meet our customers' evolving needs, today and over the coming decades we continue to make huge investments at our plant sites to increase capacity, improve reliability and efficiencies and ensure the highest quality. And with investment in each of our plants across the country, we have built long and enduring relationships with our customers that go beyond simple product provision. We understand their processes and their needs and in response offer complete gas and equipment solutions that meet their requirements. We are a strategic partner to our customers, catering to their evolving needs, and we have seen our customers grow with us over decades.

## Air Separation plants

Our facilities include 3 Air Separation plants (ASU) at Lahore and Port Qasim, including the largest ASU in Pakistan with a capacity of 133 Tons per Day (TPD). In addition to this we have completed the installation of a new nitrogen generator at Qasba Gujrat to cater to PARCO's increased gas demand with dedicated supplies.

## Carbon dioxide plant

We have also set up carbon dioxide plant at Port Qasim to meet the demand of our beverage customers in the north, south and west of Pakistan respectively with certified food-grade CO<sub>2</sub>. We also

have a CO<sub>2</sub> compression and cylinder filling facility in south to meet demands of Hi-end users of industry.

## Hydrogen and Dissolved acetylene plants

Hydrogen and Dissolved acetylene plants have been installed in both the south and west regions to meet customers demand on a nationwide basis.

## Nitrous oxide plant

We have also installed a Nitrous oxide plant in Lahore which serves product to all the largest hospitals across Pakistan. As it is a medical product, we have installed state-of-the-art online purity analyzers to ensure product quality.

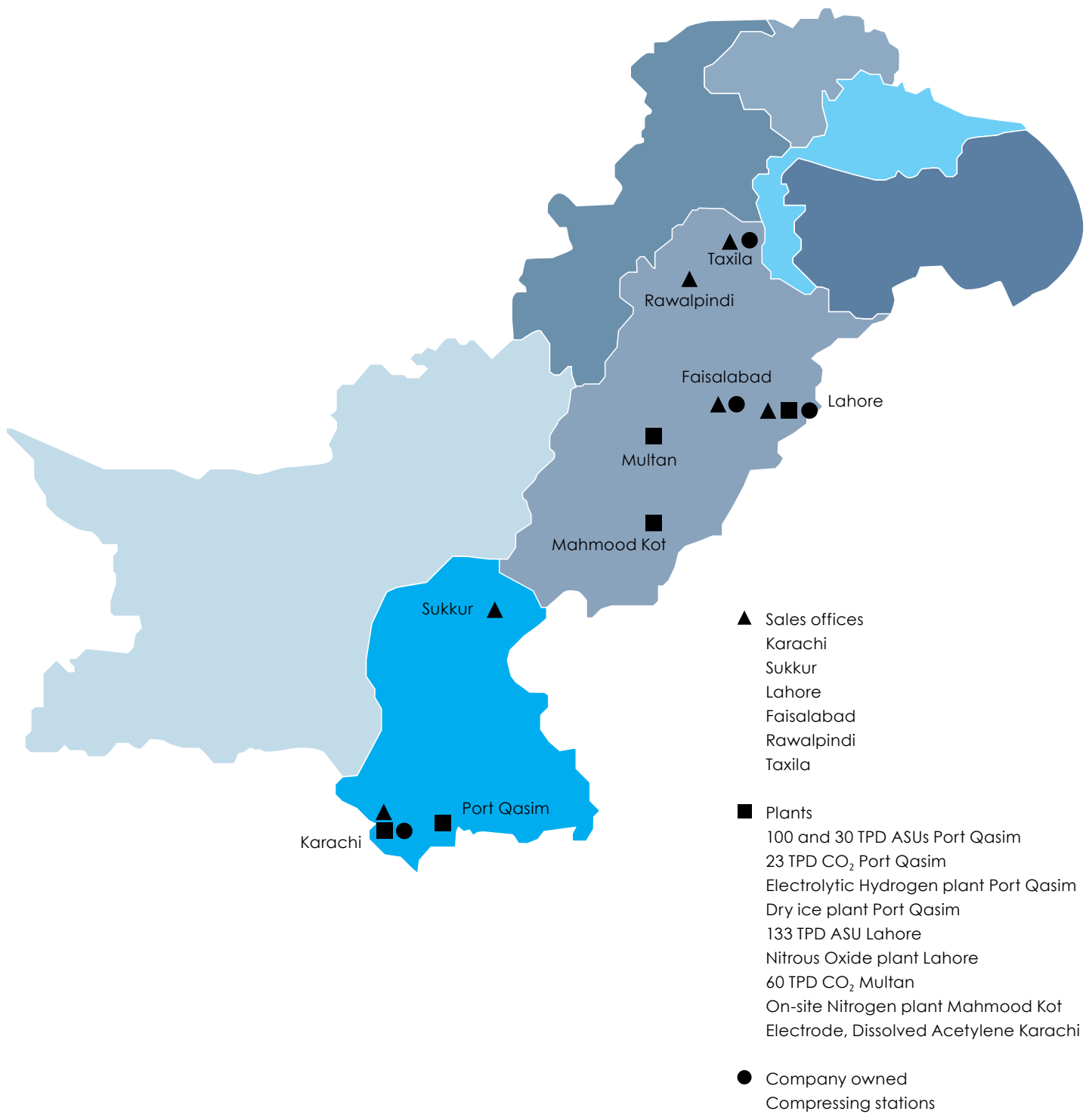
## Dry ice plant and specialty gases laboratory

We have set up a dry ice plant which produces pellets used for both cooling and cleaning purposes and our specialty gases laboratory ensures that we are able to meet our customers demand for high purity gases as well as special mixtures in a cost-effective and timely manner.

## Compression facilities

Our compression and cylinder filling sites are located in the north, south and west of Pakistan to ensure that we are able to serve our customers in a timely manner along with Customer Service Centers and sales depots to facilitate our customers in any way possible.

In addition to ensuring that our plants are present across Pakistan, near all the major industrial hubs of the country, we have also built up the most extensive fleet of distribution vehicles in Pakistan consisting of cryogenic tankers and cylinder trucks to ensure that we are able to serve our customers regardless of where they are located.



# COMPANY INFORMATION

## Board of Directors

Waqar Ahmed Malik	Non-Executive Chairman
Matin Amjad	Chief Executive Officer (appointed w.e.f 26/03/18)
Zubair Ahmad	Acting 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
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	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
Zubair Ahmad	Member	Acting 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

## Share Registrar

Central Depository Company of Pakistan Limited

## Auditors

KPMG Taseer Hadi & Co.

## Legal advisor

Ayesha Hamid of Hamid Law Associates

## Registered office

West Wharf, Dockyard Road, Karachi-74000

## Website

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

# BOARD OF DIRECTORS

Shahid Mehmood Umerani  
Director

Sheikh Muhammad Abdullah  
Director

Syed Hasan Ali Bukhari  
Director

Muhammad Zindah Moin Mohajir  
Director



Feroz Rizvi  
Director

Zubair Ahmad  
CEO (Acting)

Waqar Ahmed Malik  
Chairman

Atif Riaz Bokhari  
Director

Fawad Anwar  
Director

## PROFILE OF DIRECTORS\*



**Mr. Waqar A. Malik**  
Chairman

Mr. Waqar A. Malik is a fellow of The Institute of Chartered Accountants in England and Wales and is also an Alumnus of the Harvard Business School and INSEAD. Mr. Waqar Ahmed Malik joined the Board of Pakistan Oxygen Limited on 7 January 2018 and is also the Non-Executive Chairman of the Board since then.

His career of over 27 years with the ICI Plc group based in the UK and then Akzo Nobel in the Netherlands provided him the opportunity to work in Europe and the Americas. In Pakistan he was the Country Head of ICI Plc's subsidiary in Pakistan, the largest foreign investment in the chemical sector at the time and quoted on the Karachi stock exchange. For over 10 years he served as the Chief Executive Officer of ICI Pakistan Limited and also as the CEO and Chairman of Lotte Pakistan Limited (formerly Pakistan PTA Limited). Mr. Malik moved on from ICI Pakistan Limited in December 2012, post divestment by the foreign sponsor.

Currently, he along with three other professionals have founded a semi private equity company called

Adira Capital Holdings (Private) Limited. The focus of this venture will be acquisitions of running businesses and setting up green field projects. In this respect first successful acquisition has been made, i.e. Linde Pakistan (subsidiary of Linde AG).

Mr. Malik is founder Chairman Noesis (Private) Limited and his other directorship includes:

- Engro Corporation Limited – Director
- TPL Direct Insurance Limited – Director
- TPL Life Insurance – Director
- Adira Capital Holdings (Private) Limited – Director
- Advisory Board of Institute of Business Administration – Member
- I – Care Pakistan – Trustee

Mr. Malik is also member of the visiting faculty of Pakistan Institute of Corporate Governance.

Mr. Malik's previous engagements were:

- Director, State Bank of Pakistan and the audit chair, & member HR subcommittee of the Board.
- President of the Overseas Chamber of Commerce & Industry (OICCI).
- President, Management Association of Pakistan (MAP).
- Director, Pakistan Business Council (PBC),
- Director, IGI Insurance Limited.
- Director, Engro Polymer Limited.
- Member, Board of Governors Lahore University of Management Sciences (LUMS).
- Trustee, Duke of Edinburgh Trust, Pakistan.
- Member of Board of Indus Valley School of Art.

He was awarded Prince of Wales medal as a Trustee of the Prince of Wales Pakistan Recovery Fund for the flood victims in 2010.

\*other offices held by directors are disclosed under corporate governance





### **Mr. Matin Amjad**

Chief Executive Officer

Mr. Matin Amjad was appointed as Chief Executive Officer and Managing Director of Pakistan Oxygen with effect from March 26, 2018. Mr. Amjad holds a BSc (Hons) degree in Economics from the London School of Economics & Political Science. He has also attended executive education programs at Oxford University, U.K. and at INSEAD, France.

Mr. Amjad began his professional career in 1998 with ICI Pakistan Limited, which at the time was part of ICI Plc. U.K., and subsequently of AkzoNobel. Mr Amjad brings with him over 20 years of multi-functional and business experience in a MNC and local company environment with leadership roles in commercial, supply chain, strategy and operations in diverse industrial segments including, pharmaceuticals, animal healthcare, paints and also within ICI Pakistan's chemicals businesses including polyester fibers and soda ash.



### **Mr. Zubair Ahmad**

Acting Chief Executive Officer & Head of Sales & Marketing Bulk

Mr. Zubair Ahmad was appointed as Chief Executive Officer (acting) of Pakistan Oxygen on 7 January, 2018 with his diversified techno-commercial experience of over 37 years for the industrial & medical gases and hardgoods industry in Pakistan. He started his career with Pakistan Steel Mills where he proved his abilities in Planning and Project Management in the largest organization in the Steel sector of the country. He joined Pakistan Oxygen Limited in July 1985 and worked in leading roles for all line of businesses.

As a result-driven business leader having in-depth business acumen and strong relationships with customers and stakeholders across the industry, he has developed and strengthened the business growth significantly.

He remained instrumental with his passion and commitment in achieving induced growth through Applications in various market sectors including Steel, Manufacturing, Oil & Gas, Chemical, Energy and Food & Beverages industry.

Mr. Zubair Ahmad received a Bachelor of Engineering degree in Mechanical from NED University of Engineering and Technology, Karachi and Master's degree in Thermo Fluid Engineering from Concordia University, Montreal. He has been involved in teaching as part time faculty member at Concordia University and has also published research papers in international journals during his academics. He has also been associated with Pakistan Engineering Council (PEC) and American Society of Mechanical Engineering (ASME).

Mr Zubair Ahmad also holds office of the Chief Executive and Chairman of the Company's subsidiary, BOC Pakistan (Private) Limited. He is also a Member of the Share Transfer Committee of the Company.



### **Mr. Atif Riaz Bokhari**

Director

Mr. Bokhari is a career banker with 32 years of experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr. Bokhari joined Habib Bank Limited where he was Head of Corporate and Investment Banking.

In May 2004, Mr. Bokhari took charge of UBL as President and CEO and remained in this position till June 2014. During this ten-year period UBL ventured into new diversified business and revenue streams namely consumer financing, e-commerce, branchless banking, asset management and general insurance. UBL became the second largest private commercial Bank in Pakistan with a network of over 1300 branches including 18 branches in 7 countries. UBL in 2014 had an Asset base of US\$10.8 Billion and PBT of US\$290 Million. Mr. Bokhari was also the Chairman of UBL Tanzania, UBL AG Zurich and Director of UBL UK.

Mr. Bokhari had a two-year stint ending in December 2016 as President and CEO of NIB Bank (wholly owned subsidiary of Fullerton Financial Holdings – Temasek, Singapore) with a specific assignment to divest FFH'S holding in Pakistan.

Currently, he along with three other professionals have founded a semi private equity company called Adira Capital Holdings (Private) Limited. The focus of this venture will be acquisitions of running businesses and setting up green field projects. In this respect first successful acquisition has been made, i.e. Linde Pakistan (subsidiary of Linde AG).

He has also served as Independent Director on the Boards of Port Qasim Authority, HMC Taxilla and Linde Pakistan. Mr. Bokhari has been actively involved with private sector programs for health and the development of education in Karachi. He was founding Director of the Karachi School for Business and Leadership affiliated with the Judge Business School, Cambridge, U.K.



### **Mr. Fawad Anwar**

Director

Mr. Anwar is a leading businessman, industrialist, mentor and an entrepreneur.

He currently serves as the Managing Director of AlKaram Textile Mills (Private) Limited, one of the largest purveyors of innovative textile solutions around the world and is part of one of the most renowned Business groups in Pakistan. He also serves as the Vice Chairman on the Board of BankIslami Pakistan Limited and member on the Board of Investment Pakistan (BOI) Limited, a government institution established to fully facilitate local and foreign investment and enhance Pakistan's international competitiveness and contribute to economic and social development.

Mr. Anwar was appointed as Non-Executive Director on the Board of Pakistan Oxygen on January 7, 2018. In addition to these important roles, he also serves as the Chief Executive of Adira Capital Holdings (Private) Limited and director on the board of Lakeside Energy (Private) Limited, TPL Properties Limited and Alpha Beta Capital Markets (Private) Limited.

Mr. Anwar is a generous philanthropist and serves as the Chairman of a not-for-profit organization Fayyaz Anwar Foundation. He received his undergraduate degree in International Business from Temple University (Pennsylvania) and an MBA from Drexel University.



### **Mr. Siraj Ahmed Dadabhoy**

Director

Mr. Siraj Dadabhoy has more than 25 years of experience in the real estate and financial industries in a range of leadership roles.

He was appointed as Non-Executive Director on the Board of Pakistan Oxygen on January 7, 2018. Mr. Dadabhoy is a founding partner and Executive Chairman of AION Partners, a New York based real estate operating and investment management company.

Mr. Dadabhoy is also the founder and Managing Director of AION Global; an owner, operator and developer of real estate in the U.K.

Additionally, Mr. Dadabhoy serves as a member of the Board of Directors of Bank Islami and TPL Properties in Pakistan.

Mr. Dadabhoy is a 1988 graduate of Indiana University, with a Bachelor of Science in Accounting and Finance. He is also a qualified Certified Public Accountant.



### **Syed Hasan Ali Bukhari**

Director

Syed Hasan Ali Bukhari joined the Board of Pakistan Oxygen on 7th January, 2018 and is also a member of the Board Human Resource and Remuneration Committee.

Mr. Bukhari is a fellow of the Institute of Chartered Accountants Pakistan. Mr. Bukhari's corporate experience span over 36 years, in different positions with Mackinnon Mackenzie & Co. of Pakistan until his retirement as Chief Executive & Managing Director of the company in the year 2010.

Mr. Bukhari is now advisor to Chairman of Hilton Pharma (Pvt) Limited since 2011.

His other engagements have been as member Board of Karachi Port Trust, Pakistan Institute of Corporate Governance and appointed as Independent Director on the Board of Bank AL-Habib Limited in June 2014.

Mr. Bukhari has attended General Management Course at Henley Management College, England.



### **Mr. Sheikh Muhammad Abdullah**

Director

Mr. Sheikh Muhammad Abdullah is the nominee Director of Soorty Enterprises (Pvt.) Limited and joined the Board of Pakistan Oxygen on 7 January, 2018. He is a Fellow member of the Institute of Chartered Accountants of Pakistan (ICAP) and possesses 15 years of post-qualification experience of working at senior finance positions.

He is currently working as Senior Manager Finance in Soorty Enterprises (Private) Limited at Group level. He has diversified experience of working in Finance positions in both listed and non-listed companies including manufacturing as well as service sectors.

He served Quetta Textile Mills Limited as Head of Finance and Corporate Affairs, JS Group Companies as AVP and CFO and Group GM Finance in automobile Sectors. He is experienced both in national and international corporate laws, taxes, compliance and project implementations.



### **Mr Shahid Memood Umerani**

Director

Mr. Shahid Umerani is currently the Chairman of ValuStrat Consulting Group with the head office in Dubai Silicon Oasis, Dubai and other offices in Riyadh, Jeddah, Doha, Karachi and London. The company is a boutique consulting firm with multiple lines providing fixed asset valuation services, strategy and management consulting, due diligence and field verification services, project management and monitoring & research and corporate advisory.

The company extends services to the financial sector including government entities, numerous banks, insurance companies, corporate sector including MNCs, regional and local companies, oil & gas sectors and so on.

Mr. Umerani is also a nominee director and shareholder of Fiducia Capital Limited regulated by Dubai Financial Services Authority (DFSA) and incorporated in Dubai International Financial Centre (DIFC). The company operates as an Independent Asset Manager with substantial assets under management.

Mr. Umerani has been successfully providing services since 1985.



### **Mr. Feroz Rizvi**

Director

Mr. Feroz Rizvi qualified as a Chartered Accountant from England & Wales and on return to Pakistan joined ICI Pakistan Ltd. He moved through various businesses and functions at ICI, including a period of secondment to ICI Plc's Head Office in London. He retired from ICI Pakistan as CFO and Finance Director. Currently, he is President & Chief Executive Officer of Pakistan Institute of Corporate Governance (PICG).

Mr. Rizvi has vast experience in the field of Corporate Finance, Strategy, Corporate Restructuring, Merger and Acquisition and Corporate Governance.

He is an alumni of Insead and Wharton Business School and has worked in Pakistan, UK and Saudi Arabia. Beside PICG, he is also on the Board of Engro Polymer & Chemicals Ltd and Atlas Insurance Ltd as independent director.

Mr. Rizvi joined the Board on 7 January 2018. He is also Chairman of Human Resource and Remuneration Committee of the Board.



### **Mr. Muhammad Zindah Moin Mohajir**

Director

Mr. M. Z. Moin Mohajir's business experience spans 40 years. After qualifying as a Chartered Accountant with A.F. Ferguson & Co, he joined Pakistan Security Printing Corporation in 1978, where he was Chief Accountant/Company Secretary. In 1981 he shifted to Sanofi-Aventis Pakistan Limited (formerly Hoechst Marion Roussel Limited/Hoechst Pakistan Limited) from where he retired as Director Finance and Administration in October 2011. His key achievements during his 30 years tenure with Sanofi-Aventis included Chairmanship of the committees for major restructuring/spin-offs of some business units into separate legal entities in 1996, organizational/legal mergers of Hoechst Marion Roussel and Rhone Paulenc Rorer in 2000 and integration of Sanofi portfolio in 2005.

He joined the Overseas Investors Chamber of Commerce and Industry in October (OICCI) 2011 where he is presently employed as Deputy Secretary General. He also serves as the Independent Member of the Board of Directors and Chairman Audit Committee of Wyeth Pakistan Limited and Member of the Investigation and Taxation committees of the Institute of Chartered Accountants of Pakistan (ICAP).

His previous other responsibilities include; a) Member of the Board of Directors and Chairman Audit Committee - PIDC, b) Member of the Board of Directors and Audit Committee - Standard Chartered Leasing Limited, c) Member of the Board of Directors and Audit Committee - Sindh Modaraba Limited, d) Chairman/Member of the Election Committee - ICAP, e) Member of the Finance Subcommittees of two major Clubs.

Mr Mohajir joined the Board of Pakistan Oxygen on 7 January 2018. He is also Chairman of Board Audit Committee and Share Transfer Committee of the Company.

# DIRECTORS' REPORT

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's audited financial statements, for the year ended 31 December 2017.

As reported earlier at Pakistan Stock Exchange (PSX), subsequent to the year end on January 7, 2018, Adira Capital Holdings (Private) Limited and its affiliates acquired entire 60% shareholding of The BOC Group, U.K., a subsidiary of Linde AG, Germany, under a Share Purchase Agreement (SPA) and an additional 20% shareholding through Public Tender Offer. Subsequent to this, a new Board of Directors was constituted. Mr M. Ashraf Bawany, outgoing Chief Executive Officer stepped down on January 7, 2018. The Board appointed Mr Zubair Ahmad as Acting Chief Executive Officer of the Company. On February 16, 2018, the Board appointed Mr. Matin Amjad as Chief Executive Officer and Managing Director of the Company with effect from March 26, 2018. The new Board acknowledges the contribution of the outgoing Board of Directors and thank them for their valuable contribution.

Following the change in ownership, name of the Company has also been changed to "Pakistan Oxygen Limited" with effect from 27 February 2018.

## Economic Environment

The real Gross Domestic Product (GDP) growth is projected to be around 5.8 percent, significantly higher than corresponding period of FY17. Large Scale Manufacturing (LSM) also depicted a healthy and broad-based growth of 7.2 percent during Jul-Nov FY18 as compared to 5.7 percent for FY17. Manufacturing activities are expected to grow

further owing to higher development spending mainly driven by CPEC-related projects, stable & low cost of borrowing and improving energy supplies and security conditions which will support LSM to maintain its growing momentum. Manufacturing sector growth is expected to strengthen further on the back of improving macroeconomic indicators, improved energy supplies, increased development spending, industrial expansion and CPEC-related activities.

## Overview of Company's Performance

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

During the year net sales was recorded at Rs. 4.4 billion registering a robust growth of 12% or Rs. 458 million over last year. This growth in business was contributed by all the business segments in spite of a very competitive market. In the healthcare segment, sales registered a growth of 25% over last year. This growth was witnessed in all its product lines. In the industrial segment, sales growth was held back to 4% (excluding CO<sub>2</sub> 7.5%) due to capacity constraints at our plants and dependency on product purchases from third parties specially in case of Carbon Dioxide (CO<sub>2</sub>). The welding and hard goods segment registered a growth of 20% over last year.

The gross profit of your Company for the year 2017 stood at Rs. 992 million, up by 11% compared to last year. Higher gross profit is an outcome of higher sales and productivity initiatives to improve manufacturing efficiencies and reduced operational cost. Operating profit is higher by 4% whereas before accounting for



Pakistan Oxygen Team at Annual Conference 2017



Employees Outing at Shahi Qila, Lahore



one off expenses it was higher by 10% compared to last year. The one-off expenses include rebranding & divestment related charges of Rs. 20 million and exchange loss amounting to Rs. 20 million relating to the final settlement of intergroup liabilities payable to the Linde Group before change of ownership.

Profit after tax of Rs. 240 million was up by 11% compared to the last year. The Earning Per Share (EPS) for the year ended December 31, 2017 at Rs. 9.59 as against Rs. 8.66 of last year was also up by 11%.

### **Safety, Health, Environment, & Quality (SHEQ)**

Pakistan Oxygen won First position in the “Best Safety Practices Award” in Power and utility sector from Employers' Federation of Pakistan on the occasion of World Safety Day on 28 April 2017 which was also celebrated by your Company across all sites together with customers.

The environment and energy conservation initiatives launched in previous years continued to give the desired results towards containing all emissions and effluents within the prescribed limits of the National Environment Quality Standards (NEQS).

### **Sales**

#### **Healthcare**

The Company's investment on Health Technical Memorandum (HTM) standards, introduction of digitalization and innovative solutions to monitor, plan and track Medical Gases supplies to Hospitals has paid dividends. This initiative has raised the standard of medical gases procuring process towards value

added services and adherence to international standards. As a result, healthcare business performed strongly (up by 25%) on the back of our product quality, differentiation and enhanced level of services using digitalization. The Medical Pipeline systems and installations also recorded a healthy growth.

#### **Industrial gases**

Introduction of food chilling application using liquid nitrogen became operational after successful trials which is the first of its type in Pakistan that opened up a new avenue for the Company.

Higher performance in this segment was primarily led by steel, shipbreaking and manufacturing sectors which witnessed significant growth over last year in a very competitive market. Steel sector is growing due to massive construction activities in the country as a result of CPEC related projects, Orange Line, Metro, road infrastructure and power plants etc. Food & beverage sector is growing with addition of new players in expanding market causing growth in nitrogen consumption in this sector. The Company managed to maintain its respective share in distributor, Food & Beverage, Chemicals and Glass sectors through customer focus and innovative and value-added services in spite of a very competitive market.

#### **Welding and others**

Our existing brands such as Zodian, Fortrex and Matador continued to remain market leaders. As a result, sale of our welding portfolio increased by 20% compared to last year. In addition, the Company focused on key projects in infrastructure development, LSM segment and improved product availability for channels. The welding products'



Employees at Safety Day 2017



Celebrating the Annual Excellence Awards 2017

market continues to be negatively impacted due to cheaper availability of smuggled products.

### Operations

The Company has continued to focus on productivity initiatives to improve manufacturing efficiencies at its production sites and other operation facilities to reduce operational costs and enhance productivity. The ASPEN 1000 plant after control system modification continued to further improve and has delivered record production registering an increase of 17% as compared to last year. The Company also invested significantly in upgrading all the bulk healthcare installations across the country to ensure supply reliability and improved response time in case of supplies at short notice in the healthcare business.

During the year all Company's plants operated in a safe, efficient and reliable manner. All production sites have also maintained their Quality Management Certifications (ISO 9001), including the Food Safety Standards Certification (the FSSC 22000) at the Port Qasim CO<sub>2</sub> production facility.

### Human Resources

The Company values and is committed to promote diversity at the workplace. We strictly follow the policy of non-discrimination amongst the employees on the basis of ethnicity, creed, culture, marital status or gender. Disability is not considered a barrier to employment. Following this principle, employees' selection is based on their professionalism, career growth potential and ability to perform the jobs.

The Company offers 6 – 8 weeks internship program providing learning and training opportunities to

talented students from Business and Engineering Universities. The selected interns were given specific projects and were assigned to senior executives who mentored them on an ongoing basis for successful completion of their respective projects.

Annual Country Excellence Awards 2017 were held under the theme Passion, Courage and Belief. There were nine categories broadly classified into Company Values and Business Excellence. Winners were announced and rewarded in each of the categories.

### Corporate Social Responsibility (CSR)

During 2017, Company financially supported hospitals, SOS Technical Village and sponsored half year expenses of a child at SOS Village Karachi.

We also continued our support to promote the Vocational and Technical Training Program sponsored by the German organization GIZ and European Union. We supported five apprentices in 2017 through AMAN Tech by providing on the job training (OJT) and payment of stipends.

### Distribution of Dividends and Appropriation of Profits

The Board of Directors of the Company has recommended a cash dividend of Rs. 5.5 per share for the year ended December 31, 2017 which is subject to approval of the Members at the 69<sup>th</sup> Annual General Meeting to be held on 26 April 2018. The effect of such dividend shall be reflected in the next year's financial statements.



Celebrating the Annual Excellence Awards 2017



Pakistan Oxygen Team Oath on Safety Day 2017



**The appropriations approved by the Directors are, therefore, as follows:**

(Rupees in '000)	
<b>Un-appropriated profit as at 31 December 2016</b>	<b>187,561</b>
Final dividend for the year ended 31 December 2016 at Rs 3.50 per share	(87,636)
<b>Transfer to General Reserve</b>	<b>(99,925)</b>
Net Profit after taxation for the year 2017	240,033
Re-measurement: net actuarial gains recognized in other Comprehensive income	1,604
<b>Disposable profit for appropriation</b>	<b>241,637</b>
<b>Un-appropriated profit carried forward</b>	<b>241,637</b>
Subsequent Effects:	
Proposed cash dividend at Rs 5.5 per share	137,713
Transfer to General Reserve	103,924
	<b>241,637</b>
<b>Total dividend per share for the year at Rs 5.5</b>	<b>137,713</b>
EPS – for the year 2017 Rs 9.59 (2016: Rs 8.66)	

### Change of Holding Company

As at December 31, 2017, the Company was a subsidiary of The BOC Group Limited - U.K. (The BOC Group), whereas its ultimate parent company was Linde AG, Germany (Linde AG).

Following acquisition of majority shareholding of the company by Adira Capital Holdings (Private) Limited ("Adira") and its Affiliates on January 7, 2018, 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. The majority shares of the Company are now owned by Adira and Affiliates.

### Change of Name of the Company

The Company has been known as "Pakistan Oxygen Limited" in the gases industry in Pakistan for 46 years (from 1949 to 1995) before its name was changed first to "BOC Pakistan Limited" followed by "Linde Pakistan Limited" by the previous owners. As "Pakistan Oxygen Limited", the Company had earned market recognition and cemented its position as a market leader in various segments it operates in. Keeping in view the strong legacy and heritage associated with "Pakistan Oxygen Limited", the new Board decided to capitalize on the strengths of the original name and has therefore decided to revert to "Pakistan

Oxygen Limited" which enjoys and inherits the strong brand recognition and legacy in the gases industry.

### Post Balance sheet events

There has been no significant event since December 31, 2017 to date, except as disclosed above.

### Key Operating and Financial Data

An overview of key operating and financial data for last 10-year in a summarized form is given on page 54 of this Annual Report.

### Contribution to National Exchequer

Information with respect to Company's contribution towards the National Exchequer has been provided in the Statement of Value Added appearing in this Report on page 59.

### Risk, Uncertainties and Mitigations

#### Operational Risks

The Company adheres to the highest standards of ethics, safety and quality assurance to ensure continued and uninterrupted delivery of products and services to its customers. This is underlined by the continued confidence shown by our customers as reflected in increased growth in sales and profits.

The risk of shortage of production capacity in ASU products is to be mitigated through new manufacturing strategy being currently devised. On the supply side, the energy shortage faced by the Company over the past few years has improved significantly and energy supplies are expected to improve further in coming years.

#### Financial Risks

Overall risk exposure associated with the Company's financial assets and liabilities is very limited. The Company believes that it is not exposed to any major concentration of credit risk, exposure to which is managed through application of credit limits to its customers. The Company manages its exposure to financial risks as explained in Note 34 to the financial statements.

#### Compliance Risks

Your Board and the management has instituted a strong governance and legal framework to ensure compliance with not only applicable laws and

regulations but remains at par with best international practices.

## Board Changes

Consequent upon completion of acquisition of the entire shareholding of The BOC Group Limited in the Company by Adira and Affiliates, the following changes have taken place on the Board of Directors with effect from 7 January 2018:

Outgoing Directors	Incoming Directors
Mr Munnawar Hamid – OBE	Mr Waqar Ahmed Malik
Mr Muhammad Ashraf Bawany	Mr Atif Riaz Bokhari
Mr Atif Riaz Bokhari*	Mr Fawad Anwar
Mr Humayun Bashir	Mr Siraj Ahmed Dadabhoy
Mr Shahid Hafiz Kardar	Syed Hasan Ali Bukhari
Mr Andrew James Cook	Mr Sheikh Muhammad Abdullah
Mr Ganapathy Subramanian N-Swamy	Mr Shahid Mehmood Umerani
Mr Muhammad Samiullah Siddiqui	Mr Feroz Rizvi
Ms Jahanara Sajjad Ahmad	Mr Muhammad Zindah Moin Mohajir

\*Mr Atif Riaz Bokhari resigned from the Board on 30 January 2017. He was reappointed as part of the new Board.

All incoming Directors joined the Board for its remainder term which is expiring on 29 January 2020.

## Composition of the Board

The composition of the newly reconstituted Board is as follows:

- a. Independent Directors 2
- b. Non-Executive Directors 7

The Board reconstituted its two committees, details of which are provided in "Corporate Governance Section" of the Report on page 44.

The Board has determined and approved meeting fee for the directors which generally reflects equity to the proportionate compensation of the CEO in relation to the time spent by the Directors for the Board and or its Committee meetings.

## Appointment of new Chairman of the Board

The new Board appointed Mr Waqar Ahmed Malik as its non-executive Chairman with effect

from 7 January 2018 in terms of Section 192 of the Companies Act, 2017 for the remaining term of the outgoing Chairman.

## Appointment of new Chief Executive Officer

The Board had appointed Mr Zubair Ahmad as Acting Chief Executive Officer of the Company with effect from 7 January 2018 in terms of Section 188 of the Companies Act, 2017. On February 16, 2017, the Board of Directors appointed Mr. Matin Amjad as Chief Executive Officer and Managing Director of the Company to replace Mr Ahmad with effect from March 26, 2018.

Mr. Amjad holds a BSc (Hons) degree in Economics from the London School of Economics & Political Sciences. He has also attended executive education programs at Oxford University, U.K. and at INSEAD, France.

Mr. Amjad began his professional career in 1998 with ICI Pakistan Limited, which at the time was part of ICI Plc. U.K., and subsequently of AkzoNobel, a Fortune 500 Company, until 2012, when it was acquired by Yunus Brothers Group.

Mr Amjad brings with him over 20 years of multi-functional and business experience in a MNC and local company environment with leadership roles in commercial, supply chain, strategy and operations in diverse industrial segments including, pharmaceuticals, animal healthcare, paints and also within ICI Pakistan's chemicals businesses including polyester fibers and soda ash.

The Board is confident that his appointment shall herald a new era of unprecedented growth and success for the Company.

## Internal Controls

The Company maintains sound internal control system to provide reasonable assurance against efficiency and effectiveness of operations; reliability of financial reporting and compliance with applicable laws and regulations. Such system is monitored effectively by the management; while the Board Audit Committee reviews the internal control system based on assessment of risks and reports to the Board of Directors.

## Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. However, as suggested by the Audit Committee, the Board of Directors has recommended appointment of BDO Ebrahim & Co, Chartered Accountants as auditors of the Company for the year ending 31 December 2018, at a fee/remuneration to be mutually agreed.

## Directors' Training

The outgoing Board of the Company had 5 certified directors as on the close of financial year 31 December 2017 while the 2 were exempt on the basis of prescribed education and experience. Accordingly, the Company was fully compliant with the mandatory requirement of having at least half of certified directors on its Board.

However, subsequent to change of management control effective 7 January 2018, 3 (three) newly appointed directors on the reconstituted Board are already in possession of the required certification while arrangements are being made for remaining 6 (six) directors to acquire certification in the Directors' Training Program within specified period.

Compliance Statement & Financial Reporting Framework, Pattern of Shareholding and other matters concerning Code of Corporate Governance are discussed in Corporate Governance" section of this report on page 44.

## Future Prospects

We believe Pakistan's favorable demographics, growing GDP & per capita income and CPEC investments present a range of opportunities for the Company's core business particularly in the

space of health care, food & beverage and oil & gas sectors. Your Company also has plans to focus on opportunities to invest in the sectors which have strong links with the Company's core business and play to Pakistan's favorable demographics in order to grow the topline and the margins.

Your Company invites the Government of Pakistan's attention to the high cost of doing business. In order to restore the competitiveness of manufacturing sector, the Government of Pakistan needs to reduce the higher tariffs for electricity and eliminate the Regulatory Duty on industrial inputs. In addition, multiple taxes levied on organized sector need to be reduced and simplified.

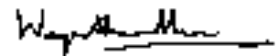
## Acknowledgement

The Board would like to congratulate all employees of the Company for their contribution to the excellent performance in a competitive market. The Board also wishes to acknowledge and thank our valued customers and stakeholders for their continuous support during the year under review in general and in the transitional particular.

On behalf of the Board



**Zubair Ahmad**  
CEO (Acting)



**Waqar Ahmed Malik**  
Chairman

Karachi  
27 February 2018

7 جنوری 2018ء سے موثر مینجمنٹ کنٹرول میں تبدیلی کے بعد نئے تشکیل شدہ بورڈ میں تقرر پانے والے 3 (تین) ڈائریکٹرز پہلے ہی مطلوبہ سرٹیفیکیشن کے حامل ہیں جبکہ 6 (چھ) ڈائریکٹرز کی مطلوبہ سرٹیفیکیشن کے لیے مقررہ وقت میں تربیت کے انتظامات کیے جا رہے ہیں۔

کمپلائنس اسٹیٹمیٹ اور فنانشل رپورٹنگ فریم ورک، پیٹرن آف شیئر ہولڈنگ اور کوڈ آف کارپوریٹ گورننس سے متعلق دیگر معاملات اس رپورٹ کے ”کارپوریٹ گورننس“ کے حصے میں صفحہ 44 پر زیر بحث لائے گئے ہیں۔

## مستقبل کے امکانات

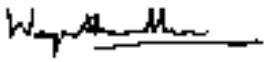
ہمیں یقین ہے کہ پاکستان کی ڈیوگرافکس کا موافق پھیلاؤ، مجموعی ملکی پیداوار میں اضافے اور نئی کس آمدنی اور سی پیک میں ہونے والی سرمایہ کاری، کمپنی کے بنیادی کاروبار کی ترقی کے وسیع تر مواقع کی حامل ہے، خاص طور پر ہیلتھ کیئر، غذائی ایشیا اور مشروبات اور تیل و گیس کے شعبوں میں۔ آپ کی کمپنی ایسے شعبوں میں سرمایہ کاری کا منصوبہ بھی رکھتی ہے جو کمپنی کے بنیادی کاروبار سے متعلق ہیں اور پاکستان کی فائدہ بخش ڈیوگرافکس کے لیے کردار ادا کرتے ہوں تاکہ سبز اور منافع میں اضافہ ہو۔

آپ کی کمپنی حکومت کی توجہ اس جانب مبذول کراتی ہے کہ پاکستان میں کاروبار کرنے کی لاگت بہت زیادہ ہے۔ مینوفیکچرنگ سیکٹر میں مسابقتی کاروبار کی بحالی کے لیے ضروری ہے کہ حکومت بجلی کے زیادہ نرخوں کو کم کرے اور صنعتی خام مال پر ریگولیٹری ڈیوٹی ختم کی جائے۔ علاوہ ازیں کاروبار کے منظم شعبے میں ٹیکسوں کی تعداد کم ور طریقہ کار سادہ بنایا جائے۔

## اعترافِ کارکردگی

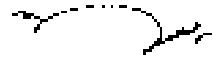
بورڈ کمپنی کے ملازمین کو مسابقتی مارکیٹ میں اُن کی عمدہ کارکردگی پر مبارکباد پیش کرتا ہے۔ بورڈ اپنے قابلِ قدر کسٹمرز اور شیئرز ہولڈرز کا شکریہ ادا کرنا چاہتا ہے جنہوں نے زیرِ جائزہ سال کے دوران میں عمومی طور پر اور تبدیلی کے مرحلے میں بالخصوص اپنی حمایت کا تسلسل جاری رکھا۔

بورڈ کی جانب سے



دقار احمد ملک

چیرمین



زیر احمد

ایگزیکٹو چیف ایگزیکٹو آفیسر

کراچی، 27 فروری 2018ء

## نئے چیف ایگزیکٹو آفیسر کا تقرر

کمپنیز ایکٹ 2017ء کی دفعہ 188 کے تحت بورڈ نے 7 جنوری 2018ء سے جناب زبیر احمد کو کمپنی کا قائم مقام چیف ایگزیکٹو آفیسر مقرر کیا۔ 16 فروری 2018ء کو بورڈ آف ڈائریکٹرز نے چیف ایگزیکٹو آفیسر اور مینیجنگ ڈائریکٹر کی حیثیت سے جناب متین امجد کا تقرر کیا جو 26 مارچ 2018ء کو جناب زبیر احمد کی جگہ لیں گے۔

جناب امجد نے لندن اسکول آف اکنامکس اینڈ پولیٹیکل سائنسیز سے بی ایس (آنرز) کی ڈگری لی۔ علاوہ ازیں وہ آکسفورڈ یونیورسٹی برطانیہ اور فرانس میں انسٹیٹیوٹ (INSEAD) کے ایگزیکٹو پروگراموں میں بھی شریک رہے ہیں۔

جناب امجد نے اپنی پیشہ ورانہ زندگی کا آغاز 1998ء میں آئی سی آئی پاکستان لمیٹڈ سے کیا جو اس وقت آئی سی آئی پی ایل سی یو کے حصہ تھی اور بعد میں ایگزونوبیل کا حصہ رہی جو 2012ء میں یونیس برادرز گروپ کی ملکیت میں آنے سے پہلے تک فورچون 500 کمپنی تھی۔

جناب امجد ملٹی نیشنل کمپنیوں اور مقامی کمپنیوں میں فارماسیوٹیکل، اینیمل ہیلتھ، پینٹس اور آئی سی آئی میں پولیسٹر فائبرز اور سوڈا الیمینٹ سمیت کیمیکل بزنس میں کمرشل، سپلائی چین، اسٹریٹیجی اور آپریشنز کے مختلف نوعیت کے کاموں اور کاروبار کا 20 سال سے زائد عرصے کا تجربہ اپنے ساتھ لائے ہیں۔

بورڈ پُر اعتماد ہے کہ ان کا تقرر کمپنی کی ترقی اور کامیابیوں کے ایک نئے اور بے مثال دور کا نقیب بنے گا۔

## داخلی کنٹرول

کارکردگی اور اثربخیزی، فنانشل رپورٹنگ اور قابل نفاذ قوانین و ضوابط پر عمل درآمد کو یقینی بنانے کے لیے کمپنی کا مستحکم کنٹرول سسٹم موجود ہے۔ انتظامیہ اس نظام کی موثر نگرانی کرتی ہے جبکہ بورڈ کی آڈٹ کمیٹی رسک کی تشخیص کی بنیاد پر داخلی کنٹرول سسٹم کا جائزہ لے کر بورڈ کو رپورٹ دیتی ہے۔

## آڈیٹرز

کمپنی کے موجودہ آڈیٹرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے، جو دوبارہ تقرری کی اہل ہے، دوبارہ منتخب ہونے کی پیش کش کی، البتہ آڈٹ کمیٹی کی تجویز کے مطابق بورڈ آف ڈائریکٹرز نے بی او ڈی ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کو 31 دسمبر 2018ء کو ختم ہونے والے سال کے لیے باہمی رضامندی سے طے کی گئی فیس / مشاہرے پر کمپنی کا آڈیٹ مقرر کرنے کی سفارش کی ہے۔

## ڈائریکٹرز کی تربیت

سبکدوش ہونے والے بورڈ آف ڈائریکٹرز میں 31 دسمبر 2017ء تک 5 سرٹیفائیڈ ڈائریکٹرز تھے جبکہ مقررہ تعلیم و تجربے کی وجہ سے 2 ڈائریکٹرز مستثنیٰ تھے۔ چنانچہ کمپنی اس لازمی شرط کی مکمل پابندی کرتی تھی کہ بورڈ کے ڈائریکٹرز کی نصف تعداد سرٹیفائیڈ ڈائریکٹرز پر مشتمل ہو۔

رخصت ہونے والے ڈائریکٹرز	آنے والے ڈائریکٹرز
جناب منور حمید- ادبی ای	جناب وقار احمد ملک
جناب محمد اشرف باوانی	جناب عاطف ریاض بخاری
جناب عارف ریاض بخاری*	جناب نواد انور
جناب ہمایوں بشیر	جناب سراج دادا بھائی
جناب شاہد حفیظ کاردار	جناب سید حسن علی بخاری
جناب اینڈریو جیمس کک	جناب شیخ محمد عبداللہ
جناب گانا چھی سہرا نسیم این- سوامی	جناب شاہد محمود عمیرانی
جناب محمد سمیع اللہ صدیقی	جناب فیروز رضوی
محترمہ جہاں آرا سجاد احمد	جناب محمد زندہ معین مہاجر

\*عاطف ریاض بخاری 30 جنوری 2017ء کو بورڈ سے مستعفی ہو گئے تھے۔ اب ان کا تقرر نئے بورڈ میں دوبارہ کیا گیا ہے۔

آنے والے تمام ڈائریکٹرز نے بورڈ کی بقایا مدت کی تکمیل تک اس میں شمولیت اختیار کر لی ہے، جو 29 جنوری 2020ء کو ختم ہوگی۔

### بورڈ کی ہیئت ترکیبی

نئے تشکیل شدہ بورڈ کی ہیئت ترکیبی حسب ذیل ہے:

الف۔ آزاد ڈائریکٹرز 2

ب۔ نان ایگزیکٹو ڈائریکٹرز 7

بورڈ نے دو کمیٹیاں قائم کی ہیں جن کی تفصیل ”کارپوریٹ گورننس سیکشن“ میں رپورٹ کے صفحہ 44 پر دی گئی ہے۔

بورڈ نے بورڈ اور کمیٹیوں کے اجلاسوں میں شرکت کے لیے دیے جانے والے وقت کے لیے سی ای او کے معاوضوں کے تناسب سے ڈائریکٹرز کی فیسوں کا تعین کیا اور اس کی منظوری دی۔

### بورڈ کے چیئرمین کا تقرر

کمپنیز ایکٹ 2017ء کی دفعہ 192 کے تحت نئے بورڈ نے 7 جنوری 2018ء سے جناب وقار احمد ملک کا تقرر بطور نان ایگزیکٹو چیئرمین کیا، جو رخصت ہونے والے چیئرمین کی بقایا مدت تک کام کریں گے۔

## کی آپریٹنگ اور فنانشل ڈیٹا

گزشتہ 10 سال کے کی آپریٹنگ اور فنانشل ڈیٹا کا خلاصہ اس سالانہ رپورٹ کے صفحہ 54 پر دیا گیا ہے۔

### قومی خزانے میں حصہ

قومی خزانے میں کمپنی کے حصے کے بارے میں معلومات اس رپورٹ کے صفحہ 59 پر اسٹیٹمنٹ آف ویلوی ایڈیڈ میں دی گئی ہیں۔

### خدشات، غیر یقینی حالات اور تخفیفات

(رسک، ان سٹریٹجی اینڈ مٹی گیشنز)

### آپریٹنگ رسکس

کمپنی اخلاقیات، تحفظ اور معیاری ضمانت کے اعلیٰ معیارات پر کاربند ہے اور اپنے کسٹمرز کو مصنوعات اور خدمات کی بلا تعلق فراہمی کا یقین دلاتی ہے۔ سیلز اور منافع میں مسلسل اضافہ ظاہر کرتا ہے کہ کسٹمرز ہم پر بھرپور اعتماد کرتے ہیں۔

اے ایس یو (ASU) مصنوعات کی پروڈکشن میں قلت کے اندیشے کو مینوفیکچرنگ کی نئی حکمت عملی کے ذریعے کم کیا جائے گا جو حال میں وضع کی جا رہی ہے۔ سپلائی کے شعبے میں کمپنی کو گزشتہ چند سال کے دوران توانائی کی قلت کا سامنا تھا جسے اب نمایاں طور پر بہتر بنایا گیا ہے اور آئندہ برسوں کے دوران اس میں مزید بہتری کی توقع ہے۔

### فنانشل رسکس

کمپنی کے مالی اثاثوں اور قرضہ جات میں مجموعہ طور پر نقصان کا اندیشہ بہت محدود ہے۔ کمپنی یقین رکھتی ہے کہ اسے قرضوں کے کسی بڑے نقصان کا سامنا نہیں ہے، کیونکہ اس قسم کے نقصان کے اندیشے کو کسٹمرز کو دی گئی قرض کی حد کے ذریعے کنٹرول کیا جاتا ہے۔ کمپنی کو درپیش ممکنہ مالی نقصان کے اندیشوں اور ان پر قابو رکھنے کی وضاحت فنانشل اسٹیٹمنٹ کے نوٹ 34 میں دی گئی ہے۔

### کمپلائنس رسکس

آپ کے بورڈ اور انتظامیہ نے قابل اطلاق قوانین اور ضابطوں کی پابندی کے لیے مستحکم انتظامی بندوبست اور قانونی ڈھانچہ نافذ کیا ہوا ہے جو کام کے بین الاقوامی معیارات پر بھی پورا اترتا ہے۔

### بورڈ کی تبدیلی

ادیر اور اس کے ملحقہ اداروں کی جانب سے کمپنی میں بی اوسی گروپ لمیٹڈ کے تمام شیئرز کے حصول کے بعد 7 جنوری 2018ء سے بورڈ آف ڈائریکٹرز میں درج ذیل تبدیلیاں واقع ہوئی ہیں:

241,637	
137,713	سال کا کل منافع منقسمہ بحساب 5.5 روپے فی شیئر
	ای پی ایس۔ برائے سال 2017ء 9.59 روپے (2016ء: 8.66 روپے)

## ہولڈنگ کمپنی کی تبدیلی

31 دسمبر 2017ء تک کمپنی دی بی اوسی گروپ لمیٹڈ یو۔ کے۔ (دی بی اوسی گروپ) کی ذیلی کمپنی تھی، جبکہ اس کی حتمی سرپرست کمپنی Linde اے۔ جی جرمنی (Linde AG) تھی۔

ادیرا کیپیٹل ہولڈنگز (پرائیویٹ) لمیٹڈ اور اس کے ملحقہ اداروں کی طرف سے 7 جنوری 2018ء کو شیئرز کی اکثریت کے حصول کے بعد 7 جنوری 2018ء سے یہ بی اوسی گروپ کی ذیلی کمپنی نہیں رہی ہے، اور اس کے منطقی نتیجے کے طور پر Linde اے۔ جی جرمنی اب اس کی سرپرست کمپنی نہیں ہے۔ اب کمپنی کے اکثریتی شیئرز ادیرا کیپیٹل ہولڈنگز (پرائیویٹ) لمیٹڈ اور اس کے ملحقہ اداروں کی ملکیت ہیں۔

## کمپنی کے نام کی تبدیلی

46 برسوں (1949ء تا 1995ء) کے دوران پاکستان کی گیسز کی صنعت میں کمپنی پاکستان آکسیجن کے نام سے جانی جاتی رہی۔ سابقہ ماکان کی طرف سے پہلی بار اس کا نام، ”بی اوسی پاکستان لمیٹڈ“ اور بعد میں ”Linde پاکستان لمیٹڈ“ رکھا گیا تھا۔ ”پاکستان آکسیجن لمیٹڈ“ کے طور پر مارکیٹ میں کمپنی نہ صرف تسلیم شدہ حیثیت کی حامل ہے بلکہ ان تمام شعبوں میں جہاں اس کی عملداری ہے، بطور لپڈر اس کی حیثیت مستحکم ہے۔ ”پاکستان آکسیجن لمیٹڈ“ کے نام سے وابستہ قابل قدر ورثے کو مد نظر رکھتے ہوئے نئے بورڈ آف ڈائریکٹرز نے کمپنی کے اصل نام اور شناخت کو بحال کرنے اور کمپنی کا نام تبدیل کر کے ”پاکستان آکسیجن لمیٹڈ“ کرنے کا فیصلہ کیا، جو گیسز کی صنعت میں مضبوط و مستحکم برانڈ کی شناخت اور قابل قدر ورثے کا حامل ہے۔

## بیلنس شیٹ کے بعد کے واقعات

درج بالا واقعات کے سوا، 31 دسمبر 2017ء کے بعد کوئی قابل ذکر واقعہ پیش نہیں آیا۔



## اجتماعی سماجی ذمے داری (CSR)

سال 2017ء کے دوران میں کمپنی نے اسپتالوں، ایس او ایس ٹیکنیکل ولج کی مالی مدد کی اور ایس او ایس ولج کراچی کے ایک نو نھال کے نصف سال کے اخراجات برداشت کیے۔

جرمنی کے ادارے جی آئی زیڈ (GIZ) اور یورپی یونین کے ووکیشنل اینڈ ٹیکنیکل ٹریننگ پروگرام کی امداد جاری رہی۔ 2017ء میں امن ٹیک کے ذریعے پانچ اپریٹیز کو آن دی جاب ٹریننگ (OJT) فراہم کی گئی اور انہیں وظیفہ ادا کیا گیا۔

## منافع منقسمہ کی تقسیم اور ڈیویڈنڈ کی قانونی ادائیگی

کمپنی کے بورڈ آف ڈائریکٹرز نے 31 دسمبر 2017ء کو ختم ہونے والے سال کے لیے 5.5 روپے فی شیئر منافع کی ادائیگی کی سفارش کی جو 26 اپریل 2018ء کو منعقد ہونے والے ارکان کے 69 ویں سالانہ اجلاس عام کی منظوری سے مشروط ہے۔ اس منافع منقسمہ کو آئندہ سال کے مالی گوشوارے میں ظاہر کیا جائے گا۔ ڈائریکٹرز نے منافع کی قانونی ادائیگی کی جو منظوری دی ہے وہ حسب ذیل ہے:

روپے (ہزار میں)	
187,561	غیر تخصیص شدہ منافع برطابق 31 دسمبر 2016ء
(87,636)	حتمی منافع منقسمہ برائے سال ختم 31 دسمبر 2016ء بحساب 3.50 روپے فی شیئر
(99,925)	جنرل ریزرو میں منتقلی
240,033	خالص منافع بعد از ٹیکس برائے سال 2017ء
1,604	دوبارہ جانچ: خالص ایکچوزریل آمدنی جو دیگر جامع آمدنی میں شمار کی گئی
241,637	تخصیص کے لیے قابل تصرف منافع
241,637	غیر تخصیص شدہ منافع منقسمہ کی منتقلی برائے اگلی ادائیگی
	ذیلی اثرات:
137,713	مجوزہ حتمی منافع منقسمہ بحساب 5.5 روپے فی شیئر
103,924	جنرل ریزرو میں منتقلی

ہے۔ مسابقت کے باوجود کمپنی ڈسٹری بیوٹر، نوڈ اینڈ بیور بیجز، کیمیکلز اور گلاس کے شعبوں میں کسٹمر پرتوجہ مرکوز رکھتے ہوئے اور اختراعی ویلیو ایڈڈ خدمات کے ذریعے اپنا مارکیٹ شیئر برقرار رکھنے میں کامیاب رہی۔

## ویلڈنگ اور دیگر

زوڈیان، فورٹیکس اور میناڈور جیسے ہمارے موجودہ برانڈز بدستور مارکیٹ لیڈرز ہیں، جن کی وجہ سے ہمارے ویلڈنگ پورٹ فولیو کی سلیز میں گزشتہ سال کے مقابلے میں اس سال 20 فیصد اضافہ ہوا۔ کمپنی نے انفراسٹرکچر ڈویلپمنٹ کے کلیدی منصوبوں، بڑے پیمانے کی مینوفیکچرنگ اور چینلز کے لیے بہتر مصنوعات کی فراہمی پرتوجہ مرکوز رکھی۔ اسمگل شدہ پروڈکٹس کی سستی دستیابی کی وجہ سے ویلڈنگ کی مصنوعات کی مارکیٹ بدستور منفی اثر میں رہی۔

## آپریشنز

آپریشنل لاگت کم اور پیداواریت میں اضافے کے لیے کمپنی نے اپنی پروڈکشن سائٹس اور دیگر سہولتوں پر مینوفیکچرنگ کی بہتر استعداد کے اقدامات جاری رکھے۔ کنٹرول سسٹم میں جدید تبدیلیوں کے بعد اسپین (ASPEN) 1000 پلانٹ کی کارکردگی مزید بہتر ہوئی جس کے نتیجے میں گزشتہ سال کے مقابلے میں اس سال 17 فیصد زیادہ ریکارڈ پیداوار حاصل کی گئی۔ ہیلتھ کیئر کے کاروبار میں ایشیا کی بروقت فراہمی یقینی بنانے اور مختصر نوٹس پر مصنوعات فراہم کرنے کے لیے پورے ملک میں ہیلتھ کیئر کی تنصیبات کو نمایاں طور پر ترقی دی گئی۔

سال کے دوران میں کمپنی کے تمام پلانٹس محفوظ، تسلی بخش اور قابل اعتماد طور پر کام کرتے رہے۔ پورٹ قاسم کے CO2 پروڈکشن پلانٹ پر نوڈ سیفٹی اسٹینڈرڈ سرٹیفیکیشن (the FSSC 22000) سمیت تمام پروڈکشن سائٹس پر کوالٹی مینجمنٹ سرٹیفیکیشن (ISO 9001) کے معیارات برقرار رکھے گئے۔

## انسانی وسائل

کام کی جگہ پر تنوع قائم رکھنا نہ صرف کمپنی کا پختہ عزم ہے بلکہ وہ اس کی قدر و اہمیت کو اولیت دیتی ہے۔ ہم ملازمین کے درمیان نسل، مسلک، ثقافت، ازدواجی حیثیت یا صنف کی بنیاد پر عدم امتیاز کی پالیسی پر سختی سے عمل پیرا ہیں۔ معذوری کو ملازمت میں رکاوٹ نہیں سمجھا جاتا۔ ان اصولوں کی پاسداری کے ساتھ ملازمین کا انتخاب ان کی پیشہ ورانہ مہارت، پیشے میں آگے بڑھنے کی اہلیت اور سونپی گئی ذمہ داری خوبی کے ساتھ ادا کرنے کی صلاحیت کی بنیاد پر کیا جاتا ہے۔

کمپنی کا 6 سے 8 ہفتوں کا انٹرن شپ پروگرام بزنس اور انجینئرنگ یونیورسٹیز کے باصلاحیت طلبہ کو سیکھنے اور تربیت حاصل کرنے کا موقع فراہم کرتا ہے۔ منتخب انٹرنز کو سینئر ایگزیکٹوز کی زیر نگرانی، مخصوص پروجیکٹس دیے جاتے ہیں، جو انٹرنز کے منصوبوں کی کامیابی تک تکمیل تک مسلسل جاری بنیاد پر ان کی رہنمائی کرتے ہیں۔

کنٹری ایکسپلینس ایوارڈز 2017 کی سالانہ تقریب 'جوش، جرات اور یقین' (Passion, Courage and Belief) کے عنوان سے منعقد کی گئی جس کی درجہ بندی کمپنی کی اقدار اور کاروبار میں فضیلت و برتری کی بنیاد پر نو مختلف کیٹیگریز میں کی گئی تھی۔ ہر کیٹیگری کے فاتحین کو انعامات سے نوازا گیا۔

اضافے اور آپریشنز لاگت میں کمی کے لیے اٹھائے گئے اقدامات کا نتیجہ ہے۔ آپریٹنگ منافع 4 فیصد زیادہ ہے جبکہ ایک مرتبہ کے اخراجات کو شامل کرنے سے پہلے یہ گزشتہ سال کے مقابلے میں 10 فیصد زیادہ تھا۔ ایک مرتبہ کے اخراجات میں ری برانڈنگ اور عدم سرمایہ کاری کے 20 ملین اخراجات اور ملکیت کی تبدیلی سے پہلے دی لٹڈ سے گروپ کی واجبات کی حتمی ادائیگیوں پر 20 ملین روپے کا ایکسچینج خسارہ شامل ہے۔

240 ملین بعد از ٹیکس منافع گزشتہ سال کے مقابلے میں 11 فیصد زیادہ تھا۔ 31 دسمبر 2017ء کو ختم ہونے والے سال کے لیے نی شیئر آمدنی (EPS) 9.59 روپے تھی جو گزشتہ سال کے 8.66 روپے کے مقابلے میں 11 فیصد زیادہ تھی۔

### تحفظ، صحت، ماحول اور معیار (SHEQ)

پاکستان آکسیجن نے 28 اپریل 2017 کو منائے جانے والے ورلڈ سیفٹی ڈے کے موقع پر پاور اینڈ ٹیلیٹی کے شعبے میں ایسپلائرز فیڈریشن آف پاکستان سے "بیسٹ سیفٹی پریکٹس ایوارڈ" حاصل کیا۔ آپ کی کمپنی نے بھی اپنے کسٹمرز کے ساتھ یہ دن اپنی تمام سائٹس پر منایا۔

گزشتہ کئی برسوں سے جاری ماحول اور توانائی کے تحفظ اور بچت کے اقدامات کی وجہ سے فضلات کے اخراج کو نیشنل انوائرنمنٹ کوالٹی اسٹینڈرڈز (NEQS) کی حدود کے اندر رکھنے میں خاطر خواہ کامیابی ہوئی ہے۔

### سیلز

#### ہیلتھ کیئر

ہیلتھ سٹریٹجی کیل میمورینڈم (HTM) اسٹینڈرڈز، ڈیجیٹلائزیشن متعارف کرنے اور اسپتالوں کو میڈیکل گیسز کی فراہمی میں نگرانی، منصوبہ بندی اور تلاش کے اختراعی حلوں میں کی گئی سرمایہ کاری کے منافع بخش نتائج برآمد ہوئے۔ اس اقدام سے میڈیکل گیسز کی خریداری کے عمل کا معیار بہتر ہوا اور ویلویو ایڈڈ خدمات اور بین الاقوامی معیارات کو مستحکم کرنے میں مدد ملی۔ ان اقدامات سے ہیلتھ کیئر کے کاروبار نے ہماری مصنوعات کے معیار، ڈیجیٹلائزیشن کا استعمال کرتے ہوئے ممتاز اور بہتر خدمات کی بنیاد پر بہترین کارکردگی (25 فیصد تک اضافہ) کا مظاہرہ کیا۔ میڈیکل پائپ لائن سسٹم اور انسٹالیشنز میں بھی مثبت ترقی ریکارڈ کی گئی۔

#### انڈسٹریل گیسز

لیکوئیڈ نائٹروجن کے استعمال سے فوڈ چلنگ اپیلیکیشنز کا میاب تجربات کے بعد آپریشنز ہو گئی ہے، یہ پاکستان میں اپنی نوعیت کی پہلی اپیلیکیشن ہے، جو کمپنی کے لیے نئے مواقع پیدا کرے گی۔

سخت مسابقی مارکیٹ کے باوجود اس سگمنٹ میں بنیادی طور پر اسٹیل، شپ بریکنگ اور مینوفیکچرنگ کے شعبوں میں گزشتہ سال کے مقابلے میں بہتر کارکردگی دیکھنے میں آئی۔ سی پیک، اورنج لائن، میٹرو، سڑکوں کی تعمیر اور پاور پلانٹس کے منصوبوں کی وجہ سے ملک میں تعمیراتی سرگرمیوں میں نمایاں اضافہ ہوا ہے جس سے اسٹیل کا شعبہ نمونہ پارہا ہے۔ نئے کاروبار کی آمد سے فوڈ اور بیورجز کے شعبے کی مارکیٹ وسیع ہو رہی ہے اور اس میں بھی نمودیکھی جا رہی ہے، جس کی وجہ سے نائٹروجن کے استعمال میں اضافہ ہوا

## ڈائریکٹرز کا جائزہ

آپ کی کمپنی کے ڈائریکٹرز بمسرت سالانہ رپورٹ مع کمپنی کے آڈٹ شدہ مالیاتی گوشوارہ برائے سال ختم شدہ 31 دسمبر 2017ء پیش کرتے ہیں۔

جیسا کہ پاکستان اسٹاک ایکسچینج (PSX) میں پہلے اطلاع دی جا چکی ہے، سال کے اختتام کے بعد 7 جنوری 2018ء کو ادیرا کیپٹل ہولڈنگز (پرائیویٹ) لمیٹڈ اور اس کے ملحقہ اداروں نے شیئرز پر چیز ایگریمنٹ (SPA) کے تحت Linde اے۔ جی، جرمنی کی ذیلی کمپنی دی بی اوسی گروپ یو۔ کے۔ کے تمام 60 فیصد شیئرز اور پبلک ٹینڈر آفر کے ذریعے 20 فیصد اضافی شیئرز حاصل کر لیے ہیں۔ اس تبدیلی کے بعد نیا بورڈ آف ڈائریکٹرز تشکیل دیا گیا۔ رخصت ہونے والے چیف ایگزیکٹو آفیسر جناب ایم۔ اشرف بادانی 7 جنوری 2018ء کو سبکدوش ہو گئے۔ بورڈ نے جناب زبیر احمد کو کمپنی کا قائم مقام چیف ایگزیکٹو آفیسر مقرر کیا۔ 16 فروری کو بورڈ نے جناب متین احمد کو کمپنی کا چیف ایگزیکٹو آفیسر اور بیجنگ ڈائریکٹر مقرر کیا، یہ تقرری 26 مارچ 2018ء سے موثر ہے۔ نیا بورڈ آف ڈائریکٹرز سبکدوش ہونے والے ڈائریکٹرز کی خدمات کا اعتراف کرتا ہے اور ان کا شکریہ ادا کرتا ہے۔

کمپنی کی ملکیت کی تبدیلی کے بعد 7 فروری 2018ء سے کمپنی کا نام بھی پاکستان آکسیجن لمیٹڈ ہو گیا ہے۔

## معاشی صورت حال

2017ء میں مجموعی ملکی پیداوار (GDP) 5.8 فیصد رہی جو گزشتہ سال کے مقابلے میں نمایاں طور پر زیادہ ہے۔ بڑے پیمانے کی مینوفیکچرنگ (LSM) میں بھی جولائی تا نومبر 2018ء مثبت اور وسیع البناد 7.2 فیصد شرح نمو دیکھی گئی جو مالی سال 2017ء میں 5.7 فیصد تھی۔ ترقیاتی اخراجات میں اضافے، سی پیک سے متعلق منصوبوں، مستحکم اور کم لاگت قرضوں، توانائی کی بہتر فراہمی اور سیکورٹی کی بہتر صورت حال سے صنعتی پیداواری سرگرمیوں میں مزید اضافہ متوقع ہے۔ میکرو اکنامک اشاریوں کی بہتری کے ساتھ توانائی کی بہتر صورت حال، ترقیاتی اخراجات میں اضافے، صنعتی شعبے کی توسیع اور سی پیک سے متعلق سرگرمیوں کی وجہ سے بڑے پیمانے کی مینوفیکچرنگ کو مدد ملے گی۔

## کمپنی کی کارکردگی کا جائزہ

کمپنی مینوفیکچرنگ اور صنعتی و میڈیکل گیسز، ویلڈنگ الیکٹروڈز کی فروخت اور طبی آلات کی تنصیب اور مارکیٹنگ کے کاروبار میں فعال ہے۔ سال کے دوران خالص فروخت 4.4 بلین روپے ریکارڈ کی گئی جو گزشتہ سال کے مقابلے میں 12 فیصد یا 418 ملین روپے زیادہ ہے۔ سخت مسابقتی مارکیٹ کے باوجود کاروبار کی اس نمو میں تمام شعبوں کا حصہ ہے۔ ہیلتھ کیئر کے شعبے میں فروخت کی شرح نمو گزشتہ سال کے مقابلے میں 25 فیصد زیادہ رہی اور یہ اضافہ تمام مصنوعات میں دیکھا گیا۔ صنعتی شعبے میں فروخت کی نمو 4 فیصد رہی (جو بغیر CO2 کے 7.5 فیصد ہے) جس کی وجہ ہمارے پلائس کی محدود استعداد اور تھرڈ پارٹی سے مصنوعات کی خریداری ہے۔ ویلڈنگ اوٹھوس ایشیا کے شعبے میں نمو گزشتہ سال کے مقابلے میں 20 فیصد زیادہ رہی۔ سال 2017ء میں آپ کی کمپنی کا مجموعی منافع 992 ملین روپے رہا جو گزشتہ سال سے 11 فیصد زیادہ ہے۔ منافع میں یہ اضافہ زیادہ فروخت، مینوفیکچرنگ کی استعداد میں

## MANAGEMENT TEAM



**Matin Amjad**  
Chief Executive Officer  
(w.e.f 26 March, 2018)



**Zubair Ahmad**  
Acting Chief Executive Officer &  
Head of Sales & Marketing Bulk



**Syed Ali Adnan**  
Chief Financial Officer



**Farried Aman Shaikh**  
Head of Sales &  
Marketing PGP &  
Hardgoods



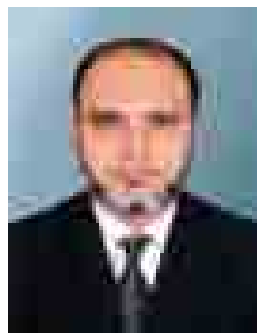
**Mazhar Ali**  
Head of Sales & Marketing  
Healthcare



**Muhammad Salim Sheikh**  
Head of HR



**Mashhood Zia**  
Head of SHEQ



**Arshad Manzor**  
Head of IS

# CORPORATE GOVERNANCE

Pakistan Oxygen Limited (formerly Linde Pakistan Limited) (the "Company") attaches great importance to good corporate governance and operates its business in full compliance with the best practices of laws, listing regulations and statutory guidelines, as applicable to companies listed on Pakistan Stock Exchange, as well as articles of association of the Company, internal policies and procedures formulated by the Board of Directors. The governance of the Company is further strengthened by its code of ethics, risk management and sound internal control system which ensures objectivity, accountability and integrity. The Company continuously strives towards betterment of its governance in order to perpetuate it into generating long term economic value for its shareholders, customers, employees, other associated stakeholders and the society as a whole.

## Compliance Statement

The Board of Directors has complied with the Code of Corporate Governance, the requirements of Pakistan Stock Exchange Regulations and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors have confirmed that the following has been complied with:

- a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- e) The Company maintains sound internal control system which provides reasonable assurance against any material misstatement or loss. Such system is monitored effectively by the management; while the Board Audit Committee reviews internal control based on assessment of risks and reports to Board of Directors.

- f) There are no significant doubts upon the Company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data of last 10-year in a summarized form is given on page number 54 of this annual report.
- i) Information about outstanding taxes and levies is given in the notes to the financial statements.
- j) Information with respect to significant business plans and decisions for the future prospects of profits have been stated in the Directors Report as approved by the Board.
- k) The value of net asset available as benefits in the staff retirement funds as per their respective financial statements is as follows:

Name of Funds	Un-audited	Audited
Staff Provident Fund	--	Rs 150 million as at 31 July 2017
Employees' Gratuity Fund	Rs 115 million as at 31 December 2017	Rs 140 million as at 31 December 2016
Management Staff Pension Fund	Rs 84 million as at 31 December 2017	Rs 83 million as at 31 December 2016
Management Staff Defined Contribution Pension Fund	Rs 156 million as at 31 December 2017	Rs 155 million as at 31 December 2016

## Board of Directors

Following the acquisition of entire shareholding of The BOC Group Limited – UK (a subsidiary of Linde AG, Germany) in the Company 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 Ahmed Dadabhoy (Adira and Affiliates) on 7 January 2018, the Board was reconstituted comprising a well-balanced mix of non-executive and independent Directors with the requisite skills, competence, knowledge and experience so that the Board as a group includes core competencies and diversity, considered relevant in the context of the Company's operations. It has nine non-executive Directors including two independent Directors. The Chairman of the Board, who is non-executive, ensures that the Board plays an effective role in fulfilling all its responsibilities while



the non-executive Directors constructively challenge and help in formulating strategy.

During the year seven (7) meetings of the Board of Directors, five (5) meetings of its Audit Committee and three (3) meetings of the Human Resource & Remuneration Committee were held. Attendance by each Director in the meetings of the Board and its Committees is as follows:

Name of Directors	Board of Directors	Audit Committee	Human Resource & Remuneration Committee
	Total number of meetings held during the year/Attendance (2017)		
	7	5	3
1. Mr Munnawar Hamid OBE	7/7	--	2/3
2. Mr M Ashraf Bawany	7/7	--	3/3
3. Mr Atif Riaz Bokhari*	--	--	--
4. Mr Humayun Bashir	7/7	5/5	--
5. Mr Shahid Hafiz Kardar	6/7	4/5	--
6. Mr Andrew James Cook	5/7	4/5	3/3
7. Mr Ganapathy Subramanian NarayanaSwamy	6/7	3/5	3/3
8. Mr Muhammad Samiullah Siddiqui	7/7	--	--
9. Ms Jahanara Sajjad Ahmad**	6/7	--	--

\* Mr Atif Riaz Bokhari resigned from the Board wef 30/01/17

\*\* Ms Jahanara Sajjad Ahmad was elected as Director wef 30/01/17

Leave of absence was granted to Directors who could not attend meetings.

### Role and Responsibility of the Chairman and Chief Executive

The Board of Directors has clearly defined the respective roles and responsibilities of the Chairman (Non-Executive) and the Chief Executive.

The role of the Chairman is primarily to manage the Board, its various Committees and their respective processes to ensure effective oversight of the Company's operations and performance in line with strategy, to discharge its various fiduciary and other responsibilities. The Chief Executive is responsible for all matters pertaining to the operations and functioning of the Company.

### Committees of the Board

The Committees of the Board act in line with their respective terms of reference as determined by the Board. These Committees assist the Board in discharge of its fiduciary responsibilities.

#### Audit Committee with brief terms of reference

Board Audit Committee (BAC) assists the Board in fulfilling its responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders and complying with all relevant statutory requirements and best practices of the code of corporate governance. BAC also ascertains that internal control systems are adequate and effective, and reports matters of significance to the Board. BAC is authorized to call for information from management and to consult directly with independent professionals as considered appropriate.

Following the change of management and control of the Company, BAC was reconstituted on 7 January 2018 comprising the four Non-Executive Directors including its Chairman who is an Independent Director and financially literate. The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and a representative of External Auditors attend the meetings by invitation. The Committee meets the External Auditors without the Chief Financial Officer and the Head of Internal Audit being present. The Audit Committee also meets the Head of Internal Audit and other members of the internal audit function, at least once in a year, without the Chief Financial Officer and the External Auditors being present. The present members of BAC are as follows:

1. Mr Muhammad Zindah Moin Mohajir	Chairman	Independent Director
2. Mr Fawad Anwar	Member	Non-Executive Director
3. Mr Feroz Rizvi	Member	Independent Director
4. Sheikh Muhammad Abdullah	Member	Non-Executive Director

Mr Mazhar Iqbal, Company Secretary, is the Secretary of the Committee.

#### Human Resource & Remuneration Committee (HR&RC)

HR&RC assists the Board in the effective discharge of its responsibilities in matters relating to appointments

of senior executives and their remuneration as well as management performance review, succession planning and career development.

The HR&R Committee was also reconstituted on 7 January 2018 consequent upon change of Board of Directors comprising 4 non-executive directors including the Chairman who is an Independent Director. The present members are as follows:

1. Mr Feroz Rizvi	Chairman	Independent Director
2. Mr Atif Riaz Bokhari	Member	Non-Executive Director
3. Syed Hasan Ali Bukhari	Member	Non-Executive Director
4. Mr Shahid Mehmood Umerani	Member	Non-Executive Director

The Secretary of the Committee is Mr M Salim Sheikh, Head of HR.

### Share Transfer Committee

The Committee approves registration, transfers and transmission of shares, a summary of which is subsequently notified to the Board.

This Committee was also reconstituted consisting of two directors as follows:

1. Mr Muhammad Zindha Moin Mohajir	Chairman	Independent Director
2. Mr Zubair Ahmad	Member	Chief Executive Officer (Acting)

The Secretary of the Committee is Mr Wakil Ahmed Khan, Manager – Corporate Services

### Engagement of Directors in other companies/entities

#### Mr Waqar Ahmed Malik

- Engro Corporation Limited – Director
- TPL Direct Insurance Limited – Director
- TPL Life Insurance – Director
- Adira Capital Holdings (Private) Limited – Director
- Noesis (Private) Limited – Director
- Advisory Board of Institute of Business Administration – Member
- I – Care Pakistan – Trustee

#### Mr Fawad Anwar

- BankIslami Pakistan Limited – Vice Chairman
- Al-Karam Textile Mills (Private) Limited – Managing Director
- Lakeside Energy (Private) Limited – Director
- Adira Capital Holdings (Private) Limited – Director/Chief Executive Officer
- Alpha Beta Capital Markets (Private) Limited – Director

- TPL Properties Limited – Director
- Board of Investment (BOI) Pakistan – Member
- YPO-WPO Pakistan – Member

#### Mr Atif Riaz Bokhari

- Adira Capital Holdings (Private) Limited – Director
- Gas and Oil Pakistan Limited – Director

#### Mr Siraj Ahmed Dadabhoy

- Adira Capital Holdings (Private) Limited – Director
- BankIslami Pakistan Limited – Director
- Alpha Beta Capital Markets (Private) Limited – Director
- TPL Properties Limited – Director

#### Syed Hasan Ali Bukhari

- Bank Al Habib Limited – Director
- Hilton Pharma (Private) Limited – Advisor
- Hilton Pharma Staff Provident Fund – Trustee

#### Sheikh Muhammad Abdullah

- Nil

#### Mr Shahid Mehmood Umerani

- Valustrat Consulting Group - Chairman
- Fiducia Capital Limited - Director

#### Mr Feroz Rizvi

- Pakistan Institute of Corporate Governance – CEO & President
- Engro Polymer and Chemicals Limited – Director
- Atlas Insurance Limited – Director

#### Mr Muhammad Zindha Moin Mohajir

- Wyeth Pakistan Limited – Director
- Overseas Investors Chamber of Commerce and Industry - Deputy Secretary General

#### Mr Zubair Ahmad

- BOC Pakistan (Private) Limited – CEO & Chairman

### Internal and External Audit

#### Internal Audit

At Pakistan Oxygen, Internal Audit aims to assist the Board of Directors and management in discharging their responsibilities by identifying and carrying out independent, objective audits as well as consultancy services aimed at creating value and improvement of business processes. It helps the organisation to achieve its objectives by assessing and helping



to improve the effectiveness of risk management, control mechanisms and the governance, management and monitoring of processes through a systematic and targeted approach.

To maintain the highest level of independence, Internal Audit has a functional reporting relationship directly to the Board Audit Committee (BAC). Such a reporting structure allows the Pakistan Oxygen Head of Internal Audit to be completely independent from the Company's operations and to receive appropriate support in fulfilling the required role. In addition, the Head of Internal Audit has unrestricted access to the Board Audit Committee Chairman, the Managing Director and the Chief Financial Officer of the Company to ensure that effective reporting and communication lines exist and guidance is sought as required. In order to ensure transparency of Internal Audit, all reports are shared with the External Auditors and all material findings from both internal and external audits are fully analyzed and discussed.

The BAC reviews all Internal Audit reports which are also discussed in detail with the BAC Chairman regularly. The work of Internal Audit is focused on areas of material risks to the company, determined on the basis of a risk based planning approach.

The Internal Audit follows the key principles of objectivity in gathering, assessment and communication of findings; independence from the audited entity; unlimited access to relevant information; integrity in execution of its functions and confidentiality. Internal Audit also follows the Company's Code of Ethics.

### **External Audit**

Shareholders appoint the external auditors on a yearly basis at the annual general meeting of the Company as proposed by the Audit Committee and recommended by the Board of Directors. The annual financial statements are audited by such independent external auditors (KPMG) and half-year financial reports are subject to a review by the same firm. In addition to conducting audits and reviews, the auditors also report on any matters arising from the audit particularly in the key areas of focus.

### **Best Corporate Practices**

The Company is committed to integrity in all its business dealings. This is non-negotiable. Integrity and ethical values are prerequisites for everyone at the

Company.

Governance standards and best corporate practices are regularly reviewed and updated by the Board to ensure their effectiveness and relevance in line with the Company's objective including implementation thereof.

The Board with active participation of all members in its meetings formulates and approves policies, strategies, business plans and provides guidance on operations and matters of significant importance. Additionally, the Board sets compliance with all applicable legal and listing requirements as a priority.

We have zero tolerance for corruption. The Company has in place an Anti-Corruption Compliance Guide (ACCG). The ACCG is designed to help employees conduct business in a legal and legitimate way and avoid violations of the Code of Ethics. It offers guidance to our employees on the granting and receiving of benefits, such as gifts, meals and invitations to events that are prevalent in all cultures in general business dealings and thereby aims to minimize the risk of corruption in our business.

### **Insider Trading**

The Company strictly observes 'closed period' prior to announcement of its interim and final results as prescribed in the Code of Corporate Governance during which no director, CEO, CFO, Company Secretary, Head of Internal Audit or designated executives as determined by the Board and their spouses can directly or indirectly deal in the shares of the Company.

During the year under review, no trading in the shares of the Company was carried out by its directors, Chief Executive, Chief Financial Officer, Company Secretary and Head of Internal Audit and their spouses. However, two designated executives traded in the shares of the Company during the year under review and the same was reported in accordance with the requirement of the Rule Book of Pakistan Stock Exchange Limited.

### **Competition Law**

The Company strongly believes in free and fair competition as embodied in its Code of Ethics. The Company fully supports healthy competition in the country and aggressively but fairly competes with its competitors staying within the bounds of applicable

laws. At Pakistan Oxygen, we endeavor to win a business in a legitimate manner and to provide better products & services to our customers.

The Legal & Secretarial Department of the Company also endeavors to keep all the functional heads of the Company well informed of the importance of the competition laws and shares with them all related news items that appear from time to time in the press to ensure compliance with the competition laws.

### **Disclosure and Transparency**

The Company in compliance with the legal and listing requirements treats all its shareholders equally. For the purpose of transparency, the Company always aims to provide shareholders and public up-to-date information about its business activities through the stock exchange, the press, its website and periodic published financial statements as the case may be. The Company also publishes a financial calendar, which appears in its annual report, showing a tentative schedule for the announcement of financial results to be made in a calendar year.

Moreover, the Company follows the Companies Act, 2017 and applicable International Financial Reporting Standards (IFRS) and endeavors to provide as much supplementary information in the financial statements as possible.

### **Material Interests of Board of Directors**

At the time of election/appointment and thereafter, on an annual basis, each of the Directors is required to disclose his/her directorship or membership held in any other body corporate or firm in compliance with Section 205 of the Companies Act, 2017. List of offices held by the directors is maintained and updated as and when any change is notified by a director which helps determine the related parties.

### **Related Party Transactions**

The Company maintains a record of transactions entered into with related parties. All transactions with related parties are carried out at arm's length basis. The details of related party transactions are

placed before the Audit Committee and upon its recommendations the same is put up before the Board for review and approval.

### **Evaluation of the Board's Own Performance**

As required under the Code of Corporate Governance of the Rule Book of Pakistan Stock Exchange Limited, the Board, on the basis of a mechanism carries out annual evaluation of its own performance. The mechanism is designed to assess and identify strengths and weaknesses in the performance of the Board covering sound corporate governance practices, strategy, roles of the chairman & directors, objective settings, effectiveness of meetings of the Board and its committees.

### **Annual General Meeting**

The Company considers the annual general meeting as the most appropriate forum for open and transparent discussions with its shareholders where they get an opportunity to review business performance as well as financial information as contained in the annual report and accounts. The event not only provides an opportunity for the shareholders to raise questions to the directors present but is also an opportunity for informing the shareholders about the future direction of the Company. As the Company believes in transparency and disclosure of information for all its stakeholders, the Company, as required, gives notice of the general meeting in the press well before the prescribed time and offers free transportation service between a pre-designated generally convenient place and the venue of the meeting to encourage maximum attendance of its members at the general meeting.

### **Pattern of Shareholding**

The pattern of shareholding together with additional information thereon is given on pages 110 and 111 to disclose the aggregate number of shares with the break-up of certain classes of shareholders as prescribed under the corporate and financial reporting framework.

# STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

Year ended 31 December 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) as contained in the Pakistan Stock Exchange Regulations for establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

## Independent Directors\*

- Mr Feroz Rizvi
- Mr Muhammad Zindah Moin Mohajir
- Mr Humayun Bashir (Resigned wef 7/1/18)
- Mr Shahid Hafiz Kardar (Resigned wef 7/1/18)

## Executive Directors

- Mr Zubair Ahmad
- Mr Muhammad Ashraf Bawany (Resigned on 7/1/18)
- Mr Muhammad Samiullah Siddiqui (Resigned on 7/1/18)

## Non-Executive Directors\*\*

- Mr Waqar Ahmed Malik
- Mr Fawad Anwar
- Mr Atif Riaz Bokhari
- Mr Siraj Ahmed Dadabhoy
- Syed Hasan Ali Bukhari
- Sheikh Muhammad Abdullah
- Mr Shahid Mehmood Umerani
- Mr Munnawar Hamid – OBE (Resigned wef 7/1/18)
- Mr Andrew James Cook (Resigned on 7/1/18)
- Mr Ganapathy Subramanian Narayanaswamy (Resigned wef 7/1/18)
- Ms Jahanara Sajjad Ahmad (Resigned wef 7/1/18)

2. The outgoing directors have confirmed that none of them was serving as a director on more than seven listed companies, including this Company for the year ended 31 December 2017.
3. All the outgoing resident directors of the Company were registered as taxpayers and none of them had defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, had been declared as a defaulter by that stock exchange for the year ended 31 December 2017.
4. A casual vacancy occurred on the Board of the Company during the year under review and the same could not be filled up due to restrictions on the Company under the provisions of the then Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2008. However, the casual vacancy was filled up by the Board subsequent to completion of the acquisition of ownership of the Company on 7 January 2018.
5. As required, the Company has adopted a "Code of Ethics" and ensures that the directors and employees are familiar with the "Code of Ethics" which is also available on the Company's website.
6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of annual remuneration and terms and conditions of employment of the CEO and non-executive directors, have been taken by the Board.
8. The Board met seven (7) times this year including once in every quarter for consideration and approval of the financial statements. All seven meetings were presided over by the Chairman. Written notices of the board meetings, along with

\* The independent directors meet the criteria of independence as notified under Clause 5.19.1 (b) of the CCG.

\*\* Non-Executive directors were appointed wef 7 January 2018 in place of outgoing directors following the change in ownership of majority shareholder, The BOC Group Limited (the "Linde").

agenda and working papers, were circulated at least seven days before the meetings with the exception of emergent meetings where 7 days prior notice period was waived by the Board. The minutes of the meetings were appropriately recorded and circulated.

9. Directors are well conversant with the listing regulations, legal requirements and operational imperatives of the Company, and as such fully aware of their duties and responsibilities to effectively manage the affairs of the Company for and on behalf of shareholders. Moreover, newly appointed directors are provided with the copies of Listing Regulations, Memorandum & Articles of Association and Code of Corporate Governance while orientation session is also arranged for them to acquaint with the market situations, business objectives and affairs of the Company.
10. The Board of the Company had 5 certified directors while two were exempt on the basis of prescribed education and experience as at 31 December 2017. Accordingly, the Company was fully compliant with the mandatory requirement of having at least half of directors on its board certified. The Company shall, however, arrange training for rest of the directors to make the entire Board DTP certified as required.
11. No new appointment of Company Secretary, CFO and Head of Internal Audit had been made during the year. The Board had, however, approved their annual remuneration and terms and conditions of employment, as recommended by the Human Resource & Remuneration Committee of the Board. Following the change in ownership of majority shareholder, The BOC Group Limited (the "Linde"), new CFO was appointed by the Board of Directors on 7 January 2018.
12. The Directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by the CEO and CFO before approval of the Board. The half yearly and annual financial statements were also initiated

by the external auditors before presentation to the Board.

14. The directors, CEO and designated executives or their spouses do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
15. The Company has complied with all the corporate and financial reporting requirements of the CCG.
16. The Board Audit Committee had been in existence since May 2002. As at 31 December 2017, it comprised 4 members, all of whom were non-executive directors including the Chairman of the Committee who was also an independent director.  
  
Currently, Mr. Mazhar Iqbal, Company Secretary, is the Secretary to the Audit Committee.
17. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the Committee have been formed and advised to the Committee for compliance.
18. The Company had a Human Resource & Remuneration Committee of the Board. It had 4 members as on 31 December 2017. Of these, 3 were non-executive directors including the Chairman of the Committee while the CEO, an executive director, was also a member of the Committee in terms of clause 5.19.16(b) of the CCG.
19. The Company had an effective internal audit function for the year ended 31 December 2017. The appointed Head of Internal Audit was responsible for the work plan and reported the results of all Internal Audit activities to the Board Audit Committee. The Internal Audit function remained independent from the Company by having a reporting line to the Parent Company (Linde AG) and also direct access to the Chairman of the Board Audit Committee.
20. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of

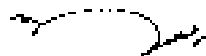
the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

21. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Listing Regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
22. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, CEO, CFO, Head of Internal Audit, designated Executives and Stock Exchange.
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
24. The Company has continued to present the details of all related party transactions before the Audit Committee and upon their recommendation to the board for review and approval. The definition of related party used is in accordance with repealed Companies

Ordinance, 1984 and applicable financial reporting frame work as the regulations under Section 208 of the Companies Act, 2017 have not yet been announced.

25. The Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list
26. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board



**Zubair Ahmad**  
CEO (Acting)

Karachi  
27 February 2018



**Waqar Ahmed Malik**  
Chairman



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Internet: www.kpmg.com.pk

**Review Report to the Members on the Statement of Compliance with  
the Code of Corporate Governance**

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Pakistan Oxygen Limited (formerly Linde Pakistan Limited) ("the Company") for the year ended 31 December 2017 to comply with the requirements of Listing Regulation of Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanisms. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended 31 December 2017.

Date: 27 February 2018

Karachi

**KPMG Taxon Hadi & Co.  
Chartered Accountants**

Pakistan Oxygen provides High Purity Helium, Hydrogen and Argon for MRI and PET Scans.



Steel industry is powered by gases supplied by Pakistan Oxygen with quality and reliability.



# TEN YEAR FINANCIAL REVIEW

	2008	2009	2010
	----- Rupees in '000 -----		
<b>Operating Results</b>			
Sales	2,453,341	2,307,741	2,530,022
Gross Profit	835,647	710,989	686,774
Profit from Operations	550,395	491,609*	413,224*
Profit before Taxation	547,693	374,284	375,026
Taxation	(145,587)	(122,672)	(131,201)
Profit after Taxation	402,106	251,612	243,825
Dividends	325,503	225,349	150,232
<b>Capital Employed</b>			
Paid-up Capital	250,387	250,387	250,387
Reserves and Unappropriated Profits	1,257,040	1,202,319	1,240,743
<b>Shareholders' Fund</b>	<b>1,507,427</b>	<b>1,452,706</b>	<b>1,491,130</b>
Deferred Liabilities	229,124	202,034	195,281
Long-term Liabilities & Borrowings (net of cash)	(221,477)	(384,745)	(355,569)
	<b>1,515,074</b>	<b>1,269,995</b>	<b>1,330,842</b>
<b>Represented by</b>			
Non-Current Assets	1,380,166	1,276,004	1,342,471
Working Capital	134,908	(6,009)	(11,629)
	<b>1,515,074</b>	<b>1,269,995</b>	<b>1,330,842</b>
<b>Statistics</b>			
Expenditure on fixed assets	417,354	123,421	311,453
Annual depreciation and amortisation	148,817	171,647	177,492
Earnings per share-Rupees	16.06	10.05	9.74
Dividend per share-Rupees (note 1)	13.00	9.00	6.00
Dividend cover ; times (note 1)	1.24 x	1.12 x	1.62 x
Net asset backing per share-Rupees	60.20	58.02	59.55
Return on average shareholders' fund (Based on profit after tax)	27.41%	17.00%	16.57%
Dividend on average shareholders' fund (note 1)	22.19%	15.23%	10.21%
Return on average capital employed (Based on profit before financial charges & tax)	39.66%	27.03%	29.01%
Price/earning ratio (unadjusted) - times	7.03	12.73	9.36
Dividend yield ratio (note 1)	11.52%	7.03%	6.59%
Dividend payout ratio (note 1)	80.95%	89.55%	61.61%
Fixed assets/turnover ratio	2.17	2.17	2.03
Debt/equity ratio	0:100	0:100	0:100
Current ratio	2.01	1.91	1.81
Interest cover - times	203.70 x	177.13 x	171.62 x
Debtors turnover ratio	17.15	14.86	15.72
Gross profit ratio (as percentage of turnover)	34.06%	30.81%	27.14%
Market value per share at year end	112.82	127.95	91.10

Note 1 includes proposed final dividend declared subsequent to the year end

\*Profit from operations represent operating profit before reorganisation / restructuring cost





2011	2012	2013	2014	2015	2016	2017
----- Rupees in '000 -----						
3,044,800	3,739,405	4,016,101	3,925,036	3,914,176	3,954,638	<b>4,412,652</b>
769,209	954,170	764,231	710,372	829,223	895,994	<b>991,727</b>
404,639	564,252*	350,459	295,078	351,619*	420,199	<b>435,398</b>
402,723	315,414	245,408	177,402	191,805	309,589	<b>340,021</b>
(139,848)	(39,125)	(63,941)	(50,515)	(50,951)	(92,703)	<b>(99,988)</b>
262,875	276,289	181,467	126,887	140,854	216,886	<b>240,033</b>
175,271	175,271	137,713	112,674	125,194	125,194	<b>137,713</b>
250,387	250,387	250,387	250,387	250,387	250,387	<b>250,387</b>
1,331,291	1,428,510	1,452,807	1,440,580	1,469,133	1,562,974	<b>1,716,975</b>
<b>1,581,678</b>	<b>1,678,897</b>	<b>1,703,194</b>	<b>1,690,967</b>	<b>1,719,520</b>	<b>1,813,361</b>	<b>1,967,362</b>
167,315	204,192	291,789	339,425	399,414	397,383	<b>356,990</b>
204,329	538,037	959,159	1,171,059	1,371,743	1,184,877	<b>1,146,845</b>
<b>1,953,322</b>	<b>2,421,126</b>	<b>2,954,142</b>	<b>3,201,451</b>	<b>3,490,677</b>	<b>3,395,621</b>	<b>3,471,197</b>
2,075,442	2,631,493	3,076,995	3,214,373	3,193,016	3,212,333	<b>3,030,626</b>
(122,120)	(210,367)	(122,853)	(12,922)	297,661	183,288	<b>440,571</b>
<b>1,953,322</b>	<b>2,421,126</b>	<b>2,954,142</b>	<b>3,201,451</b>	<b>3,490,677</b>	<b>3,395,621</b>	<b>3,471,197</b>
991,470	839,481	684,267	400,265	279,445	350,411	<b>175,133</b>
204,304	268,203	244,873	290,509	328,713	344,959	<b>358,751</b>
10.50	11.03	7.25	5.07	5.63	8.66	<b>9.59</b>
7.00	7.00	5.50	4.50	5	5	<b>5.5</b>
1.50 x	1.58 x	1.32 x	1.13 x	1.13 x	1.73 x	<b>1.74 x</b>
63.17	67.05	68.02	67.53	68.67	72.42	<b>78.57</b>
17.11%	16.95%	10.73%	7.48%	8.26%	12.28%	<b>12.70%</b>
11.41%	10.75%	8.14%	6.64%	7.34%	7.09%	<b>7.29%</b>
24.64%	16.44%	13.04%	9.59%	9.51%	12.20%	<b>12.68%</b>
9.62	13.91	24.68	40.94	20.65	22.55	<b>23.04</b>
6.93%	4.56%	3.08%	2.17%	4.30%	2.56%	<b>2.49%</b>
66.67%	63.44%	75.89%	88.80%	88.88%	57.72%	<b>57.37%</b>
1.50	1.44	1.31	1.22	1.23	1.23	<b>1.46</b>
11:89	31:69	39:61	37:63	43:57	36 : 64	<b>25 : 75</b>
1.00	1.17	1.06	0.86	1.09	0.75	<b>0.89</b>
211.19 x	8.13 x	3.34 x	2.51 x	2.52 x	3.80 x	<b>4.57 x</b>
18.71	20.78	17.79	14.49	10.68	8.25	<b>7.44</b>
25.26%	25.52%	19.03%	18.10%	21.19%	22.66%	<b>22.47%</b>
101.00	153.49	178.86	207.48	116.25	195.37	<b>220.85</b>

# PROFIT AND LOSS ACCOUNT

## VERTICAL AND HORIZONTAL ANALYSIS

	2017	2016	2015	2014	2013	2012
----- Rupees in '000 -----						
Net sales	4,412,652	3,954,638	3,914,176	3,925,036	4,016,101	3,739,405
Cost of sales	(3,420,925)	(3,058,644)	(3,084,953)	(3,214,664)	(3,251,870)	(2,785,235)
<b>Gross profit</b>	<b>991,727</b>	<b>895,994</b>	<b>829,223</b>	<b>710,372</b>	<b>764,231</b>	<b>954,170</b>
Distribution and marketing expenses	(285,079)	(235,127)	(244,393)	(240,854)	(209,527)	(231,066)
Administrative expenses	(235,669)	(229,614)	(227,649)	(233,622)	(214,358)	(193,676)
Other operating expenses	(62,813)	(32,046)	(26,438)	(26,897)	(46,472)	(33,811)
Other income	27,232	20,992	20,876	86,079	56,585	68,635
<b>Operating profit before Reorganization / restructuring cost</b>	<b>435,398</b>	<b>420,199</b>	<b>351,619</b>	<b>295,078</b>	<b>350,459</b>	<b>564,252</b>
Reorganization / restructuring cost	-	-	(33,500)	-	-	(204,572)
<b>Operating profit after Reorganization / restructuring cost</b>	<b>435,398</b>	<b>420,199</b>	<b>318,119</b>	<b>295,078</b>	<b>350,459</b>	<b>359,680</b>
Finance costs	(95,377)	(110,610)	(126,314)	(117,676)	(105,051)	(44,266)
Profit before tax	340,021	309,589	191,805	177,402	245,408	315,414
Taxation	(99,988)	(92,703)	(50,951)	(50,515)	(63,941)	(39,125)
<b>Profit for the year</b>	<b>240,033</b>	<b>216,886</b>	<b>140,854</b>	<b>126,887</b>	<b>181,467</b>	<b>276,289</b>

	----- Percentage of sales -----					
Net sales	100	100	100	100	100	100
Cost of sales	(78)	(77)	(79)	(82)	(81)	(74)
<b>Gross profit</b>	<b>22</b>	<b>23</b>	<b>21</b>	<b>18</b>	<b>19</b>	<b>26</b>
Distribution and marketing expenses	(6)	(6)	(6)	(6)	(5)	(6)
Administrative expenses	(5)	(6)	(6)	(6)	(5)	(5)
Other operating expenses	(1)	(1)	(1)	(1)	(1)	(1)
Other operating income	1	1	1	2	1	2
<b>Operating profit before Reorganization / restructuring cost</b>	<b>11</b>	<b>11</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>16</b>
Reorganization / restructuring cost	-	-	(1)	-	-	(5)
<b>Operating profit after Reorganization / restructuring cost</b>	<b>11</b>	<b>11</b>	<b>8</b>	<b>8</b>	<b>9</b>	<b>11</b>
Finance costs	(2)	(3)	(3)	(3)	(3)	(1)
<b>Profit before tax</b>	<b>9</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>10</b>
Taxation	(2)	(2)	(1)	(1)	(2)	(1)
<b>Profit for the year</b>	<b>7</b>	<b>6</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>9</b>

	----- Percentage increase / (decrease) over preceeding year -----					
Net sales	12	1	(0)	(2)	7	23
Cost of sales	12	(1)	(4)	(1)	17	22
<b>Gross profit</b>	<b>11</b>	<b>8</b>	<b>17</b>	<b>(7)</b>	<b>(20)</b>	<b>24</b>
Distribution and marketing expenses	21	(4)	1	15	(9)	9
Administrative expenses	3	1	(3)	9	11	13
Other operating expenses	96	21	(2)	(42)	37	(17)
Other operating income	30	1	(76)	52	(18)	17
<b>Operating profit before Reorganization / restructuring cost</b>	<b>4</b>	<b>20</b>	<b>19</b>	<b>(16)</b>	<b>(38)</b>	<b>39</b>
Reorganization / restructuring cost	-	(100)	100	-	(100)	100
<b>Operating profit after Reorganization / restructuring cost</b>	<b>-</b>	<b>32</b>	<b>8</b>	<b>(16)</b>	<b>(3)</b>	<b>(11)</b>
Finance costs	(14)	(12)	7	12	137	2210
<b>Profit before tax</b>	<b>10</b>	<b>61</b>	<b>8</b>	<b>(28)</b>	<b>(22)</b>	<b>(22)</b>
Taxation	8	82	1	(21)	63	(72)
<b>Profit for the year</b>	<b>11</b>	<b>54</b>	<b>11</b>	<b>(30)</b>	<b>(34)</b>	<b>5</b>

# BALANCE SHEET VERTICAL AND HORIZONTAL ANALYSIS



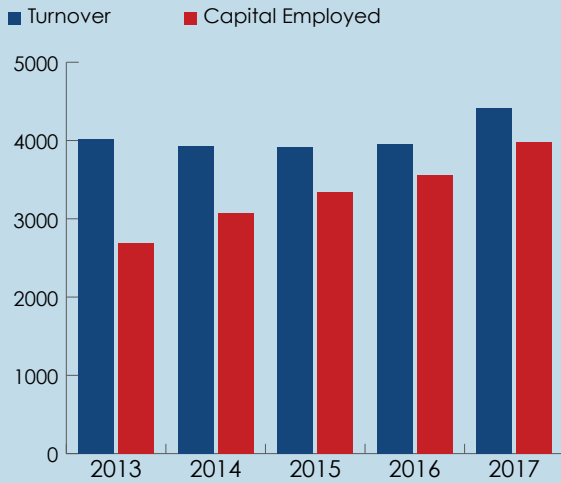
	2017	2016	2015	2014	2013	2012
----- Rupees in '000 -----						
<b>Equity and Liabilities</b>						
Total equity	1,967,362	1,813,361	1,719,520	1,690,967	1,703,194	1,678,897
Total non-current liabilities	813,374	833,241	1,595,183	1,289,903	1,441,147	1,095,778
Total current liabilities	2,306,546	2,291,000	1,350,658	1,616,945	1,045,058	863,816
<b>Total equity and liabilities</b>	<b>5,087,282</b>	<b>4,937,602</b>	<b>4,665,361</b>	<b>4,597,815</b>	<b>4,189,399</b>	<b>3,638,491</b>
<b>Assets</b>						
Total non-current assets	3,030,626	3,212,333	3,193,016	3,214,373	3,076,995	2,631,493
Total current assets	2,056,656	1,725,269	1,472,345	1,383,442	1,112,404	1,006,998
<b>Total assets</b>	<b>5,087,282</b>	<b>4,937,602</b>	<b>4,665,361</b>	<b>4,597,815</b>	<b>4,189,399</b>	<b>3,638,491</b>

	-----Percentage of Balance Sheet Total -----					
<b>Equity and Liabilities</b>						
Total equity	39	37	37	37	41	46
Total non-current liabilities	16	17	34	28	34	30
Total current liabilities	45	46	29	35	25	24
<b>Total equity and liabilities</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>Assets</b>						
Total non-current assets	60	65	68	70	73	72
Total current assets	40	35	32	30	27	28
<b>Total assets</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

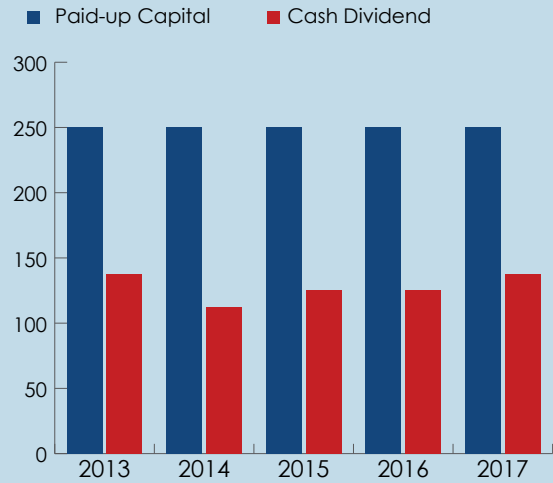
	-----Percentage increase / (decrease) over preceeding year -----					
<b>Equity and Liabilities</b>						
Total equity	8	5	2	(1)	1	6
Total non-current liabilities	(2)	(48)	24	(10)	32	120
Total current liabilities	1	70	(16)	55	21	25
<b>Total equity and liabilities</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>10</b>	<b>15</b>	<b>31</b>
<b>Assets</b>						
Total non-current assets	(6)	1	(1)	4	17	27
Total current assets	19	18	6	24	10	45
<b>Total assets</b>	<b>3</b>	<b>6</b>	<b>1</b>	<b>10</b>	<b>15</b>	<b>31</b>

# KEY FINANCIAL DATA

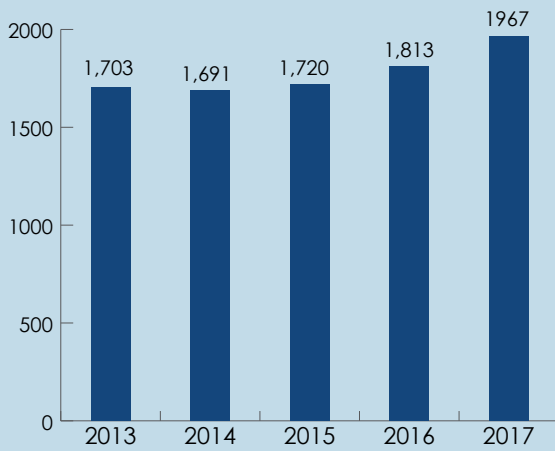
Turnover (net) and average capital employed (Rupees in million)



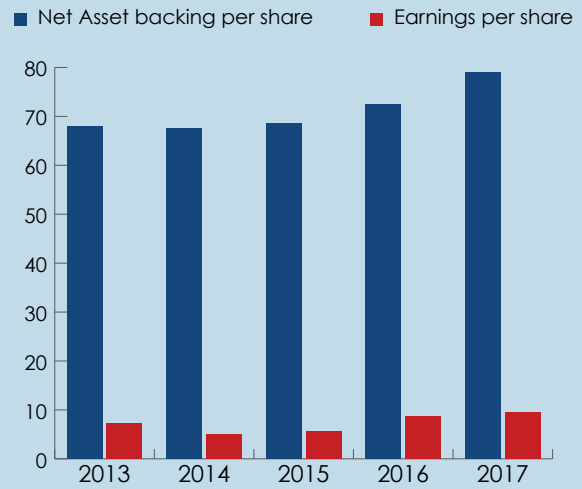
Paid-up capital and cash dividend (Rupees in million)



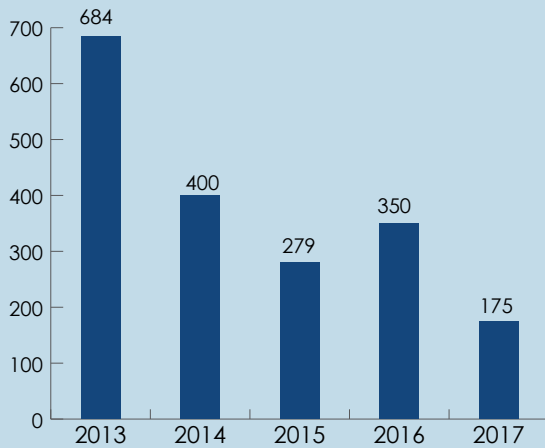
Shareholders' fund (Rupees in million)



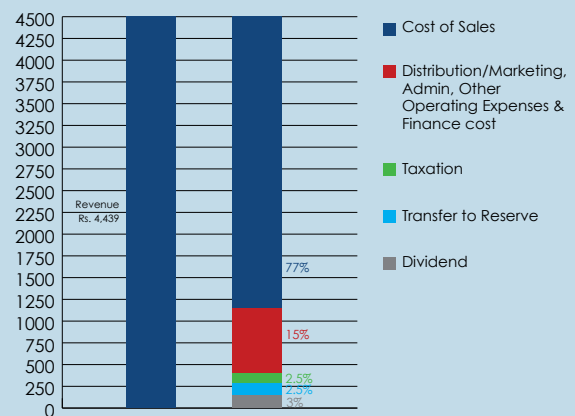
Break up value and EPS (Rupees)



Capital expenditure (Rupees in million)



Application of revenue 2017 (Rupees in million)



# STATEMENT OF VALUE ADDED DURING 2017

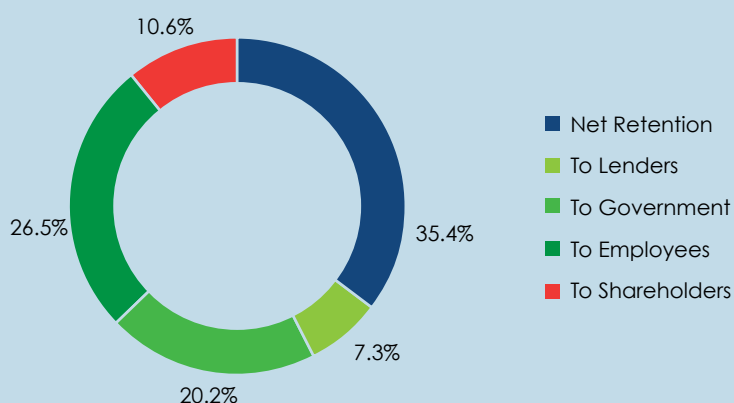


The statement below shows the amount of wealth generated by the Company employees and its assets during the year and the way this wealth has been distributed.

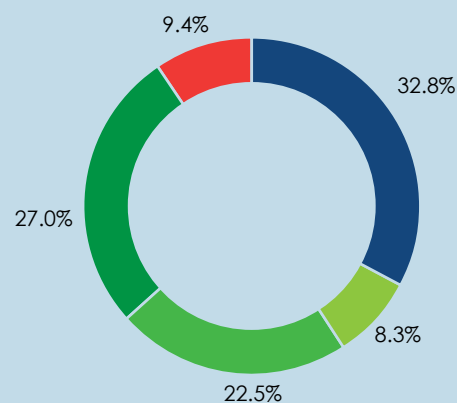
	2017	2016
	----- Rupees in '000 -----	
<b>Wealth Generated</b>		
Total Revenue (net of trade discount and sales tax)	4,439,884	3,975,630
Bought-in-material & services	<u>(3,136,812)</u>	<u>(2,646,292)</u>
	1,303,072	1,329,338
<b>Wealth Distributed</b>		
<b>To Employees</b>		
Salaries, wages and benefits	345,577	357,851
<b>To Government</b>		
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	263,334	299,031
<b>To Providers of Capital</b>		
Cash Dividends to Shareholders*	137,713	125,194
<b>To Lenders</b>		
Finance cost	95,377	110,610
<b>Retained in the Business</b>		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	461,071	436,651
	<u>1,303,072</u>	<u>1,329,338</u>

\*Includes proposed final dividend declared subsequent to year end

Wealth Generated and Distributed 2017



Wealth Generated and Distributed 2016



## FINANCIAL STATEMENTS OF THE COMPANY



61	Auditors' report
63	Profit and loss account
64	Statement of comprehensive income
65	Balance sheet
66	Cash flow statement
67	Statement of changes in equity
68	Notes to the financial statements



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Karachi - 75000 Pakistan

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Fax: +92 (21) 3338 2549  
Internet: <http://kpmg.com.pk>

### Auditors' Report to the Members

We have audited the annexed balance sheet of Pakistan Oxygen Limited (formerly Linde Pakistan Limited) ("the Company") as at 31 December 2017 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the repealed Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of account have been kept by the Company as required by the repealed Companies Ordinance, 1984;
- b) in our opinion:
  - i) the balance sheet and profit and loss account together with the notes thereto have been drawn up in conformity with the repealed Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii) the expenditures incurred during the year was for the purpose of the Company's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and, give the information required by the repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the profit, its cash flows and changes in equity for the year then ended; and



(d) In our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Date: 27 February 2018

Karachi

*KPMG - Tasneem*

KPMG Tasneem & Co.  
Chartered Accountants  
Mohammad Mahmood Hussain



# PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2017



	Note	31 December 2017	31 December 2016
		Rupees in '000	
Gross sales	5	4,995,079	4,494,967
Trade discount and sales tax	5	(582,427)	(540,329)
<b>Net sales</b>		<b>4,412,652</b>	<b>3,954,638</b>
Cost of sales	6	(3,420,925)	(3,058,644)
<b>Gross profit</b>		<b>991,727</b>	<b>895,994</b>
Distribution and marketing expenses	7	(285,079)	(235,127)
Administrative expenses	8	(235,669)	(229,614)
Other operating expenses	9	(62,813)	(32,046)
		<b>(583,561)</b>	<b>(496,787)</b>
<b>Operating profit before other income</b>		<b>408,166</b>	<b>399,207</b>
Other income	10	27,232	20,992
<b>Operating profit</b>		<b>435,398</b>	<b>420,199</b>
Finance costs	11	(95,377)	(110,610)
<b>Profit before taxation</b>		<b>340,021</b>	<b>309,589</b>
Taxation	12	(99,988)	(92,703)
<b>Profit for the year</b>		<b>240,033</b>	<b>216,886</b>
		(Rupees)	
<b>Earnings per share - basic and diluted</b>	13	<b>9.59</b>	<b>8.66</b>

The annexed notes 1 to 41 form an integral part of these financial statements.

Syed Ali Adnan  
Chief Financial Officer

Zubair Ahmad  
Chief Executive Officer

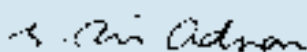
Waqar Ahmed Malik  
Chairman

# STATEMENT OF COMPREHENSIVE INCOME

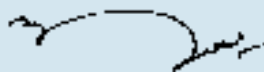
For the year ended 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in '000	
Profit for the year		240,033	216,886
<b>Other comprehensive income</b>			
Items that will never be reclassified to profit and loss account			
Re-measurement on defined benefit plans - net	32.1	2,292	11,932
Tax thereon		(688)	(3,699)
		1,604	8,233
Items that will be reclassified subsequently to profit and loss account			
Derivative financial instruments		-	257
Tax thereon		-	(82)
		-	175
<b>Total comprehensive income for the year</b>		<b>241,637</b>	<b>225,294</b>

The annexed notes 1 to 41 form an integral part of these financial statements.



Syed Ali Adnan  
Chief Financial Officer



Zubair Ahmad  
Chief Executive Officer



Waqar Ahmed Malik  
Chairman

# BALANCE SHEET

As at 31 December 2017



	Note	31 December 2017	31 December 2016
Rupees in '000			
<b>ASSETS</b>			
<b>Non - current assets</b>			
Property, plant and equipment	14	2,948,292	3,130,100
Intangible assets	15	12,471	16,192
Investment in subsidiary		10	10
Long term deposits		69,853	66,031
		<b>3,030,626</b>	<b>3,212,333</b>
<b>Current assets</b>			
Stores and spares	16	117,768	92,305
Stock-in-trade	17	264,728	354,576
Trade debts	18	666,736	519,720
Loans and advances	19	22,159	57,529
Deposits and prepayments	20	93,887	109,131
Other receivables	21	139,863	103,391
Taxation - net		317,276	378,525
Cash and bank balances	22	434,239	110,092
		<b>2,056,656</b>	<b>1,725,269</b>
<b>Total assets</b>		<b>5,087,282</b>	<b>4,937,602</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Share capital	23	250,387	250,387
Reserves		1,475,338	1,375,413
Unappropriated profit		241,637	187,561
		<b>1,716,975</b>	<b>1,562,974</b>
		<b>1,967,362</b>	<b>1,813,361</b>
<b>Non - current liabilities</b>			
Long term financing	24	270,000	270,000
Long term deposits	25	186,384	165,858
Deferred liabilities	26	356,990	397,383
		<b>813,374</b>	<b>833,241</b>
<b>Current liabilities</b>			
Trade and other payables	27	1,181,846	1,431,889
Short term borrowings	28	739,700	89,111
Current maturity of long term financing		385,000	770,000
		<b>2,306,546</b>	<b>2,291,000</b>
<b>Total equity and liabilities</b>		<b>5,087,282</b>	<b>4,937,602</b>
<b>Contingencies and commitments</b>	29		

The annexed notes 1 to 41 form an integral part of these financial statements.

Syed Ali Adnan  
Chief Financial Officer

Zubair Ahmad  
Chief Executive Officer

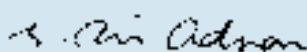
Waqar Ahmed Malik  
Chairman

# CASH FLOW STATEMENT

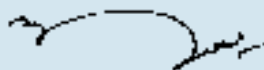
For the year ended 31 December 2017

	Note	31 December 2017	31 December 2016
		Rupees in '000	
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	30	470,101	921,577
Finance costs paid		(96,241)	(112,460)
Income tax paid		(80,244)	(125,274)
Post retirement medical benefits paid		(125)	(242)
Reorganization / restructuring cost paid		-	(3,460)
Long term deposits - paid		(3,822)	(14,121)
Long term deposits - received		20,526	10,088
Net cash from operating activities		310,195	676,108
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(175,133)	(350,411)
Proceeds from disposal of operating assets		8,395	3,394
Interest received on balances with banks		78	207
Net cash used in investing activities		(166,660)	(346,810)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(385,000)	(270,000)
Dividends paid		(84,977)	(132,343)
Net cash used in financing activities		(469,977)	(402,343)
Net decrease in cash and cash equivalents		(326,442)	(73,045)
Cash and cash equivalents at beginning of the year		20,981	94,026
Cash and cash equivalents at end of the year	31	(305,461)	20,981

The annexed notes 1 to 41 form an integral part of these financial statements.



Syed Ali Adnan  
Chief Financial Officer



Zubair Ahmad  
Chief Executive Officer



Waqar Ahmed Malik  
Chairman

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017



	Issued, subscribed and paid-up capital	Revenue Reserves			Total
		Hedging reserve	General reserve	Unappropriated profit	
----- (Rupees in '000) -----					
<b>Balance as at 1 January 2016</b>	250,387	(175)	1,359,204	110,104	1,719,520
Total comprehensive income for the year					
Profit for the year	-	-	-	216,886	216,886
Other comprehensive income for the year	-	175	-	8,233	8,408
	-	175	-	225,119	225,294
Transactions with owners of the Company, recognized directly in equity - distributions					
Final dividend for the year ended 31 December 2015 - Rs. 3.75 per share	-	-	-	(93,895)	(93,895)
Interim dividend for the year ended 31 December 2016 - Rs. 1.50 per share	-	-	-	(37,558)	(37,558)
Transfer to general reserve	-	-	16,209	(16,209)	-
	-	-	16,209	(147,662)	(131,453)
<b>Balance as at 31 December 2016</b>	250,387	-	1,375,413	187,561	1,813,361
Total comprehensive income for the year					
Profit for the year	-	-	-	240,033	240,033
Other comprehensive income for the year	-	-	-	1,604	1,604
	-	-	-	241,637	241,637
Transactions with owners of the Company, recognized directly in equity - distributions					
Final dividend for the year ended 31 December 2016 - Rs. 3.50 per share	-	-	-	(87,636)	(87,636)
Transfer to general reserve	-	-	99,925	(99,925)	-
	-	-	99,925	(187,561)	(87,636)
<b>Balance as at 31 December 2017</b>	250,387	-	1,475,338	241,637	1,967,362

The annexed notes 1 to 41 form an integral part of these financial statements.

Syed Ali Adnan  
Chief Financial Officer

Zubair Ahmad  
Chief Executive Officer

Waqar Ahmed Malik  
Chairman

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 1. LEGAL STATUS AND OPERATIONS

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

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

As at December 31, 2017, the Company was a subsidiary of The BOC Group Limited - U.K. (The BOC Group), whereas its ultimate parent company was Linde AG, Germany (Linde AG).

On January 7, 2018, 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) acquired entire shareholding held by The BOC Group Limited - U.K., a subsidiary of Linde AG, in the Company, i.e. 15.02 million ordinary shares representing 60% shares of the Company, through a private deal under a Share Purchase Agreement (SPA) dated May 30, 2017 and an additional 20% shareholding, i.e. 5 million ordinary shares, through Public Tender Offer dated October 13, 2017, made in accordance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017. 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 is now majority owned by Adira and Affiliates.

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 237 of the repealed Companies Ordinance, 1984 requiring consolidation of subsidiary in the preparation of financial statements for the current year.

The Companies Act, 2017 was enacted on 30 May 2017 and SECP vide its circular 23 of 2017 has clarified that the companies whose financial year closes on or before December 31, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements are prepared in accordance with the provisions of repealed Companies Ordinance, 1984.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, provision of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Companies Ordinance, 1984 shall prevail.

### 2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis, except as otherwise disclosed.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 2.3 Functional and presentation currency

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest thousand.

## 2.4 Use of estimates and judgements

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about judgements made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustment in the subsequent years are provided below:

### Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

### Provision for slow and non-moving stock

The management continuously reviews its inventory for existence of any items which may have become obsolete. These estimates are based on historical experience and are continuously reviewed.

### Staff retirement benefits

Certain actuarial assumptions have been adopted as disclosed in these financial statements for valuation of present value of defined benefit obligations and fair value of plan assets. Any changes in the assumptions in future years might effect gains and losses in those years.

### Property, plant and equipment

The Company estimates the residual values and useful lives of property, plant and equipment. Any changes in these estimates and judgments would have an impact on financial results of subsequent years.

### Trade debts and other receivables

Impairment loss against doubtful trade and other debts is made on a judgmental basis, which may differ in future years based on the actual experience. The difference in provision, if any, would be recognized in the future periods.

### Impairment of assets

In accordance with the accounting policy, the management carries out an annual assessment to ascertain whether any of the Company's assets are impaired. This assessment may change due to technological developments.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 3. NEW ACCOUNTING STANDARDS, AMENDMENTS TO EXISTING STANDARDS AND INTERPRETATIONS

### 3.1 Standards, interpretations and amendments effective in current year

During the year, certain amendments to existing standards became effective, which are considered not to be relevant to the Company's financial statements except for the disclosure requirement of IAS 7 "Statement of Cash Flows" (the amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes) which has been disclosed in note 24.3.

### 3.2 Amendments to existing accounting standards and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 01 January 2018:

- Classification and Measurement of Share-based Payment Transactions - amendments to IFRS 2 clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Company's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRSs 2014-2016 Cycle [Amendments to IAS 28 'Investments in Associates and Joint Ventures'] (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Company's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration. The application of interpretation is not likely to have an impact on Company's financial statements.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.
- IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.
- IFRS 9 'Financial Instruments' and amendment – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 July 2018 and 1 January 2019 respectively). IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39. The Company is currently in the process of analyzing the potential impact of changes required in classification and measurement of financial instruments and the impact of expected loss model on adoption of the standard.
- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.
- Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:
  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.
  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.
  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on Company's financial statements.

## 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous financial year. The principal accounting policies are summarised below:

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4.1 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably.

- i) Revenue from sale of goods is measured net of sales tax, returns, trade discounts and volume rebates, and is recognized when significant risks and rewards of ownership are transferred to the buyer, that is, when deliveries are made and recovery of the consideration is probable.
- ii) Rental income is recognized over the period of relevant agreement based on agreed rate and other service income is recognized in profit and loss account on rendering of relevant services.
- iii) Return on bank deposits is recognized on time proportion using the effective rate of return.
- iv) Miscellaneous income is recognized on receipt basis.

## 4.2 Operating segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the Company's management to make decisions about resources to be allocated to the segment and to assess its performance; and for which discrete financial information is available. The Company's format for segment reporting is based on its products and services.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, such as, cash and bank balances and related income and expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

## 4.3 Finance lease income

The financing method is used in accounting for income on finance leases. Under this method the unearned lease income, that is, the excess of aggregate lease rentals and the estimated residual value over the net investment (cost of leased assets) is amortized to income over the term of the lease, so as to produce a constant periodic rate of return on net investment outstanding in the leases.

## 4.4 Dividend and appropriation to reserves

Dividend distribution to the Company's shareholders and appropriation to reserves are recognized in the financial statements in the period in which these are approved.

## 4.5 Long term incentive plan

The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognized as an expense with a corresponding increase in liabilities, over the period that the employees become entitled to payment subject to satisfactory fulfilment of certain performance conditions. The accrued liability is remeasured at each reporting date and at settlement date. Any change in the fair value of the liability is recognized as salary expense in profit and loss account.

## 4.6 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of prior years.

## Deferred

Deferred tax is recognized, using the balance sheet liability method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax recognized is based on expected manner of realization or settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognized for all deductible temporary differences, carried forward unused tax losses and unutilized tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carried forward unused tax losses can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

## 4.7 Property, plant and equipment

### Operating fixed assets

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any, except freehold land which is stated at cost. Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

### Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace a component of an item of property, plant and equipment is capitalized and the asset so replaced is retired from the use. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

### Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognized in profit and loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment. Freehold land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each reporting date.

### Gains and losses on disposal

Gains or losses on disposal of an item of property, plant and equipment are recognized in the profit and loss account.

### Capital work in progress

Capital work in progress is stated at cost and consists of expenditures incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to the relevant asset category as and when assets are available for intended use.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 4.8 Intangible assets

An intangible asset is recognized if it is probable that future economic benefits attributable to the asset will flow to the enterprise and the cost of such asset can be measured reliably.

Cost directly associated with identifiable software that will have probable economic benefits beyond one year, is recognized as an intangible asset. Direct cost includes the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Computer software acquisition or development cost is stated at cost less accumulated amortization and impairment losses, if any, and is amortised on straight-line basis over its estimated useful life.

## 4.9 Investment in subsidiary

Investment in subsidiary is stated at cost net of provision for impairment, if any. The investment has been classified as a long term investment.

## 4.10 Embedded finance lease

Contractual arrangement, the fulfillment of which is dependent upon the use of a specific asset and whereby the right to use the underlying asset is conveyed to the customer, is classified as finance lease. Net investment in finance lease is recognized at an amount equal to the present value of the lease payments to be received, including any guaranteed residual value.

## 4.11 Impairment

The carrying amounts of Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognized in the profit and loss account.

## 4.12 Stores and spares

Stores and spares are stated at cost determined using moving average method. Provision is made for slow moving and obsolete items, if any.

Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

## 4.13 Stock-in-trade

Stock-in-trade is stated at the lower of cost and net realisable value. The cost is determined using moving average method, and includes expenditure incurred in acquiring the stocks, conversion costs and other costs incurred in bringing the inventory to its existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

Stock in transit is valued at cost comprising invoice value plus other charges incurred thereon.

## 4.14 Trade debts and other receivables

Trade debts and other receivables are initially measured at fair value and subsequently at amortised cost using the effective interest method, less provision for impairment, if any. A provision is established when there is an objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 4.15 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks. Running finance facilities availed by the Company, which are repayable on demand and form an integral part of the Company's cash management are included as part of cash and cash equivalents for the purpose of the statement of cash flows.

## 4.16 Financial assets and liabilities

The Company recognizes financial asset or a financial liability when it becomes a party to the contractual provision of the instrument. Financial assets and liabilities are recognized initially at cost, which is the fair value of the consideration given or received as appropriate, plus any directly attributable transaction cost. These financial assets and liabilities are subsequently measured at fair value or amortised cost using the effective interest rate method, as the case may be.

Financial assets are derecognized when the contractual right to cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the financial asset are transferred. Financial liability is derecognized when its contractual obligation is discharged, cancelled or expired.

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognized amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in normal course of business and in the event of default, insolvency or winding up of the Company or the counterparties.

A financial asset is assessed at each reporting date to determine whether there is an objective evidence that a loss event has occurred after the initial recognition of the asset, and if that event has a negative effect on the estimated future cash flows of that asset, the Company recognizes an impairment thereagainst.

## 4.17 Staff retirement benefits

### Defined benefit plans

#### The Company operates:

- i) an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company;
- ii) an approved defined benefit pension scheme for certain management staff. The scheme provides for pension to employees and their wives for life and to specified number of children upto a given age. This pension scheme had been curtailed with effect from 1 October 2006. No new members have been inducted in this scheme since then. The members in this scheme are 23.

Both the above schemes are funded and contributions to them are made monthly on the basis of an actuarial valuation and in line with the provisions of the Income Tax Ordinance, 2001. Actuarial valuations of these schemes are carried out at each year end.

- iii) a scheme to provide post retirement medical benefits to members of Management Staff Pension Funds, retiring on or after 1 July 2000. Provision is made annually to cover obligations under the scheme, by way of a charge to profit and loss account, calculated in accordance with the actuarial valuation. However, with effect from 1 January 2009, the scheme has been discontinued and a one-time lump sum payment was made to the beneficiaries on the basis of their entitlement ascertained by a qualified actuary as at 31 December 2008. In the case of retirees, it was elective to opt for the one-time lump sum payment.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

Amount recognized in the balance sheet with respect to above schemes represent the present value of obligations under the schemes as reduced by the fair value of plan assets, if any. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefit available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Remeasurements of net defined benefit liability / (asset) which comprises actuarial gains / (losses), return on plan assets (excluding interest) and the effect of asset ceiling (if any, excluding interest) are recognized immediately in other comprehensive income.

Net interest is calculated by applying discount rate at the beginning of reporting period to the net defined benefit liability or asset at the beginning of that reporting period adjusted for contribution and benefit payments, service cost, including past service cost and settlement gains / (losses) are recognized in profit and loss account.

## Defined contribution plans

### The Company operates:

- i) a recognized defined contribution pension fund for the benefit of its officer cadre employees. Monthly contributions are made by the Company to the Fund at the rate of 8.9% of basic salary plus house rent and utility allowances, in respect of each member.
- ii) a recognized contributory provident fund for all permanent employees who have completed six months service. For officer cadre employees, equal monthly contributions are made, both by the Company and the employees at the rate of 5.42% and 6.5% of basic salary plus house rent and utility allowances, depending on the length of employees' service. In case of other employees, equal monthly contributions are made, both by the Company and the employees at the rate of 8.33% and 10% of basic salary plus applicable cost of living allowance, depending on the length of employees' service.

## 4.18 Compensated absences

The liability for accumulated compensated absences of employees is recognized in the period in which employees render service that increases their entitlement to future compensated absences.

## 4.19 Trade and other payables

Trade and other payables are stated at cost which is the fair value of the consideration to be paid in future for goods and services received, whether or not billed to the Company.

## 4.20 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made for the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimates.

## 4.21 Foreign currency transactions

Transactions in foreign currencies are translated into Pakistan Rupees at exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated into Pakistan Rupees at the exchange rate prevailing at that date. Foreign currency differences, if any, arising on retranslation are recognized in profit and loss account.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 4.22 Derivative financial instruments

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

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

## 4.23 Borrowings and their cost

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of cost of that asset.

## 5. SEGMENT INFORMATION

The Company's reportable segments are based on the following product lines:

### Industrial, medical and other gases

This segment covers business with large-scale industrial customers, typically in the oil, chemical, food and beverage, metals, glass sectors and medical customers in healthcare sector. Gases and services are supplied as part of customer specific solutions. These range from supply by pipeline or from dedicated on-site plants to the large users and supply by road tankers in liquefied form to others. Gases for cutting and welding, hospitals, laboratory applications and a variety of medical purposes are also distributed under pressure in cylinders. This segment also covers the supply of associated medical equipment.

### Welding and others

This segment covers sale of welding electrodes, packaged chemicals and a range of associated equipments, such as, cutting and welding products and associated safety equipments.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 5.1 Segment results are as follows:

	31 December 2017			31 December 2016		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----					
Gross sales	4,102,031	893,048	4,995,079	3,751,926	743,041	4,494,967
Less:						
Trade discount	2,485	-	2,485	4,507	-	4,507
Sales tax	452,471	127,471	579,942	428,968	106,854	535,822
	454,956	127,471	582,427	433,475	106,854	540,329
<b>Net sales</b>	<b>3,647,075</b>	<b>765,577</b>	<b>4,412,652</b>	<b>3,318,451</b>	<b>636,187</b>	<b>3,954,638</b>
Less:						
Cost of sales	2,821,659	599,266	3,420,925	2,561,848	496,796	3,058,644
Distribution and marketing expenses	237,272	47,807	285,079	198,548	36,579	235,127
Administrative expenses	196,147	39,522	235,669	193,893	35,721	229,614
	3,255,078	686,595	3,941,673	2,954,289	569,096	3,523,385
<b>Segment result</b>	<b>391,997</b>	<b>78,982</b>	<b>470,979</b>	<b>364,162</b>	<b>67,091</b>	<b>431,253</b>
Unallocated corporate expenses:						
- Other operating expenses			(62,813)			(32,046)
- Other income			27,232			20,992
			(35,581)			(11,054)
<b>Operating profit</b>			<b>435,398</b>			<b>420,199</b>
Finance costs			(95,377)			(110,610)
Taxation			(99,988)			(92,703)
<b>Profit for the year</b>			<b>240,033</b>			<b>216,886</b>

5.2 Transfers between business segments, if any, are recorded at cost. There were no inter segment transfers during the year.

5.3 There was no major customer whose revenue accounted for more than 10% of the Company's total revenue.

5.4 The segment assets and liabilities as at 31 December 2017 are as follows:

	31 December 2017			31 December 2016		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	----- (Rupees in '000) -----					
- Segment assets	3,760,999	236,525	3,997,524	3,800,960	311,933	4,112,893
Unallocated assets			1,089,758			824,709
<b>Total assets</b>			<b>5,087,282</b>			<b>4,937,602</b>
- Segment liabilities	458,394	9,652	468,046	745,428	2,271	747,699
Unallocated liabilities			2,651,874			2,376,542
<b>Total liabilities</b>			<b>3,119,920</b>			<b>3,124,241</b>

5.5 Capital expenditures for the year were as follows:

Capital expenditures	175,133	365,411
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5.6 All non-current assets of the Company as at 31 December 2017 were located within Pakistan. Depreciation expense mainly relates to industrial, medical and other gases segment.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



		31 December 2017	31 December 2016
	Note	Rupees in '000	
<b>6. COST OF SALES</b>			
Fuel and power		1,039,390	921,875
Raw materials consumed		594,855	529,401
Third party manufacturing charges		45,140	38,783
Depreciation	14.4	332,829	317,725
Salaries, allowances and other benefits	6.1	159,729	161,341
Transportation expenses		287,024	216,218
Repairs and maintenance		85,205	69,017
Consumable spares		75,112	68,843
Insurance		24,473	25,361
Travelling and conveyance		28,169	28,775
Safety and security expenses		28,724	22,983
Communications and stationery		6,806	7,344
Rent, rates and taxes		7,084	9,473
Staff training, development and other expenses		3,104	1,144
Miscellaneous expenses		3,087	1,990
<b>Cost of goods manufactured</b>		<b>2,720,731</b>	<b>2,420,273</b>
Opening stock of finished goods		209,721	212,453
Purchase of finished goods		673,787	629,393
(Reversal) / write down of inventory to net realisable value		(2,167)	6,246
Closing stock of finished goods		(181,147)	(209,721)
		<b>3,420,925</b>	<b>3,058,644</b>
<b>6.1 Salaries, allowances and other benefits include amounts in respect of:</b>			
- defined benefit schemes		1,267	1,768
- defined contribution plans		4,474	4,926
		<b>5,741</b>	<b>6,694</b>
<b>7. DISTRIBUTION AND MARKETING EXPENSES</b>			
Salaries, allowances and other benefits	7.1	135,123	135,750
Technical assistance fee		46,585	42,539
Travelling and conveyance		19,345	15,788
Systems support and shared services		10,538	16,348
Depreciation	14.4	8,232	8,525
Provision / (reversal of provision) for doubtful debts		17,188	(6,073)
Communications and stationery		5,725	5,297
Repairs and maintenance		1,997	1,893
Safety and security expenses		1,777	1,278
Electricity expense		4,680	4,207
Rent, rates and taxes		5,360	4,105
Sales promotion and symposium		21,055	1,092
Staff training, development and other expenses		4,531	3,165
Miscellaneous expenses		2,943	1,213
		<b>285,079</b>	<b>235,127</b>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

7.1 Salaries, allowances and other benefits include amounts in respect of:	Note	31 December 2017	31 December 2016
		Rupees in '000	
- defined benefit schemes		2,802	3,098
- defined contribution plans		9,150	10,252
		<u>11,952</u>	<u>13,350</u>
<b>8. ADMINISTRATIVE EXPENSES</b>			
Salaries, allowances and other benefits	8.1	104,947	104,035
Travelling and conveyance		17,791	15,354
Systems support and shared services		48,783	51,380
Communications and stationery		16,158	14,375
Depreciation	14.4	13,969	14,120
Repairs and maintenance		6,813	6,843
Electricity expense		6,852	6,057
Directors' fee and remuneration		5,482	5,298
Amortization		3,721	4,589
Safety and security expenses		4,352	2,447
Staff training, development and other expenses		2,657	1,276
Insurance		447	515
Rent, rates and taxes		1,342	904
Miscellaneous expenses		2,355	2,421
		<u>235,669</u>	<u>229,614</u>
<b>8.1 Salaries, allowances and other benefits include amounts in respect of:</b>			
- defined benefit schemes		2,234	2,556
- defined contribution plans		9,700	8,682
		<u>11,934</u>	<u>11,238</u>
<b>9. OTHER OPERATING EXPENSES</b>			
Workers' Profits Participation Fund		18,335	16,658
Workers' Welfare Fund		8,348	6,921
Legal and professional charges		11,962	6,053
Auditors' remuneration	9.1	2,838	1,764
Donations	9.2	1,085	650
Exchange loss - net		20,245	-
		<u>62,813</u>	<u>32,046</u>
<b>9.1 Auditors' remuneration</b>			
Audit fee		980	943
Audit of provident, gratuity, pension and workers' profits participation fund and fee for special certifications		1,378	430
Fee for review of half yearly financial statements		240	266
Out-of-pocket expenses		240	125
		<u>2,838</u>	<u>1,764</u>
<b>9.2</b> This includes donation to Help International Welfare Trust amounting to Rs. 75 thousand where the former Chief Executive and Managing Director of the Company is on the board of trustees.			

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



	31 December 2017	31 December 2016
	Rupees in '000	
<b>10. OTHER INCOME</b>		
<b>Income from financial asset:</b>		
Mark-up income on saving and deposit accounts	78	207
Exchange gain - net	-	9,463
<b>Income from non financial assets:</b>		
Gain on disposal of property, plant and equipment	6,484	3,137
Liabilities no more payable written back	11,531	6,890
Others	9,139	1,295
	<u>27,232</u>	<u>20,992</u>
<b>11. FINANCE COSTS</b>		
Mark-up on long term financing	55,154	89,831
Mark-up on short term running finances	39,196	19,833
Bank charges	1,027	922
Interest on Workers' Profits Participation Fund	-	24
	<u>95,377</u>	<u>110,610</u>
<b>12. TAXATION</b>		
Current	141,493	90,450
Deferred	(41,505)	2,253
	<u>99,988</u>	<u>92,703</u>

## 12.1 Relationship between tax expense and accounting profit

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the Company's applicable tax rate as follows:

	31 December 2017	31 December 2016
	Rupees in '000	
Profit before taxation	<u>340,021</u>	<u>309,589</u>
Tax at the applicable tax rate of 30% (2016: 31%)	102,006	95,973
Effect of change in tax rate	(11,648)	(12,441)
Tax effect of non-deductible expenses	9,369	13,049
Effect of tax under final tax regime	10,038	28,948
Effect of tax credit	(9,666)	(32,684)
Others	(111)	(142)
	<u>99,988</u>	<u>92,703</u>

12.2 The returns of total income for and upto the tax year 2017 have been filed by the Company and the said returns, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 ("the Ordinance"), have been taken to be the deemed assessment orders passed by the concerned Commissioner on the day the said returns were furnished. However, the Commissioner may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

12.3 As per section 5A of the Income Tax Ordinance, 2001, amended by Finance Act, 2017, 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 profit for a tax year but does not distribute at least 40 percent of its after-tax profits within six months of the end of the said tax year through cash or bonus shares.

The Board of Directors in its meeting held on 27 February 2018 has recommended sufficient cash dividend for the year ended 31 December 2017 (refer note 41) which complies with the above stated requirements. Accordingly, no provision for tax on undistributed profits is required to be provided in these financial statements.

## 13. EARNINGS PER SHARE – basic and diluted

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. There is no dilutive effect on the basic earnings per share of the Company.

	31 December 2017	31 December 2016
Note	Rupees in '000	
Profit for the year	240,033	216,886
	(Number in '000)	
Number of ordinary shares	25,039	25,039
	(Rupees)	
Earnings per share - basic and diluted	9.59	8.66

## 14. PROPERTY, PLANT AND EQUIPMENT

(Rupees in '000)

Operating assets	14.1	2,749,332	2,982,317
Capital work in progress	14.5	198,960	147,783
		2,948,292	3,130,100

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 14.1 Operating assets

	Freehold land	Leasehold land	Buildings on			* Plant and machinery	Vehicles	Furniture, fittings and office equipments	Computer equipments	Total
			freehold land	leasehold land	customers' land					
----- (Rupees in '000) -----										
<b>As at 1 January 2016:</b>										
- Cost	43,071	25,526	283,161	96,739	21,841	4,992,777	82,625	70,521	32,582	5,648,843
- Accumulated depreciation	-	(9,882)	(49,238)	(50,345)	(14,238)	(2,429,660)	(58,176)	(44,111)	(26,239)	(2,681,889)
- Net book value	43,071	15,644	233,923	46,394	7,603	2,563,117	24,449	26,410	6,343	2,966,954
Additions / reclassification	-	(15,000)	-	2,199	-	326,842	28,319	837	12,792	355,989
Disposals:										
- Cost	-	-	-	-	-	-	(7,195)	-	(4,755)	(11,950)
- Accumulated depreciation	-	-	-	-	-	-	6,999	-	4,695	11,694
	-	-	-	-	-	-	(196)	-	(60)	(256)
Depreciation	-	(642)	(13,742)	(4,962)	(967)	(292,716)	(14,395)	(6,308)	(6,638)	(340,370)
<b>Net book value as at 31 December 2016</b>	<b>43,071</b>	<b>2</b>	<b>220,181</b>	<b>43,631</b>	<b>6,636</b>	<b>2,597,243</b>	<b>38,177</b>	<b>20,939</b>	<b>12,437</b>	<b>2,982,317</b>
Additions	-	-	-	3,400	-	95,524	19,970	1,022	4,040	123,956
Disposals:										
- Cost	-	-	-	-	-	(177)	(27,922)	-	-	(28,099)
- Accumulated depreciation	-	-	-	-	-	177	26,011	-	-	26,188
	-	-	-	-	-	-	(1,911)	-	-	(1,911)
Depreciation	-	(2)	(13,741)	(5,373)	(967)	(307,996)	(14,253)	(4,787)	(7,911)	(355,030)
<b>Net book value as at 31 December 2017</b>	<b>43,071</b>	<b>-</b>	<b>206,440</b>	<b>41,658</b>	<b>5,669</b>	<b>2,384,771</b>	<b>41,983</b>	<b>17,174</b>	<b>8,566</b>	<b>2,749,332</b>
<b>As at 31 December 2016:</b>										
- Cost	43,071	10,526	283,161	98,938	21,841	5,319,619	103,749	71,358	40,619	5,992,882
- Accumulated depreciation	-	(10,524)	(62,980)	(55,307)	(15,205)	(2,722,376)	(65,572)	(50,419)	(28,182)	(3,010,565)
- Net book value	43,071	2	220,181	43,631	6,636	2,597,243	38,177	20,939	12,437	2,982,317
Annual rate of depreciation (%)	-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	
<b>As at 31 December 2017:</b>										
- Cost	43,071	10,526	283,161	102,338	21,841	5,414,966	95,797	72,380	44,659	6,088,739
- Accumulated depreciation	-	(10,526)	(76,721)	(60,680)	(16,172)	(3,030,195)	(53,814)	(55,206)	(36,093)	(3,339,407)
- Net book value	43,071	-	206,440	41,658	5,669	2,384,771	41,983	17,174	8,566	2,749,332
Annual rate of depreciation (%)	-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10 to 20	25 to 33.33	

\* Include capital spares having cost of Rs. 88,360 thousand (2016: Rs. 88,360 thousand) and net book value of Rs. 32,633 thousand (2016: Rs. 36,593 thousand).

14.2 As at 31 December 2017, plant and machinery includes cylinders held by customers and Vacuum Insulated Evaporator (VIEs) installed at certain customers' sites for supply of gas products. Cost and net book values of such cylinders and VIEs are as follows:

	Cost		Net book value	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
	----- (Rupees in '000) -----			
Cylinders	206,367	200,988	128,259	132,174
Vacuum Insulated Evaporator	706,295	639,358	355,137	328,822
	912,662	840,346	483,396	460,996

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

14.3 The detail of operating assets disposed off during the year having net book value exceeding Rs. 50,000 are as follows:

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchasers
Motor vehicle	1,131	(999)	132	283	Company policy	Mr. Shahbaz Khalil (employee)
Motor vehicle	1,282	(962)	320	513	Company policy	Mr. Saad-e-alam (employee)
Motor vehicle	1,282	(1,004)	278	385	Company policy	Mr. Riaz-ur-Rashid (employee)
Motor vehicle	1,282	(897)	385	513	Company policy	Mr. M. Rasheed (employee)
Motor vehicle	2,388	(1,592)	796	955	Company policy	Mr. Mashood Zia (employee)

14.4 Depreciation has been allocated as follows:

	31 December 2017	31 December 2016
	Rupees in '000	
Cost of sales	332,829	317,725
Distribution and marketing expenses	8,232	8,525
Administrative expenses	13,969	14,120
	<u>355,030</u>	<u>340,370</u>

14.5 Capital work in progress

	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings, office and computer equipments	Total
	----- (Rupees in '000) -----				
As at 1 January 2016	-	137,046	11,304	5,011	153,361
Additions / reclassification during the year	20,599	313,959	31,674	14,179	380,411
Transfers to operating assets	(17,199)	(326,842)	(28,319)	(13,629)	(385,989)
As at 31 December 2016	3,400	124,163	14,659	5,561	147,783
Additions during the year	-	167,817	6,713	603	175,133
Transfers to operating assets	(3,400)	(95,524)	(19,970)	(5,062)	(123,956)
As at 31 December 2017	-	196,456	1,402	1,102	198,960

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



		31 December 2017	31 December 2016
	Note	Rupees in '000	
<b>15. INTANGIBLE ASSETS</b>			
Computer software	15.1	12,471	16,192
<b>15.1 Computer software</b>			
<b>Amortization</b>			
Amortization for the year		3,721	4,589
<b>Carrying amounts</b>			
Cost		32,368	32,368
Accumulated amortization		(19,897)	(16,176)
		<u>12,471</u>	<u>16,192</u>

Intangible assets are amortized over an estimated useful life of 8 years and the amortization is allocated to administrative expenses.

## 16. STORES AND SPARES

Stores		2,839	2,199
Spares		224,716	193,320
In transit		1,570	-
		<u>229,125</u>	<u>195,519</u>
Provision against slow moving stores and spares	16.1	(111,357)	(103,214)
		<u>117,768</u>	<u>92,305</u>

16.1 The Company made a provision of Rs. 8,143 thousand (2016: reversed provision of Rs. 3,233 thousand) during the year.

## 17. STOCK-IN-TRADE

Raw and packing materials			
- in hand		83,581	144,855
Finished goods			
- in hand		171,138	209,721
- in transit		10,009	-
		<u>181,147</u>	<u>209,721</u>
		<u>264,728</u>	<u>354,576</u>

17.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 35,482 thousand (2016: Rs. 40,132 thousand). The Company has reversed provision of Rs. 4,260 thousand (2016: charged a provision of Rs. 16,004 thousand) and written off inventory amounting to Rs. 390 thousand (2016: Rs. Nil) by utilising the provision during the year.

17.2 Raw and packing materials and finished goods include inventories held with various parties, located at Site and Landhi industrial areas of Karachi, amounting to Rs. 29,461 thousand (2016: Rs. 39,087 thousand), for manufacturing purposes.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

		31 December 2017	31 December 2016
	Note	Rupees in '000	
<b>18. TRADE DEBTS - unsecured</b>			
Considered good	18.1	666,736	519,720
Considered doubtful		49,470	38,307
		<u>716,206</u>	<u>558,027</u>
Provision for doubtful debts		(49,470)	(38,307)
		<u>666,736</u>	<u>519,720</u>
<b>18.1 These include balances due from related parties as follows:</b>			
- Tabba Heart Institute		591	590
- Aga Khan University Hospital		13,088	11,379
- Shaukat Khanum Memorial Cancer Hospital		2,095	3,089
		<u>15,774</u>	<u>15,058</u>
Past due considered doubtful as per Company's credit policy		(62)	(2)
		<u>15,712</u>	<u>15,056</u>
The aging of the trade debts receivable from related parties as at the balance sheet date are as under:			
Not past due		4,324	9,249
Past due from 1- 90 days		10,804	5,296
Past due from 90 days onward		646	513
		<u>15,774</u>	<u>15,058</u>
Past due considered doubtful as per Company's credit policy		(62)	(2)
		<u>15,712</u>	<u>15,056</u>
<b>19. LOANS AND ADVANCES - considered good</b>			
Advances			
- employees		543	462
- suppliers		21,616	57,067
		<u>22,159</u>	<u>57,529</u>
<b>20. DEPOSITS AND PREPAYMENTS</b>			
Security deposits		18,462	31,614
Other deposits		74,252	77,345
Prepayments		1,173	172
		<u>93,887</u>	<u>109,131</u>
<b>21. OTHER RECEIVABLES</b>			
Receivable from defined benefit funds	32	19,638	15,817
Receivable from defined contribution funds		1,904	-
Receivable from associated undertakings	21.1	30,819	-
Sales tax recoverable		87,502	87,574
		<u>139,863</u>	<u>103,391</u>



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



21.1 This represents redundancy costs to be paid to the two executives by the Company to be reimbursed by the Linde Group.

		31 December 2017	31 December 2016
	Note	Rupees in '000	
<b>22. CASH AND BANK BALANCES</b>			
Cash in hand	22.1	365	472
Cash at bank - current and savings accounts	22.2	433,874	109,620
		<u>434,239</u>	<u>110,092</u>

22.1 The mark-up on saving accounts ranging from 2.40% to 3.75% per annum (2016: 3.00% to 3.75% per annum).

22.2 This includes an amount of Rs. 164,911 thousand held in savings accounts.

## 23. SHARE CAPITAL

### 23.1 Authorized Share Capital

31 December 2017	31 December 2016		31 December 2017	31 December 2016
(Number of shares)			(Rupees in '000)	
<u>40,000,000</u>	<u>40,000,000</u>	Ordinary shares of Rs. 10 each	<u>400,000</u>	<u>400,000</u>

### 23.2 Issued, subscribed and paid-up capital

452,955	452,955	Ordinary shares of Rs. 10 each fully paid in cash	4,530	4,530
672,045	672,045	Ordinary shares of Rs. 10 each issued for consideration other than cash	6,720	6,720
23,913,720	23,913,720	Ordinary shares of Rs. 10 each issued as fully paid bonus shares	239,137	239,137
<u>25,038,720</u>	<u>25,038,720</u>		<u>250,387</u>	<u>250,387</u>

As at 31 December 2017 and 2016, The BOC Group Limited - U.K., held 15,023,232 ordinary shares of Rs. 10 each of the Company, whose parent company is Linde AG, Germany.

On January 7, 2018, 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) acquired entire shareholding held by The BOC Group Limited - U.K., a subsidiary of Linde AG, in the Company, i.e. 15.02 million ordinary shares representing 60% shares of the Company, through a private deal under a Share Purchase Agreement (SPA) dated May 30, 2017 and an additional 20% shareholding, i.e. 5 million ordinary shares, through Public Tender Offer dated October 13, 2017, made in accordance with the Securities Act, 2015 and the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

		31 December 2017	31 December 2016
<b>24. LONG TERM FINANCING - Secured</b>	Note	Rupees in '000	
Diminishing Musharika Financing - I	24.1	405,000	540,000
Diminishing Musharika Financing - II	24.2	250,000	500,000
Payable within one year		<u>(385,000)</u>	<u>(770,000)</u>
		<u>270,000</u>	<u>270,000</u>
<b>24.1</b>	This represents outstanding amount of long term diminishing musharika financing arrangement entered into by the Company for an amount of Rs. 1,300 million to meet specific capital project funding requirements. The loan is repayable in three half yearly installments over a period of two years. One-third portion of the borrowing is fixed at 9.5% per annum (2016: 9.5% per annum) whereas, the remaining two-third of the financing amount is based on 6 month Karachi Interbank Offer Rate (KIBOR) + 0.5% per annum (2016: 6 month KIBOR + 0.5% per annum). The facility is secured against the plant.		
<b>24.2</b>	This represents outstanding amount of financing arrangement entered into by the Company for an amount of Rs. 500 million in 2015 to meet medium-term capital funding requirements. The loan is repayable in September 2018 and carries markup based on 3 month Karachi Interbank Offer Rate (KIBOR) + 0.5% per annum. The facility is secured against one of the plants of the Company.		
<b>24.3 Reconciliation of carrying amount of long term financing</b>	Note	31 December 2017	31 December 2016
		Rupees in '000	
Opening balance		1,040,000	1,310,000
Repayments		<u>(385,000)</u>	<u>(270,000)</u>
Closing balance		<u>655,000</u>	<u>1,040,000</u>
<b>25. LONG TERM DEPOSITS</b>			
Against cylinders		162,579	143,053
Others		<u>23,805</u>	<u>22,805</u>
		<u>186,384</u>	<u>165,858</u>
<b>26. DEFERRED LIABILITIES</b>			
Deferred taxation	26.1	349,614	390,431
Staff retirement benefit funds	32.1	<u>7,376</u>	<u>6,952</u>
		<u>356,990</u>	<u>397,383</u>
<b>26.1 Deferred taxation</b>			
<b>Taxable temporary differences:</b>			
- accelerated tax depreciation		412,925	453,895
- remeasurement: actuarial gain on defined benefit plans - net		<u>5,250</u>	<u>4,714</u>
<b>Deductible temporary differences:</b>			
- slow moving stores and spares and stock-in-trade		<u>(44,052)</u>	<u>(44,437)</u>
- employees' benefit plans		<u>(9,668)</u>	<u>(12,163)</u>
- doubtful receivables and other provisions		<u>(14,841)</u>	<u>(11,578)</u>
		<u>349,614</u>	<u>390,431</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



		31 December 2017	31 December 2016
	Note	(Rupees in '000)	
<b>27. TRADE AND OTHER PAYABLES</b>			
Creditors	27.1	468,046	747,699
Accrued liabilities	27.2	517,436	499,367
Advances from customers		38,087	35,813
Technical assistance fee		46,585	42,539
Payable to staff retirement benefit funds		-	2,044
Workers' Profits Participation Fund		335	2,615
Workers' Welfare Fund		25,379	17,030
Unclaimed dividends		16,986	14,327
Mark-up payable		11,843	12,707
Other payables		57,149	57,748
		<b>1,181,846</b>	<b>1,431,889</b>

**27.1** This includes trade and other liabilities payable to associated / group companies amounting to Rs. 61,969 thousand (2016: Rs. 190,217 thousand).

**27.2** This includes an amount of Rs. 30,819 thousand (2016: Rs. Nil) to be paid to two executives on account of redundancy on behalf of the Linde Group.

## 28. SHORT TERM BORROWINGS - secured

### Running Finance under mark-up arrangements

The Company has arrangements for short-term running finance facility from certain banks. The overall facility for the running finance under mark-up arrangement and short-term revolving credit amounts to Rs. 900,000 thousand (2016: Rs. 825,000 thousand). The unutilized short-term running finance facility as at year end is Rs. 181,285 thousand (2016: Rs. 309,946 thousand).

The rate of mark-up on the running finance facilities ranges from 3 months KIBOR + 0.15 % to + 0.40% (2016: 1 month KIBOR + 0.75% to 3 months KIBOR + 1%) per annum. The arrangements are secured by way of ranking charge on current assets.

The facilities for opening letters of credit and issuing guarantees as at 31 December 2017 amount to Rs. 410,993 thousand (2016: Rs. 440,000 thousand) out of which, the unutilized amount as at year ended is Rs. 195,247 thousand (2016: Rs. 227,965 thousand).

## 29. CONTINGENCIES AND COMMITMENTS

### Contingencies

**29.1** 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 December 2017 amounted to Rs. 45,442 thousand (31 December 2016: Rs. 43,037 thousand).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## Commitments

- 29.2** Capital commitments outstanding as at 31 December 2017 amounted to Rs. 128,385 thousand (31 December 2016: Rs. 101,341 thousand).
- 29.3** Commitments under letters of credit for inventory items as at 31 December 2017 amounted to Rs. 97,133 thousand (2016: Rs. 21,646 thousand).
- 29.4** Banks have provided guarantees to various parties on behalf of the Company in normal course of business. Guarantees outstanding as at 31 December 2017 amounted to Rs. 89,394 thousand (2016: Rs. 63,205 thousand).

31 December 2017      31 December 2016  
(Rupees in '000)

## 30. CASH GENERATED FROM OPERATIONS

Profit before taxation		340,021	309,589
Adjustments for:			
Depreciation		355,030	340,370
Gain on disposal of property, plant and equipment		(6,484)	(3,137)
Mark-up income from saving and deposit accounts		(78)	(207)
Finance costs		95,377	110,610
Amortization		3,721	4,589
Liabilities written back		(11,531)	(6,890)
Post retirement medical benefits		537	529
Working capital changes	30.1	(306,492)	166,124
		470,101	921,577

### 30.1 Working capital changes

(Increase) / decrease in current assets:			
Stores and spares		(25,463)	16,862
Stock-in-trade		89,848	(55,407)
Trade debts		(147,016)	(80,388)
Loans and advances		35,370	(37,579)
Deposits and prepayments		15,244	(33,549)
Other receivables		(34,168)	(26,127)
		(66,185)	(216,188)
(Decrease) / increase in current liabilities:			
Trade and other payables		(240,307)	382,312
		(306,492)	166,124

## 31. CASH AND CASH EQUIVALENTS

Cash and bank balances	22	434,239	110,092
Short term borrowings - running finance under mark-up arrangement		(739,700)	(89,111)
		(305,461)	20,981

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 32. STAFF RETIREMENT BENEFITS

### 32.1 Defined benefit schemes

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2017. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	Pension Fund	Gratuity Fund (Percent % per annum)	Medical Scheme
<b>Financial assumptions</b>			
Rate of discount	7.75%	7.75%	7.75%
Expected rate of pension increase	5.75%	-	-
Expected rate of salary increase			
- for first three years following valuation	-	8.75% to 9.75%	-
- long term (fourth year following valuation)	-	7.75%	-
Medical cost escalation rate	-	-	7.75%
<b>Demographic assumptions</b>			
Mortality rate	SLIC (2001-05)-1	SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover	Moderate	Moderate	Moderate

The amounts recognised in balance sheet are as follows:

	31 December 2017			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	----- (Rupees in '000) -----			
Present value of defined benefit obligation	72,173	107,296	7,376	186,845
Fair value of plan assets	(84,086)	(115,021)	-	(199,107)
(Asset) / liability in balance sheet	(11,913)	(7,725)	7,376	(12,262)
<b>Movements in the present value of defined benefit obligation</b>				
Present value of defined benefit obligation - beginning of the year	70,756	132,648	6,952	210,356
Current service cost	-	6,984	-	6,984
Interest cost	5,441	10,312	537	16,290
Re-measurements: Actuarial losses/(gains) on obligation	2,382	(5,051)	12	(2,657)
Benefits paid	(6,406)	(37,597)	(125)	(44,128)
Present value of defined benefit obligation - closing date	72,173	107,296	7,376	186,845
<b>Movements in the fair value of plan assets</b>				
Fair value of plan assets - beginning of the year	(82,358)	(136,863)	-	(219,221)
Interest income on plan assets	(6,334)	(10,637)	-	(16,971)
Re-measurements: Return on plan assets over interest income loss / (gain)	(1,800)	2,165	-	365
Benefits paid	6,406	37,597	-	44,003
Contribution to fund	-	(7,283)	-	(7,283)
Fair value of plan assets - closing date	(84,086)	(115,021)	-	(199,107)
<b>Movement in the net defined benefit liability/(asset)</b>				
Opening balance	(11,602)	(4,215)	6,952	(8,865)
Net periodic benefit (income) / cost for the year	(893)	6,659	537	6,303
Contribution paid during the year	-	(7,283)	-	(7,283)
Benefits paid during the year	-	-	(125)	(125)
Re-measurements recognized in other comprehensive income during the year	582	(2,886)	12	(2,292)
Closing balance	(11,913)	(7,725)	7,376	(12,262)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## Amounts recognized in total comprehensive income

The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	31 December 2017			Total
	Pension Fund	Gratuity Fund	Medical Scheme	
----- (Rupees in '000) -----				
<b>Component of defined benefit costs recognized in profit and loss account</b>				
Current service cost	-	6,984	-	6,984
Net interest cost				
- Interest cost on defined benefit obligation	5,441	10,312	537	16,290
- Interest income on plan assets	(6,334)	(10,637)	-	(16,971)
	(893)	6,659	537	6,303
<b>Component of defined benefit costs (re-measurement) recognized in other comprehensive income</b>				
Re-measurements: Actuarial (gain)/loss on obligation				
- (Gain)/loss due to change in financial assumptions	(28)	(392)	(194)	(614)
- (Gain)/loss due to change in demographic assumptions	-	-	-	-
- (Gain)/loss due to change in experience adjustments	2,410	(4,659)	206	(2,043)
	2,382	(5,051)	12	(2,657)
Re-measurements: Net return on plan assets over interest income				
- Actual return on plan assets	(7,280)	(5,158)	-	(12,438)
- Interest income on plan assets	5,480	7,323	-	12,803
	(1,800)	2,165	-	365
Net re-measurement recognized in other comprehensive income	582	(2,886)	12	(2,292)
<b>Total defined benefit cost recognized in profit and loss account and other comprehensive income</b>	(311)	3,773	549	4,011
Actual return on plan assets	7,280	5,158	-	12,437
Expected contributions to funds in the following year	(889)	5,967	552	6,337
Expected benefit payments to retirees in the following year	5,846	8,176	514	39,234
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	582	(2,886)	12	(2,292)
Weighted average duration of the defined benefit obligation (years)	8.19	8.42	8.83	
<b>Analysis of present value of defined benefit obligation</b>				
<b>Type of Members:</b>				
- Pensioners	72,172	-	-	72,172
- Beneficiaries	-	-	7,376	7,376
- Officers	-	81,921	-	81,921
- Supervisors	-	25,376	-	25,376
	72,172	107,297	7,376	186,845
<b>Vested / Non-Vested</b>				
- Vested benefits	72,172	104,158	7,376	183,706
- Non - vested benefits	-	3,139	-	3,139
	72,172	107,297	7,376	186,845
<b>Type of benefits</b>				
- Accumulated obligations	72,172	56,725	7,376	136,273
- Amounts attributed to future salary increase	-	50,572	-	50,572
	72,172	107,297	7,376	186,845

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



31 December 2017

Pension Fund	Gratuity Fund	Medical Scheme	Total
----- (Rupees in '000) -----			

## Disaggregation of fair value of plan assets

The fair value of the plan assets at balance sheet date for each category are as follows:

Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted

Debt instruments

- AAA
- AA

Equity instruments - Oil and gas sector

### Mutual Funds

- Money Market Fund
- Stock Market Fund
- Income Fund
- Assets Allocation Fund
- Islamic Income Fund
- Islamic Asset Allocation Fund
- Islamic Stock Fund

	110	1,243	-	1,353
	54,922	50,146	-	105,068
	14,502	20,350	-	34,852
	69,424	70,496	-	139,920
	1,357	869	-	2,226
	1,742	1,501	-	3,243
	-	21,798	-	21,798
	-	-	-	-
	1,398	4,296	-	5,693
	6,733	8,223	-	14,956
	1,928	1,874	-	3,802
	1,394	4,721	-	6,115
	13,195	42,413	-	55,607
	84,086	115,021	-	198,438

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate +0.5%	69,324	102,923	7,062
Discount rate -0.5%	75,236	111,976	7,714
Long term pension / salary increase +0.5%	75,280	110,777	-
Long term pension / salary decrease -0.5%	69,259	103,994	-
Withdrawal rates : Light	-	107,948	-
Withdrawal rates: Heavy	-	106,589	-
Medical cost +1% - effect on service cost and interest cost	-	-	20
Medical cost +1% - effect on defined benefit obligation	-	-	277
Medical cost -1% - effect on service cost and interest cost	-	-	(19)
Medical cost -1% - effect on defined benefit obligation	-	-	(260)

The sensitivity analysis prepared and presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

## 32.2 Defined benefit schemes

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2016. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	Pension Fund	Gratuity Fund	Medical Scheme
	(Percent % per annum)		
<b>Financial assumptions</b>			
Rate of discount	8.0%	8.0%	8.0%
Expected rate of pension increase	6.0%	-	-
Expected rate of salary increase			
- for first three years following valuation	-	9% to 10%	-
- long term (fourth year following valuation)	-	8.00%	-
Medical cost escalation rate	-	-	8.00%
<b>Demographic assumptions</b>			
Mortality rate	SLIC (2001-05)-1	SLIC(2001-05)-1	SLIC(2001-05)-1
Rates of employee turnover	-	Moderate	-

The amounts recognised in balance sheet are as follows:

	31 December 2016			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	----- (Rupees in '000) -----			
Present value of defined benefit obligation	70,756	132,648	6,952	210,356
Fair value of plan assets	(82,358)	(136,863)	-	(219,221)
(Asset) / liability in balance sheet	(11,602)	(4,215)	6,952	(8,865)

### Movements in the present value of defined benefit obligation

Present value of defined benefit obligation - beginning of the year	68,195	134,795	6,626	209,616
Current service cost	-	7,169	-	7,169
Interest cost	6,074	12,311	592	18,977
Re-measurements : Actuarial losses / (gains) on obligation	2,460	(11,304)	(25)	(8,869)
Benefits paid	(5,973)	(10,323)	(241)	(16,537)
Present value of defined benefit obligation - end of the year	70,756	132,648	6,952	210,356

### Movements in the fair value of plan assets

Fair value of plan assets - beginning of the year	(79,880)	(126,405)	-	(206,285)
Interest income on plan assets	(7,155)	(11,569)	-	(18,724)
Re-measurements: Actuarial gain on plan assets	(1,296)	(1,767)	-	(3,063)
Benefits paid	5,973	10,323	-	16,296
Contribution to fund	-	(7,445)	-	(7,445)
Fair value of plan assets - end of the year	(82,358)	(136,863)	-	(219,221)

### Movement in the net defined benefit liability/(asset)

Opening balance	(11,685)	8,390	6,626	3,331
Net periodic benefit (income) / cost for the year	(1,081)	7,911	592	7,422
Contribution paid during the year	-	(7,445)	-	(7,445)
Benefits paid during the year	-	-	(241)	(241)
Re-measurements recognized in other comprehensive income during the year	1,164	(13,071)	(25)	(11,932)
Closing balance	(11,602)	(4,215)	6,952	(8,865)

### Amounts recognized in total comprehensive income



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



The following amounts have been charged in respect of these benefits to profit and loss account and other comprehensive income:

	31 December 2016			Total
	Pension Fund	Gratuity Fund	Medical Scheme	
	----- (Rupees in '000) -----			
<b>Component of defined benefit costs recognized in profit and loss account</b>				
Current service cost	-	7,169	-	7,169
Net interest cost				
- Interest cost on defined benefit obligation	6,074	12,311	592	18,977
- Interest income on plan assets	(7,155)	(11,569)	-	(18,724)
	(1,081)	7,911	592	7,422
<b>Component of defined benefit costs (re-measurement) recognized in other comprehensive income</b>				
Re-measurements: Actuarial (gain)/loss on obligation				
- (Gain)/loss due to change in financial assumptions	(139)	(2,942)	848	(2,233)
- (Gain)/loss due to change in experience adjustments	2,599	(8,362)	(873)	(6,636)
	2,460	(11,304)	(25)	(8,869)
Re-measurements: Net return on plan assets over interest income				
- Actual return on plan assets	(8,451)	(13,336)	-	(21,787)
- Interest income on plan assets	7,155	11,569	-	18,724
	(1,296)	(1,767)	-	(3,063)
Net re-measurement recognized in other comprehensive income	1,164	(13,071)	(25)	(11,932)
Total defined benefit cost recognized in profit and loss account and other comprehensive income	83	(5,160)	567	(4,510)
Actual return on plan assets	8,451	13,336	-	21,787
Expected contributions to funds in the following year	(893)	6,660	537	6,304
Expected benefit payments to retirees in the following year	5,583	14,606	477	20,666
Re-measurements: Accumulated actuarial (gains) / losses recognised in equity	(18,462)	6,425	(3,170)	15,207
Weighted average duration of the defined benefit obligation (years)	8.43	7.03	9.06	-
<b>Analysis of present value of defined benefit obligation</b>				
<b>Type of Members:</b>				
- Pensioners	70,756	-	-	70,756
- Beneficiaries	-	-	6,952	6,952
- Officers	-	108,218	-	108,218
- Supervisors	-	24,430	-	24,430
	70,756	132,648	6,952	210,356
<b>Vested / Non-Vested</b>				
- Vested benefits	70,756	127,407	6,952	205,115
- Non - vested benefits	-	5,241	-	5,241
	70,756	132,648	6,952	210,356
<b>Type of benefits</b>				
- Accumulated obligations	70,756	78,182	6,952	155,890
- Amounts attributed to future salary increase	-	54,466	-	54,466
	70,756	132,648	6,952	210,356

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

	31 December 2016			Total
	Pension Fund	Gratuity Fund	Medical Scheme	
	----- (Rupees in '000) -----			
<b>Disaggregation of fair value of plan assets</b>				
The fair value of the plan assets at balance sheet date for each category are as follows:				
Cash and cash equivalents (comprising bank balances and adjusted for current liabilities) - quoted	2,417	6,692	-	9,109
Debt instruments				
- AAA	51,859	101,251	-	153,110
- AA	12,718	10,810	-	23,528
	64,577	112,061	-	176,638
Equity instruments - Oil and gas sector	1,375	881	-	2,256
<b>Mutual Funds</b>				
- Money Market Fund	1,111	-	-	1,111
- Stock Market Fund	1,063	7,907	-	8,970
- Income Fund	-	-	-	-
- Assets Allocation Fund	2,017	2,392	-	4,409
- Islamic Income Fund	7,063	6,470	-	13,533
- Islamic Asset Allocation Fund	2,142	-	-	2,142
- Islamic Stock Fund	593	460	-	1,053
	13,989	17,229	-	31,218
	82,358	136,863	-	219,221

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Discount rate +0.5%	67,884	128,132	6,649
Discount rate -0.5%	73,848	137,478	7,278
Long term pension / salary increase +0.5%	73,893	136,142	-
Long term pension / salary decrease -0.5%	67,818	129,339	-
Withdrawal rates : Light	-	133,551	-
Withdrawal rates: Heavy	-	131,691	-
Medical cost +1% - effect on service cost and interest cost	-	-	47
Medical cost +1% - effect on defined benefit obligation	-	-	550
Medical cost -1% - effect on service cost and interest cost	-	-	(41)
Medical cost -1% - effect on defined benefit obligation	-	-	(480)

The sensitivity analysis prepared presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 32.3 Defined contribution plan

### Staff Provident Fund

The following information is based on latest audited financial statements of the Fund:

	31 July 2017	31 July 2016
	(Rupees in '000)	
Size of the Fund ( Net of Liabilities)	153,824	192,602
Cost of investment made	96,545	107,660
Fair value / amortized cost of the investments	150,393	191,374
Percentage of investment made (%) - based on fair value / amortized cost	98	99

Break up of the investments is as follows:

	31 July 2017	31 July 2016	31 July 2017	31 July 2016
	(Rupees in '000)		(% of total investment)	
National savings schemes	86,746	146,409	57.68	76.50
Government securities	47,649	37,394	31.68	19.54
Listed securities	12,323	2,635	8.20	1.38
Cash and bank balances	3,675	4,936	2.44	2.58
	150,393	191,374	100	100

Investments out of the Staff Provident Fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 (previously repealed Companies Ordinance, 1984) and the rules formulated for this purpose.

## 33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	31 December 2017			31 December 2016		
	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
	----- (Rupees in '000) -----					
Managerial remuneration	16,710	10,477	83,416	15,561	9,829	76,032
Bonus, house rent, utilities, etc.	9,028	5,909	93,338	2,899	1,605	63,661
Company's contribution to staff retirement benefits	3,965	2,373	26,545	3,408	2,223	24,668
Medical and others	1,062	160	6,197	322	138	2,263
	30,765	18,919	209,496	22,190	13,795	166,624
Number of persons (including those who worked part of the year)	1	1	69	1	1	61

- 33.1 The Chief Executive, executive director and certain executives of the Company are provided with company maintained cars as per terms of employment. During the year, cars were sold to executives, as per the Company policy. Provision in respect of compensated absences is also made and charged in accounts as per the requirements of International Financial Reporting Standards.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

- 33.2 Aggregate amount charged in the financial statements for fee to five non-executive directors was Rs. 862 thousand (2016: five directors - Rs. 678 thousand).
- 33.3 During the period, remuneration of Rs. 4,620 thousand (2016 Rs. 4,620 thousand) was paid to Chairman of the Board of Directors.
- 33.4 Professional indemnity insurance cover is available to the directors. The Chief Executive, executive director and executives are also covered under the group life insurance as per their terms of employment.

## 34. FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance.

Risk management is carried out by the management under policies approved by the Board of Directors.

### 34.1 Credit risk

Credit risk represents the risk of financial loss that would be recognized at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its receivables and its balances at bank. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Deposits are provided to suppliers or counterparties as per agreement and are refundable upon termination of agreement with them. Management does not anticipate any impairment thereagainst.

	Note	31 December 2017	31 December 2016
		(Rupees in '000)	
Deposits		162,567	174,990
Trade debts	34.1.1	666,736	519,720
Bank balances		433,874	109,620
		<u>1,263,177</u>	<u>804,330</u>

- 34.1.1 The Company mostly deals with reputable organizations and believes it is not exposed to any major concentration of credit risk. The Company has policies that limit the amount of credit exposure to any customer.

According to the age analysis, trade debts include balances which are due by not later than 90 days valuing Rs. 565,102 thousand (2016: Rs. 447,167 thousand). Trade debts due by more than 90 days as at 31 December 2017 amounted to Rs. 101,634 thousand (2016: Rs. 72,553 thousand), net of impairment. Based on the past experience, consideration of financial position, payment behaviour, past track records and recoveries, the Company believes that trade debtors past due up to 90 days do not require any impairment.

The movement in the allowance for impairment in respect of trade debts is as follows:

	31 December 2017	31 December 2016
		(Rupees in '000)
Opening balance	38,307	46,558
Provision / (reversal) for the year	17,188	(6,073)
Written off during the year	(6,025)	(2,178)
Closing balance	<u>49,470</u>	<u>38,307</u>

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 34.2 Liquidity risk

Liquidity risk is the risk the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Following are the contractual maturities of the Company's financial liabilities:

	31 December 2017					31 December 2016				
	Carrying amount	On Demand	Contractual cashflows	Maturity upto one year	Maturity after one year	Carrying amount	On Demand	Contractual cashflows	Maturity upto one year	Maturity after one year
----- ( Rupees in '000) -----										
Long term financing	270,000	-	(285,448)	-	(285,448)	270,000	-	(284,150)	-	(284,150)
Current portion of long term financing	385,000	-	(427,980)	(427,980)	-	770,000	-	(820,687)	(820,687)	-
Long term deposits	186,384	-	(186,384)	(186,384)	-	165,858	-	(165,858)	(165,858)	-
Trade and other payables	1,069,285	-	-	(1,069,285)	-	1,344,364	-	(1,344,364)	(1,344,364)	-
Short term borrowings	739,700	(739,700)	-	-	-	89,111	(89,111)	-	-	-
	<u>2,650,369</u>	<u>(739,700)</u>	<u>(899,812)</u>	<u>(1,683,649)</u>	<u>(285,448)</u>	<u>2,639,333</u>	<u>(89,111)</u>	<u>(2,615,059)</u>	<u>(2,330,909)</u>	<u>(284,150)</u>

## 34.3 Market risk

### i) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, denominated in a currency that is not the Company's functional currency. The Company ensures that its net exposure is kept to an acceptable level at all times. Further, the Company enters into forward exchange contracts to hedge its foreign currency risk exposures whenever necessary.

The significant currency exposure at period end was as follows:

	31 December 2017						
	THB	Euro	USD	SGD	GBP	Others	Total
----- (Equivalent Rupees in '000) -----							
Financial liabilities							
Trade and other payables	-	17,828	(94,810)	9,654	(867)	-	(68,195)
Net exposure	-	17,828	(94,810)	9,654	(867)	-	(68,195)
-----							
	31 December 2016						
	THB	Euro	USD	SGD	GBP	Others	Total
----- (Equivalent Rupees in '000) -----							
Financial liabilities							
Trade and other payables	(44)	(85,195)	(120,734)	(5,514)	(2,801)	(700)	(214,988)
Net exposure	(44)	(85,195)	(120,734)	(5,514)	(2,801)	(700)	(214,988)

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

Significant exchange rates applied during the year in translating foreign currency transactions into Pakistan Rupees were as follows:

		Average rate for the year		Reporting date spot rate	
		2017	2016	2017	2016
Thai Baht	(THB)	3.11	2.97	3.40	1.32
Euro	(EUR)	119.06	115.93	132.82	109.76
US Dollar	(USD)	105.34	104.72	110.70	104.38
Singapore Dollar	(SGD)	76.37	75.89	82.77	72.07
Pound Sterling	(GBP)	135.83	141.46	149.61	128.78
Others					
- Korean Won	(KRW)	0.09	0.09	0.10	0.09
- Bangladesh Takka	(BDT)	1.30	1.33	1.34	1.32
- Philippines Pесо	(PHP)	2.09	2.21	2.21	2.10

## Sensitivity Analysis

A 10 percent depreciation of the Pakistan Rupees at the year end would have had the following effect on profit and loss:

		Effect on profit and loss (net of tax)	
		2017	2016
		(Rupees in '000)	
Thai Baht	(THB)	-	(3)
Euro	(EUR)	1,248	(5,878)
US Dollar	(USD)	(6,637)	(8,331)
Singapore Dollar	(SGD)	676	(380)
Pound Sterling	(GBP)	(61)	(193)
Bangladesh Takka	(BDT)	-	(48)

A 10 percent appreciation of Pak Rupee against the above currencies at 31 December 2017 would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant. The above analysis is performed using hypothetical change which is not necessarily be the indication of the actual impact on Company's financial position and performance.

## ii) Interest rate risk

Interest rate risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest / mark-up rates. Sensitivity to interest / mark-up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted.

As at the balance sheet date, the interest / profit bearing financial instruments comprised bank balances in savings accounts, short, medium and long term financing.

The long term financing has been arranged in a manner so that one-third of the financing has a fixed rate.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



For the remainder two-third of the financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by approximately Rs. 3,090 thousand (2016: Rs. 3,308 thousand) in respect of the variable portion of the long term financing. The analysis assumes that all other variables remain constant. The analysis is performed on the same basis as for 2016.

The short and medium term financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the balance sheet date would have decreased / (increased) profit for the year by approximately Rs. 8,851 thousand (2016: Rs.3,373) in respect of the variable portion of the long term financing. The analysis assumes that all other variables remain constant. The above analysis is performed using hypothetical change which is not necessarily indication of the actual impact on Company's financial position and performance. The analysis is performed on the same basis as for 2016.

### iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to price risk.

## 34.4 Fair values of financial assets and liabilities

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

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

	31 December 2017				
	Carrying amount		Fair value		
	Loan and receivables	Other financial liabilities	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----				
<b>Financial assets not measured at fair value</b>					
Trade debts	666,736	-	-	-	-
Loans to employees	543	-	-	-	-
Deposits	162,567	-	-	-	-
Cash and bank balances	434,239	-	-	-	-
Other Receivables	30,819	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Long term financing	-	270,000	-	-	-
Current maturity of long term financing	-	385,000	-	-	-
Long term deposits	-	186,384	-	-	-
Trade and other payables	-	1,069,285	-	-	-
Short term borrowings	-	739,700	-	-	-
	----- (Rupees in '000) -----				
	31 December 2016				
	Carrying amount		Fair value		
	Loan and receivables	Other financial liabilities	Level 1	Level 2	Level 3
	----- (Rupees in '000) -----				
<b>Financial assets not measured at fair value</b>					
Trade debts	519,720	-	-	-	-
Loans to employees	462	-	-	-	-
Deposits	174,990	-	-	-	-
Cash and bank balances	110,092	-	-	-	-
<b>Financial liabilities not measured at fair value</b>					
Long term financing	-	270,000	-	-	-
Current maturity of long term financing	-	770,000	-	-	-
Long term deposits	-	165,858	-	-	-
Trade and other payables	-	1,344,364	-	-	-
Short term borrowings		89,111			

It does not include fair value information for financial assets and financial liabilities not measured at fair value, as the carrying amount is a reasonable approximation of their fair values.



# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 35. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the sustained development of its businesses.

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors also monitors the level of dividends to the ordinary shareholders.

The Company is not subject to externally imposed capital requirements.

## 36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of group companies, entities with common directors, major shareholders, key management employees (included in note 33) and retirement benefit funds. Transactions and balances with related parties and associated undertakings other than those which have been disclosed elsewhere in these financial statements, are given below.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

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

Nature of relationship	Nature of transactions	31 December	31 December
		2017	2016
		(Rupees in '000)	
The BOC Group Limited (Parent)	Technical assistance fee	46,585	42,539
	Dividends paid	52,581	78,872
Linde AG (Ultimate parent)	Information systems support / maintenance and development	38,672	39,526
	Staff related cost in respect of services claimed by the Company from parent company	276	1,668
Associated Companies	Purchase of goods and receipt of services	34,110	43,905
	Staff related cost in respect of services claimed by the Company from associated companies	23,576	31,972
Related entities by virtue of common directorship	Sale of goods	57,662	59,359
Staff retirement benefits	Contributions to staff retirement funds	29,090	30,689
Re-measurement: Actuarial gain recognized in other comprehensive income on account of Staff Retirement Benefits		2,304	11,906

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

Receivable from staff retirement funds	21,542	15,817
Payable to staff retirement funds	-	(2,044)

36.3 Sales, purchases and other transactions with related parties are carried out on commercial terms and conditions. The cost of technical assistance fee has been determined on the basis of agreement, duly acknowledged by the State Bank of Pakistan, between the Company and the BOC Group Limited based on an agreed methodology consistently applied.

There are no transactions with key management personnel other than under their terms of employment, as disclosed elsewhere in these financial statements.

The related party balances as at 31 December 2017 are included in trade debts, other receivables and trade and other payables, respectively.

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017



## 37. PRODUCTION CAPACITY

	Unit of quantity	Number of shifts	Capacity		Actual production*	
			31 December 2017	31 December 2016	31 December 2017	31 December 2016
Oxygen/Nitrogen	Cubic meters	Triple shift	82,233,900	82,233,900	67,083,698	63,238,852
Hydrogen	Cubic meters	Triple shift	3,400,056	3,400,056	2,259,676	2,584,191
Dissolved acetylene	Cubic meters	Single shift	268,152	268,152	145,864	154,845
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	21,139,874	19,679,318
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	2,524	2,792
			<b>125,351,958</b>	<b>125,351,958</b>	<b>90,631,636</b>	<b>85,659,997</b>

\* Net of normal losses

In case of almost all of the above mentioned products, production is demand driven and, hence, the variance and utilization is attributable to demand. Additionally, countrywide load shedding of electricity and non availability of natural gas throughout the year also contributed towards reduced utilization of plants.

## 38. NUMBER OF EMPLOYEES

	31 December 2017	31 December 2016
Average number of employees during the year	116	117
Number of employees as at 31 December	117	114

## 39. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 27 February 2018 by the Board of Directors of the Company.

## 40. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison and better presentation, the effect of which is immaterial.

## 41. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET

The Board of Directors in its meeting held on 27 February 2018 (i) approved the transfer of Rs. 103,924 thousand from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 5.50 per share for the year ended 31 December 2017, amounting to Rs. 137,713 thousand for approval of the members at the Annual General Meeting to be held on 26 April 2018.

Syed Ali Adnan  
Chief Financial Officer

Zubair Ahmad  
Chief Executive Officer

Waqar Ahmed Malik  
Chairman

# BOC PAKISTAN (PRIVATE) LIMITED

BOC Pakistan (Private) Limited ("BOCPL") is wholly owned subsidiary of Pakistan Oxygen Limited (formerly Linde Pakistan Limited)

## Consolidation

As explained in note 1 of the financial statements of Pakistan Oxygen Limited (formerly Linde Pakistan Limited) for the year ended 31 December 2017, the Securities and Exchange Commission of Pakistan ("SECP") has granted exemption to Pakistan Oxygen Limited (formerly Linde Pakistan Limited) from the application of sub-section (1) to (7) of section 237 of the repealed Companies Ordinance, 1984 requiring consolidation of subsidiary in the preparation of financial statements for the year ended 31 December 2017.

## Financial Highlights of BOCPL

	2017	2016
	(Rupees)	
Profit after taxation	55	55
Net assets / shareholders fund	10,516	10,461
Total assets and liabilities	11,748	11,497

## Auditors' Opinion

The auditors M/s KPMG Taseer Hadi & Co., Chartered Accountants, have expressed unmodified opinions on the financial statements of BOCPL for the year ended 31 December 2017.

## General

The annual audited accounts of BOCPL are available for inspection to the members at its registered office situated at P.O Box 4845, Dockyard Road, West Wharf, Karachi - 74400, on their request without any cost.

# SHAREHOLDERS' INFORMATION



## Stock Exchange Listing

Pakistan Oxygen Limited (formerly Linde Pakistan Limited) is a public limited company and its shares are traded on Pakistan Stock Exchange Limited (previously in all the three stock exchanges of Pakistan).

The Company's shares are quoted in leading dailies under the heading of Chemical sector.

## Market Capitalization and Market Price of Pakistan Oxygen Share

### Market capitalization

As at 31 December 2017, the market capitalization of Pakistan Oxygen Share stood at Rs 5.52 billion with a market value of Rs 220.85 per share and breakup value of Rs 78.57 per share.

The 13.04% increase in the value of the shares compared to last year reflects the confidence of our members and investors in the Company.

### Market Price Share

Highest price per share during the year	Rs 383.60
Lowest price per share during the year	Rs 194.20
Closing price per share at year-end	Rs 220.85

### Financial Calendar

The Company follows the period of January 01 to December 31 as the Financial Year.

Financial Results for the year 2018 will be announced as per the following tentative schedule:

1st quarter ending 31 March 2018	April 2018
2nd quarter ending 30 June 2018	August 2018
3rd quarter ending 30 September 2018	October 2018
Year ending 31 December 2018	February 2019

Announcements of the Financial Results for the year ended 31 December 2017 were made as follows:

1st quarter ended 31 March 2017	26 April 2017
2nd quarter ended 30 June 2017	22 August 2017
3rd quarter ended 30 September 2017	26 October 2017
Year ended 31 December 2017	27 February 2018

## Annual General Meeting

The Sixty-ninth annual general meeting of the shareholders will be held on 26th April 2018 at 9:30 am. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi.

A member entitled to attend, speak and vote at the Annual General Meeting may appoint another Member as a proxy to attend and vote on his/her behalf.

## Investor Relations Contact

Mr Wakil Ahmed Khan  
(Manager - Corporate Services)  
Email: [Wakil.Khan@pakoxygen.com](mailto:Wakil.Khan@pakoxygen.com) Phone: (021) 32316914  
Fax: (21) 32311809

In compliance with the requirements of Section 195 of the Companies Act 2017, Central Depository Company of Pakistan Limited (CDC) acts as an Independent Share Registrar of the Company.

Enquiries concerning lost share certificates, dividend payment, change of address, verification of transfer deeds and share transfers may please be addressed to CDC at:

## Central Depository Company of Pakistan

CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahrah-e-Faisal  
Karachi - 74400  
Telephone No.: (92-21) 111-111-500 Fax No.: (92-21) 34326031  
Timings: 9:00 am to 1:00 pm and from 2:30 pm to 5:30 pm (Monday to Friday)  
Email: [info@cdcpak.com](mailto:info@cdcpak.com)

## Public Information

Financial analysts, stock brokers and interested investors desiring financial statements of the Company may visit our website at <http://www.Pakoxygen.com>



## معلومات برائے حصص یافتگان

### اسٹاک ایکسچینج کی لسٹنگ

پاکستان آکسیجن لمیٹیڈ (سابقہ لنڈے پاکستان لمیٹیڈ) ایک پبلک لمیٹیڈ کمپنی ہے اور اس کے حصص کی تجارت پاکستان اسٹاک ایکسچینج پر کی جاتی ہے (جو پہلے پاکستان کے تینوں اسٹاک ایکسچینجوں پر کی جاتی تھی)۔ کمپنی کے حصص کی تفصیلات معروف روزناموں میں کیمیکلز کے شعبے کے عنوان کے تحت دی جاتی ہیں۔

### حصص کی مارکیٹ میں سرمایہ کاری اور ان کی مارکیٹ کی قیمت:

#### مارکیٹ میں سرمایہ کاری

31 دسمبر 2017ء کو پاکستان آکسیجن لمیٹیڈ کی حصص مارکیٹ میں سرمایہ کاری 5.52 بلین روپے تھی جب کہ مارکیٹ ویلو 220.85 روپے فی شیئر اور بریک آپ ویلو 78.57 روپے فی شیئر تھی۔

#### مارکیٹ میں حصص کی قیمت

سال کے دوران میں زیادہ سے زیادہ قیمت فی شیئر 383.60 روپے سال کے دوران میں کم سے کم قیمت فی شیئر 194.20 روپے سال کے اختتام پر اختتامی قیمت فی شیئر 220.85 روپے

#### مالیاتی کیلنڈر

کمپنی کے مالی سال کی مدت یکم جنوری سے 31 دسمبر تک ہوتی ہے۔ 2018ء کے لیے مالیاتی نتائج کا اعلان درج ذیل عارضی گوشوارے کے مطابق کیا جائے گا:

برائے پہلی سہ ماہی تختہ 31 مارچ 2018ء اپریل 2018ء  
برائے دوسری سہ ماہی تختہ 30 جون 2018ء اگست 2018ء  
برائے تیسری سہ ماہی تختہ 30 ستمبر 2018ء اکتوبر 2018ء  
برائے سال تختہ 31 دسمبر 2018ء فروری 2019ء  
31 دسمبر 2017ء کو ختم ہونے والے سال کے مالیاتی نتائج کا اعلان درج ذیل گوشوارے کے مطابق کیا گیا:

برائے پہلی سہ ماہی تختہ 31 مارچ 2017ء 26 اپریل 2017ء  
برائے دوسری سہ ماہی تختہ 30 جون 2017ء 22 اگست 2017ء  
برائے تیسری سہ ماہی تختہ 30 ستمبر 2017ء 26 اکتوبر 2017ء  
برائے سال تختہ 31 دسمبر 2017ء 27 فروری 2018ء

## سالانہ اجلاس عام

حصص یافتگان کا انہتر واں (69 واں) سالانہ اجلاس عام مورخہ 26 اپریل 2018ء کو صبح 9:30 بجے کمپنی کے رجسٹرڈ دفتر ویسٹ وہارف، ڈاکٹر ڈروڈ، کراچی میں منعقد ہوگا۔

سالانہ اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے حقدار ممبر کو یہ اختیار حاصل ہے کہ وہ اپنی جگہ کسی دوسرے ممبر کو اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے پراکسی مقرر کرے۔

### سرمایہ کاروں کے لیے رابطہ انفر

جناب وکیل احمد خان

(مینیجر کارپوریٹ سروسز)

ای میل: wakil.khan@pakoxygen.com

فون: (021) 32316914 فیکس: (021) 32311809

کمپنیز ایکٹ 2017ء کی شق 195 کی پیروی میں سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹیڈ (CDC) کمپنی کے خود مختار شیئر رجسٹرار کے طور پر کام کرتی ہے۔

حصص سرٹیفکیٹ کی گمشدگی، منافع منقسمہ کی ادائیگی، پتے میں تبدیلی، ٹرانسفر ڈیز کی تصدیق اور حصص کی منتقلی کے بارے میں CDC سے درج ذیل پتے پر رجوع کریں:

سینٹرل ڈپازٹری کمپنی آف پاکستان

CDC ہاؤس، 99-B، بلاک 'B'، ایس ایم سی ایچ ایس، مین شاہراہ فیصل، کراچی 74400

فون نمبر: (92-21) 111-111-500

فیکس نمبر: (91-21) 34326031

اوقات کار: 9:00 بجے صبح تا 1:00 بجے دوپہر

اور 2:30 بجے دوپہر تا 5:30 بجے سہ پہر (پیر تا جمعہ)

ای میل: info@cdcpak.com

### اطلاع عام

مالیاتی تجزیہ کار، اسٹاک بروکرز اور سرمایہ کار جو کمپنی کے مالیاتی اسٹیٹمنٹ میں دلچسپی رکھتے ہوں، وہ ہماری ویب سائٹ <http://www.pakoxygen.com> ملاحظہ کر سکتے ہیں۔

# PATTERN OF SHAREHOLDINGS

Year ended 31 December 2017

Number of Shareholders	Shareholdings		Total Numbers of Shares Held
	from	to	
638	1	- 100	26,591
534	101	- 500	163,319
301	501	- 1000	243,379
366	1001	- 5000	854,700
79	5001	- 10000	561,340
25	10001	- 15000	302,405
16	15001	- 20000	285,502
6	20001	- 25000	131,579
3	25001	- 30000	80,764
3	30001	- 35000	92,372
4	35001	- 40000	151,514
2	40001	- 45000	83,053
1	45001	- 50000	49,242
1	50001	- 55000	51,382
1	55001	- 60000	56,371
1	65001	- 70000	70,000
3	70001	- 75000	215,150
1	75001	- 80000	78,787
1	80001	- 85000	82,657
1	85001	- 90000	88,376
1	95001	- 100000	100,000
1	120001	- 125000	125,000
1	155001	- 160000	156,000
1	180001	- 185000	181,585
1	195001	- 200000	196,158
2	295001	- 300000	598,183
1	4990001	- 4995000	4,992,581
1	15020001	- 15025000	15,020,730
<b>1996</b>			<b>25,038,720</b>



# CATEGORIES OF SHAREHOLDERS



Categories of Shareholders	Number Shareholders	Shares Held	Percentage
Associated Companies, undertakings and related parties			
The BOC Group Limited and its 3 nominees*	4	15,023,232	60.00
Directors and their spouse(s) and minor children**			
Humayun Bashir	1	50	0.00
Shahid Hafiz Kardar	1	50	0.00
Executives	-	-	-
Public Sector Companies and Corporations	5	480,846	1.92
Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds	8	418,749	1.67
Mutual Funds			
CDC - Trsutee National Investment (Unit) Trust	1	196,158	0.78
CDC - Trustee First Dawood Mutual Fund	1	1,070	0.00
CDC - Trustee Dawood Islamic Fund	1	1,070	0.00
CDC - Trustee Askari Asset Allocation Fund	1	642	0.00
MCFSL - Trustee Askari Islamic Asset Allocation Fund	1	428	0.00
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	1,070	0.00
MCBFSL - Trustee Pak Oman Islamic Asset Allocation Fund	1	1,285	0.01
General Public			
a. Local	1907	3,418,524	13.66
b. Foreign	2	429	0.00
Foreign Companies	5	226,604	0.92
Others	56	5,268,513	21.04
<b>Totals</b>	<b>1996</b>	<b>25,038,720</b>	<b>100.00</b>

## Share holders holding 5% or more

Manager to the Offer - Linde Pakistan Limited	4,992,581	19.94
The BOC Group Limited and its 3 nominees*	15,023,232	60.00

\*Represents the 60% shareholding of The BOC Group Limited, U.K and includes its three nominee shareholders

\*\*No spouse and minor children of Directors and Executives hold shares in the company

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-ninth Annual General Meeting of **PAKISTAN OXYGEN LIMITED** (formerly Linde Pakistan Limited) will be held on Thursday, the 26<sup>th</sup> day of April 2018 at 9:30 a.m. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi to transact the following business:

1. To receive and consider the Financial Statements of the Company for the year ended 31 December 2017 and Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to authorise the payment of cash dividend of Rs 5.50 per ordinary share of Rs 10/= each for the year ended 31 December 2017 as recommended by the Directors of the Company, payable to those Members whose names appear on the Register of Members as at the close of business on 19 April 2018.
3. To appoint the Auditors of the Company and to fix their remuneration. The Board of Directors recommends, based on the recommendation of the Audit Committee, the appointment of M/s. BDO Ebrahim & Co., Chartered Accountants in place of retiring auditors M/s. KPMG Taseer Hadi & Co, Chartered Accountants who have also offered themselves for reappointment.

By Order of the Board

**MAZHAR IQBAL**  
Company Secretary

Karachi: 27 February 2018

## NOTES:

1. Transport will be provided to members of the Company from the Parking Area of the Pakistan Stock Exchange Limited at Railway premises, near Tower and departure will be at 8:45 a.m. sharp on 26 April 2018.
2. The Share Transfer Books of the Company will be closed from 20 April to 26 April 2018 (both days inclusive).
3. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf and a proxy so appointed shall have the same rights in respect of speaking and voting at the meeting as are available to a Member. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting. The proxy must be a member of the Company, except that a Corporation being a member of the Company may appoint as its proxy one of the officers or some other person though not a member of the Company.
4. Members are requested to immediately notify any change in their address or bank mandate as registered to the Company's Share Registrar, Central Depository Company of Pakistan Limited, Shares Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi -74400.
5. CDC Account Holders will further have to follow the under-mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:



#### A. For Attending the Meeting:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

#### B. For Appointing Proxies:

- (i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iv) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

#### Computerized National Identity Card (CNIC)/ National Tax Number (NTN):

CNIC or NTN of the shareholders is mandatory in terms of the directive of the Securities and Exchange Commission of Pakistan as contained in S.R.O.831(1)2012 dated 5 July 2012 for the Issuance of dividend warrants and in the absence of such information, payment of dividend may be withheld in terms of SECP's above mentioned directive. Therefore, the shareholders, who have not yet provided their CNICs or NTN are once again advised to provide the attested copies of their CNICs or NTN (if not already provided) directly to our Share Registrar without further delay.

#### Payment of Cash Dividend Electronically (Mandatory):

Under second proviso to Section 242 of the Companies Act, 2017, listed companies are required to pay declared cash dividends only through electronic mode directly into the bank accounts designated by the entitled shareholders. In this way, dividends may be instantly credited to respective bank accounts and there are no chances of dividend warrants getting lost in the post, undelivered or delivered to the wrong address, etc.

Accordingly, the shareholders of the company are requested to provide the following information for payment of cash dividend to be declared by the company through electronic mode directly in the bank account designated by you:

Title of Bank Account	
Account Number	
IBAN Number	
Bank's Name	
Branch Name and Address	
Cell Number of Shareholder	
Landline number of Shareholder	
Email of Shareholder	

Shareholders will intimate the changes, if any, in the above-mentioned information to the Company's Share Registrar as soon as these occur.

#### Unclaimed-Shares/Unpaid Dividend:

As per the provisions of Section 244 of the Companies Act, 2017, any shares issued or dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date it was due and payable are required to be deposited with the Commission for credit to the Federal Government after Issuance of notices to the shareholders to file their claims. The details of the shares issued and dividend declared by the Company which have remained unclaimed/unpaid for a period of three years from the date these have become due and payable are available on Company's website [www.pakoxygen.com](http://www.pakoxygen.com). The Company has also issued notices to shareholders and published a Final Notice in the newspapers to lodge their claims within 90 days of notice to the Company's aforesaid Share Registrar. Shareholders are requested to ensure that their claims for unclaimed shares/unpaid dividends are lodged timely. In case no claim is received within the given period, the Company shall proceed to deposit the unclaimed/unpaid amount with the Federal Government pursuant to sub-section 2 of Section 244 of the Companies Act, 2017.

#### Circulation of Audited Financial Statements through E-mail and by CD/DVD/USB:

Pursuant to Notification SRO No. 470(I)/2016 dated 31 May 2016, the SECP has allowed (in addition to email), circulation of annual balance sheet and profit and loss account, auditors' report and directors' report etc. ("Audited Financial Statements") to the members along with the notice of the Annual General Meeting ("AGM") through CD/DVD/USB to the members at their registered addresses.

Therefore, it is notified to all members that in accordance with Notification SRO No. 470(I)/2016, members who wish to receive the hard copies of the Audited Financial Statements (Annual Report) along with notice of AGM, may send the Standard Request Form to the Company's Share Registrar. The Standard Request Form is available from the Company's website: [www.pakoxygen.com](http://www.pakoxygen.com). If a member prefers to receive hard copies for all the future Audited Financial Statements and notice of AGM, then such preference of the member shall be noted in the Standard Request Form.



### Deduction of Withholding Tax on the amount of Dividend U/S 150 of the Income Tax Ordinance, 2001 (Mandatory):

As per Section 150 of the Income Tax Ordinance, 2001, different rates have been prescribed for deduction of withholding tax on the amount of dividend paid by the companies. These rates are as under:

(a)	For filers of income tax returns	:	15%
(b)	For non-filers of income tax returns	:	20%

To enable the Company to make a tax deduction on the amount of cash dividend @ 15% instead of 20%, all the shareholders whose names are not entered into the Active Tax-payers List (ATL) provided on the website of FBR, despite the fact that they are filers, are advised immediately to make sure that their names are entered into ATL by the close of business on 19 April 2018, otherwise tax on their cash dividend will be deducted @ 20% instead of 15%. For any query/problem/information, the investors may contact the Company and/or the Share Registrar.

Further, according to clarification received from Federal Board of Revenue (FBR), withholding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as Joint-holder(s) based on their shareholding proportions, in case of joint accounts. In this regard, all shareholders who hold shares jointly are requested to furnish shareholding details of Principal shareholder and Joint-holder(s) in respect of shares held by them to the Company's Share Registrar in writing in the following manner by close of business on 19 April 2018:

Folio/CDS Account #	Total Shares	Principal Shareholder		Joint Shareholder	
		Name and CNIC #	Shareholding Proportion (No. of shares)	Name And CNIC #	Shareholding Proportion (No. of shares)

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificates to the Company's Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

### Consent for video conference facility:

For this Annual General Meeting, under following conditions, members can also avail video conference facility:

If the Company receives consent from members holding in aggregate 10% or more shareholding residing at a geographical location, to participate in the meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

The Company will intimate members regarding venue of video conference facility 5 days before the date of general meeting along with complete information necessary to enable them to access such facility.

In this regard, members who wish to participate through video conference facility should send a duly signed request as per the following format to the registered address of the Company at least 10 days before the date of general meeting:

Consent for Video Conference Facility

I/We/Messrs., \_\_\_\_\_ of \_\_\_\_\_, being a member of Pakistan Oxygen Limited, holder of \_\_\_\_\_ ordinary share(s) as per Registered Folio/CDC Account No. \_\_\_\_\_, hereby opt for video link facility at \_\_\_\_\_.

**Signature of the Member(s)**  
(Please affix company stamp in case of corporate entity)



The Chairman Mr. Waqar A. Malik responding to the queries of shareholders



Shareholders at Extraordinary General Meeting

## ویڈیو کانفرنس کی سہولت کی اجازت

درج ذیل شرائط کے تحت اس سالانہ اجلاس عام میں شرکت کے لیے ممبران ویڈیو کانفرنس کی سہولت بھی حاصل کر سکتے ہیں۔

اگر کمپنی کو اجلاس عام میں بذریعہ ویڈیو کانفرنس شرکت کے لیے قرب و جوار کے رہائشی ایسے ممبران کی رضامندی موصول ہوتی ہے جو مجموعی طور پر 10 فیصد یا اس سے زیادہ حصص کے مالک ہیں تو کمپنی اس شہر میں سہولت کی دستیابی سے مشروط ویڈیو کانفرنس کی سہولت کا انتظام کر دے گی۔

کمپنی ممبرز کو اجلاس عام کی تاریخ سے کم از کم 5 روز قبل ویڈیو کانفرنس کے مقام سے مطلع کرے گی اور اس سہولت تک رسائی حاصل کرنے کے لیے تمام معلومات فراہم کرے گی۔

اس سلسلے میں ویڈیو کانفرنس کے ذریعے اجلاس میں شرکت کرنے کے خواہش مند ممبران درج ذیل طریقہ کار کے مطابق باضابطہ طور پر دستخط کی گئی رضامندی پر مشتمل دستاویز اجلاس عام کی تاریخ سے 10 دن قبل کمپنی کے رجسٹرڈ پتے پر بھیج دیں۔

### ویڈیو کانفرنس کی سہولت کی اجازت

میں / ہم ----- کا / کے بطور ممبر Pakistan Oxygen Limited رجسٹرڈ فولیو نمبر / CDC  
اکاؤنٹ نمبر ----- کے مطابق ----- عام حصص رکھنے والا / والے بذریعہ ہذا ----- میں  
ویڈیو کانفرنس کی سہولت کا انتخاب کرتا ہوں / کرتے ہیں۔

ممبر / ممبرز کے دستخط

(کارپوریٹ ادارے کی صورت میں کمپنی کی مہر لگائیے)





## انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے تحت ود ہولڈنگ ٹیکس کی کٹوتی (لازمی)

انکم ٹیکس آرڈیننس 2001ء کے سیکشن 150 کے مطابق کمپنی کی طرف سے ادا کی جانے والی ڈیویڈنڈ کی رقم پر ود ہولڈنگ ٹیکس کی کٹوتی کی مختلف شرحیں تجویز کی گئی ہیں۔ یہ شرحیں درج ذیل ہیں:

(الف)	انکم ٹیکس ریٹرنز فائل کرنے والوں کے لیے	15.0 فیصد
(ب)	انکم ٹیکس ریٹرنز فائل نہ کرنے والوں کے لیے	20.0 فیصد

کمپنی کو کیش ڈیویڈنڈ پر 20.0 فیصد کے بجائے 15.0 فیصد ٹیکس کٹوتی کا مجاز بنانے کے لیے تمام حصص یافتگان، جن کے نام فائل ہونے کے باوجود FBR کی ویب سائٹ پر فراہم کردہ ایکٹیو ٹیکس پیپرز لسٹ (ATL) میں موجود نہیں ہیں، ان کو متنبہ کیا جاتا ہے کہ وہ 19 اپریل 2018ء تک کاروباری اوقات کے اختتام سے قبل ATL میں اپنے نام کا اندراج یقینی بنائیں۔ بصورت دیگر ان کے کیش ڈیویڈنڈ پر ٹیکس کی کٹوتی 15 کے بجائے 20 فیصد سے کی جائے گی۔ مزید سوالات / مسائل اور معلومات کے لیے سرمایہ کار کمپنی اور / یا شیئرز رجسٹرار سے رابطہ کیا جاسکتا ہے۔

مزید یہ کہ فیڈرل بورڈ آف ریونیو (ایف بی آر) سے موصول ہونے والی وضاحت کے مطابق ود ہولڈنگ ٹیکس کا تعین پرنسپل ہولڈر کے فائلر / نان فائلر ہونے کی بنیاد پر الگ اور مشترکہ اکاؤنٹ ہونے کی صورت میں جو انٹ شیئر ہولڈنگ کے تناسب سے کیا جائے گا۔ اس سلسلے میں ایسے تمام شیئر ہولڈرز سے، جن کے شیئرز مشترک ہیں درخواست کی جاتی ہے کہ وہ اپنے شیئرز کے مطابق پرنسپل شیئر ہولڈر اور جو انٹ ہولڈرز کی تفصیلات تحریری طور پر کمپنی کے شیئر رجسٹرار کو 19 اپریل 2018ء تک کاروباری اوقات کے اختتام سے قبل درج ذیل انداز میں بھیج دیں:

جوائنٹ شیئر ہولڈرز		پرنسپل شیئر ہولڈر		کل شیئرز	فولیو / سی ڈی سی نمبر
نام اور کمپیوٹرائزڈ شناختی کارڈ نمبر (شیئرز کی تعداد)	نام اور کمپیوٹرائزڈ شناختی کارڈ نمبر (شیئرز کی تعداد)	نام اور کمپیوٹرائزڈ شناختی کارڈ نمبر (شیئرز کی تعداد)	نام اور کمپیوٹرائزڈ شناختی کارڈ نمبر (شیئرز کی تعداد)		

سی ڈی سی اکاؤنٹ رکھنے والے کارپوریٹ شیئرز ہولڈرز اپنا نمیشنل ٹیکس نمبر (NTN) اپنے متعلقہ Participants کے ساتھ اپ ڈیٹ کر لیں جبکہ فزیکل شیئر ہولڈرز این ٹی این سرٹیفکیٹس کی کاپی کمپنی کے شیئر رجسٹرار کو ارسال کر دیں۔ حصص یافتگان این ٹی این یا این ٹی این سرٹیفکیٹ بھیجتے ہوئے کمپنی کا نام اور اپنے متعلقہ فولیو نمبر لازمی درج کریں۔

بینک اکاؤنٹ کا نام	
اکاؤنٹ نمبر	
آئی بی اے این (IBAN) نمبر	
بینک کا نام	
برانچ کا نام اور پتہ	
شیر ہولڈر کا موبائل نمبر	
شیر ہولڈر کا ای میل	

اگر اوپر دی گئی معلومات میں کوئی تبدیلی ہو تو شیر ہولڈر کو کمپنی کے شیرز رجسٹرار کو اطلاع دینی ہوگی۔

### لا دعویٰ اخصص / غیر ادا شدہ منافع منقسمہ

کمپنیز آرڈیننس ایکٹ 2017ء کی دفعہ 244 کے مطابق کمپنی کی جانب سے جاری شدہ کوئی شیر یا اعلان کردہ منافع منقسمہ اگر واجب الادا اور قابل ادا ہونے کی تاریخ سے تین سال تک لا دعویٰ / غیر ادا شدہ رہے تو شیر ہولڈر کو اپنا دعویٰ دائر کرنے کے نوٹس کے اجرا کے بعد اسے کمیشن کے ساتھ وفاقی حکومت کو جمع کرادیا جائے گا۔ کمپنی کی طرف سے جاری کردہ ایسے شیرز اور اعلان کردہ منافع منقسمہ کی تفصیلات، جو ابھی تک لا دعویٰ / غیر ادا شدہ ہیں کمپنی کی ویب سائٹ [www.pakoxygen.com](http://www.pakoxygen.com) پر دستیاب ہیں۔ کمپنی کی جانب سے اخصص یافتگان کو نوٹس بھی بھیجے گئے ہیں اور حتمی نوٹس اخبارات میں شائع کیے گئے ہیں جن میں انہیں ہدایت کی گئی ہے کہ 90 دن کے اندر اپنے دعویٰ کمپنی کے مذکورہ بالا شیرز رجسٹرار کے پاس جمع کرائیں۔ شیر ہولڈرز سے درخواست ہے کہ وہ لا دعویٰ / غیر ادا شدہ شیرز کے کلیمز مقررہ وقت کے اندر جمع کرا دیں۔ اگر مقررہ وقت کے اندر کوئی کلیم وصول نہ ہو تو کمپنی کمپنیز ایکٹ 2017ء کی دفعہ 244 کے مطابق لا دعویٰ / غیر ادا شدہ رقم وفاقی حکومت کو جمع کرا دیے جائیں گے۔

### ای میل اور CD/DVD/USB کے ذریعے آڈٹ شدہ سالانہ فنانشل رپورٹ کی ترسیل

نوٹیفکیشن ایس آر او نمبر 2016 (1) 470 تاریخ 31 مئی 2016ء کے تحت SECP نے کمپنیز کو ممبران کے رجسٹرار کے ذریعے سالانہ بیلنس شیٹ اور نفع و نقصان کی تفصیلات، آڈٹرز اور ڈائریکٹرز کی رپورٹ وغیرہ (آڈٹ شدہ فنانشل اسٹیٹمنٹس) (Annual Report) کے ہمراہ سالانہ اجلاس عام (AGM) کے نوٹس کی ترسیل (ای میل کے علاوہ) بذریعہ CD/DVD/USB بھیجنے کی اجازت دے دی ہے۔

نوٹیفکیشن ایس آر او نمبر 2016 (1) 470 کے مطابق تمام ممبران کو مطلع کیا جاتا ہے کہ وہ تمام ممبران جو آڈٹ شدہ فنانشل اسٹیٹمنٹس (Annual Report) اور AGM نوٹس دستاویزی شکل میں حاصل کرنے کے خواہشمند ہیں وہ کمپنی کے شیرز رجسٹرار کو اس سلسلے میں اسٹیٹمنڈر ڈ درخواست بھیج سکتے ہیں۔ اسٹیٹمنڈر ڈ درخواست فارم کمپنی کی ویب سائٹ [www.pakoxygen.com](http://www.pakoxygen.com) پر بھی دستیاب ہے۔ اگر ممبر مستقبل میں آڈٹ شدہ فنانشل اسٹیٹمنٹس (Annual Report) اور AGM نوٹس دستاویزی شکل میں وصول کرنے کا خواہشمند ہے تو اسے اسٹیٹمنڈر ڈ درخواست فارم میں اس کی نشان دہی کرنی ہوگی۔



## A. اجلاس میں شرکت کے لیے:

- i. ایک فرد ہونے کی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کے رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی گئی ہیں، اس کو اجلاس میں شرکت کے وقت اپنی شناخت کی تصدیق کے لیے اپنا اصل کمپیوٹرائزڈ شناختی کارڈ (CNIC) یا اصل پاسپورٹ پیش کرنا ہوگا۔
- ii. کارپوریٹ اکائی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد کردہ فرد کے دستخط کے نمونے کے (اگر پہلے جمع نہ کرایا گیا ہو) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

## B. پراسی کے تقرر کے لیے:

- i. ایک فرد ہونے کی حیثیت میں اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر اور/یا وہ شخص جس کی سیکورٹیز گروپ اکاؤنٹ میں ہیں اور ان کے رجسٹریشن کی تفصیلات ضابطے کے مطابق اپ لوڈ کی گئی ہیں، اس کو درج بالا شرائط کے مطابق پراسی فارم جمع کرنا ہوگا۔
- ii. پراسی فارم پر دو گواہان کے دستخط ہوں گے جن کے نام، پتے اور CNIC نمبر پراسی فارم میں درج ہونا لازمی ہے۔
- iii. مینٹشل مالکان اور پراسی کے CNIC یا پاسپورٹ کی تصدیق شدہ نقل پراسی فارم کے ساتھ جمع کرانی ہوگی۔
- iv. پراسی کے لیے لازمی ہے کہ وہ اجلاس میں شرکت کے وقت اپنا اصل CNIC یا اصل پاسپورٹ پیش کرے۔
- v. کارپوریٹ اکائی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی مع نامزد کردہ فرد کے دستخط کے نمونے کے (اگر پہلے نہ فراہم کیے گئے ہوں) اجلاس میں شرکت کے وقت پیش کرنا ہوں گے۔

## کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) / نیشنل ٹیکس نمبر (این ٹی این)

سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایت اور اس کے ایس آر او 2012 (i) 831 مجریہ 5 جولائی 2012ء کے مطابق ڈیویڈنڈ وارنٹ کے اجراء کے لیے حصص یافتگان کے CNIC یا این ٹی این نمبر کا ہونا لازمی ہے، عدم موجودگی پر ایس ای سی پی کی محولہ بالا ہدایت کے تحت ڈیویڈنڈ کی دائیگی روکی جاسکتی ہے۔ لہذا جن حصص یافتگان نے ابھی تک قومی شناختی کارڈ یا این ٹی این فراہم نہیں کیا ہے انہیں دوبارہ مشورہ دیا جاتا ہے کہ اپنے قومی شناختی کارڈ یا این ٹی این (اگر پہلے نہیں جمع کرایا ہے) کی کاپیاں بلا تاخیر ہمارے شیئرز رجسٹرار کو براہ راست بھیجوادیں۔

## الیکٹرانک طریقے سے منافع منقسمہ کی ادائیگی (لازمی)

کمپنیز آرڈیننس 2017ء کی دفعہ 242 کی دوسری مشروط شق کے تحت لسٹڈ کمپنیاں پابند ہیں کہ منافع منقسمہ کے حقدار حصص یافتگان کا منافع صرف اس بینک اکاؤنٹ میں براہ راست جمع کرائیں جس کا تعین شیئرز ہولڈر نے کیا ہے۔ اس طریقے کے مطابق حصص یافتگان کا منافع فوری طور پر ان کے متعلقہ بینک اکاؤنٹ میں منتقل ہو سکتا ہے اور ڈاک کے ذریعے ترسیل میں ڈیویڈنڈ وارنٹ گم ہونے یا غلط پتے کی وجہ سے ترسیل نہ ہونے کا اندیشہ نہیں رہے گا۔

لہذا کمپنی کے حصص یافتگان سے درخواست ہے کہ کمپنی کے اعلان کردہ منافع منقسمہ کی الیکٹرونک طریقے سے آپ کے مقرر کردہ بینک اکاؤنٹ میں ادائیگی کے لیے درج ذیل معلومات فراہم کریں:

## اطلاع برائے سالانہ اجلاس عام

- بذریعہ ہذا مطلع کیا جاتا ہے کہ پاکستان آکسیجن لمیٹڈ کا انہترواں (۶۹واں) سالانہ اجلاس عام بتاریخ ۲۶ اپریل ۲۰۱۸ء، بروز جمعرات، بوقت ساڑھے نو بجے صبح کمپنی کے رجسٹرڈ آفس بمقام ویسٹ وہارف، ڈاکٹریٹ روڈ کراچی منعقد ہوگا، جس میں درج ذیل کارروائی عمل میں لائی جائے گی۔
- ۱۔ ۳۱ دسمبر ۲۰۱۷ء کو کمپنی کے ختم ہونے والے سال کی فرد حسابات اور اس پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی اور ان پر غور۔
  - ۲۔ کمپنی کے ڈائریکٹرز کی سفارش کے مطابق ۳۱ دسمبر ۲۰۱۷ء کو ختم ہونے والے سال کے لیے ۱۰ روپے کے ہر عام حصص پر پانچ روپے پچاس پیسے کے حتمی منافع کی ادائیگی پر غور اور اگر مناسب سمجھا گیا تو اس کی منظوری دینا، جو ان حصص یافتگان کو ادا کیے جائیں گے جن کے نام ۱۹ اپریل ۲۰۱۸ء کو کاروباری اوقات کے خاتمے تک حصص یافتگان کے رجسٹر میں درج ہوں گے۔
  - ۳۔ کمپنی کے آڈیٹرز کا تقرار اور ان کے معاوضے کا تعین۔ بورڈ آف ڈائریکٹرز نے آڈٹ کمیٹی کی تجویز کی بنیاد پر میسرز بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو سبک دوش ہونے والے آڈیٹرز میسرز کے پی ایم جی تاخیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، جنہوں نے دوبارہ منتخب ہونے کی پیش کش کی تھی، کی جگہ مقرر کرنے کی سفارش کی ہے۔

بحکم بورڈ

مظہر اقبال

کمپنی سیکریٹری

کراچی، ۲۷ فروری، ۲۰۱۸ء

نوٹس:

۱۔ کمپنی ممبران کے لیے پاکستان اسٹاک ایکسچینج کے پارکنگ ایریا بمقام پاکستان ریلویز، نزد ٹاور سے ٹرانسپورٹ کی سہولت میسر ہوگی، جو ۲۶ اپریل ۲۰۱۸ء کو ٹھیک پونے نو بجے روانہ ہوگی۔

۲۔ کمپنی کے حصص کی منتقلی کا رجسٹر ۲۰ اپریل تا ۲۶ اپریل (بشمول دونوں دن) بند رہے گا۔

۳۔ سالانہ اجلاس عام میں شرکت، بولنے اور ووٹ کا استحقاق رکھنے والے کسی بھی ممبر کو یہ حق حاصل ہے کہ وہ میٹنگ میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنی جگہ کسی کو عیوضی مقرر کر دے۔ جسے میٹنگ میں بولنے اور ووٹ دینے کے وہی اختیارات حاصل ہوں گے جو ایک ممبر کو حاصل ہیں۔ عیوضی کے موثر ہونے کے لیے اطلاع نامہ کمپنی کے رجسٹرڈ آفس میں جلسہ شروع ہونے سے کم از کم ۴۸ گھنٹے پہلے موصول ہونا چاہیے۔ عیوضی کو لازمی طور پر کمپنی کا ممبر ہونا چاہیے، ماسوائے اس صورت حال کے کہ کوئی کارپوریشن کمپنی کی ممبر ہو اور وہ اپنے کسی افسر یا کسی اور فرد کو عیوضی مقرر کر دے چاہے وہ کمپنی کا ممبر نہ ہو۔

۴۔ ممبران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے یا بینک مینڈیٹ میں ہونے والی کسی تبدیلی سے فوری طور پر کمپنی کے شیئرز رجسٹرار، سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ، شیئرز رجسٹرار ڈپارٹمنٹ، سی ڈی سی ہاؤس، 99-B، بلاک B، سندھی مسلم کوآپریٹو سوسائٹی، مین شاہراہ فیصل، کراچی-74400 کو مطلع کریں۔

۵۔ مزید برآں سی ڈی سی اکاؤنٹ ہولڈرز کو سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے جاری کردہ سرکل نمبر 1، بتاریخ 26 جنوری 2000ء میں درج رہنما ہدایات کی پیروی کرنی ہوگی۔

# FORM OF PROXY

## ANNUAL GENERAL MEETING

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ being a Member of Pakistan Oxygen Limited, hereby appoint  
\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy, and failing him/her, \_\_\_\_\_

of \_\_\_\_\_ another Member of the Company to vote for me/us and on my/our behalf at  
the Annual General Meeting of the Company to be held on the 26<sup>th</sup> day of April 2018 and at any adjournment thereof.

Signed on this \_\_\_\_ day of \_\_\_\_\_ 2018 in the presence of:

1. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_

2. Signature \_\_\_\_\_  
Name \_\_\_\_\_  
Address \_\_\_\_\_  
CNIC or Passport No. \_\_\_\_\_

Folio/CDC Account No.

Signature on  
Revenue Stamp of Rs 10/-

This signature should agree with the  
specimen registered with the Company

### Important

- This Proxy Form, duly completed and signed, must be received at the Registered Office of the Company, West Wharf, Dockyard Road, Karachi not less than 48 hours before the time of holding the meeting
- No person shall act as proxy unless he himself/herself is a member of the Company, except that a corporation may appoint a person who is not a member.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.

### For CDC account holders/corporate entities:

In addition to the above the following requirements have to be met:

- The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

# پراکسی فارم سالانہ اجلاس عام

میں/ہم \_\_\_\_\_ سکنہ \_\_\_\_\_ ضلع \_\_\_\_\_ بحیثیت ممبر پاکستان  
آکسیجن لمیٹڈ، بذریعہ ہذا کمپنی کے ممبر \_\_\_\_\_ سکنہ \_\_\_\_\_ کو، اور اس کی عدم موجودگی کی صورت میں  
دوسرے ممبر \_\_\_\_\_ سکنہ \_\_\_\_\_ کو اپنی جگہ 26 اپریل 2018ء کو منعقد ہونے والے کمپنی کے سالانہ  
اجلاس عام یا کسی ملتوی شدہ اجلاس میں شرکت کرنے اور ووٹ دینے کے لیے اپنا پراکسی مقرر کرتا/ کرتی ہوں/ کرتے ہیں۔  
مورخہ \_\_\_\_\_ 2018ء کو درج ذیل گواہان کی موجودگی میں دستخط کیے گئے:

_____ -1 دستخط	_____ -2 دستخط
نام: _____	نام: _____
پتہ: _____	پتہ: _____
CNIC یا پاسپورٹ نمبر: _____	CNIC یا پاسپورٹ نمبر: _____

10/- روپے کے ریوینیو ٹکٹ پر دستخط

یہ دستخط کمپنی میں موجود رجسٹرڈ نمونے کے دستخط کے مطابق ہونا چاہئیں

فولیو/ CDC نمبر

## اہم ہدایات:

- ہر لحاظ سے مکمل اور دستخط شدہ پراکسی فارم، کمپنی کے رجسٹرڈ دفتر، ویسٹ وہارف، ڈاک ہاؤس روڈ، کراچی میں اجلاس شروع ہونے کے وقت سے کم از کم 48 گھنٹے پہلے لازمی طور پر پہنچ جانا چاہیے۔
- کوئی ایسا شخص پراکسی مقرر نہیں کیا جاسکتا جو کمپنی کا ممبر نہ ہو؛ البتہ کارپوریشن کسی غیر ممبر شخص کو پراکسی مقرر کر سکتی ہے۔
- اگر کوئی شخص ایک سے زیادہ پراکسی مقرر کرے اور پراکسی ایک سے زیادہ دستاویز جمع کرائے تو ایسی تمام دستاویز مسترد کر دی جائیں گی۔

## ICDC کاؤنٹ ہولڈرز/ کارپوریٹ اکائیوں کے لیے ہدایات

درج بالا کے علاوہ درج ذیل شرائط پوری ہونا بھی لازمی ہیں:

- پراکسی فارم پر دو گواہوں کے دستخط مع ان کے نام، پتے اور CNIC نمبر درج ہونا لازمی ہے۔
- پراکسی فارم کے ہمراہ مستفید ہونے والے ممبر (Beneficial owner) اور پراکسی کے CNIC یا پاسپورٹ کی تصدیق شدہ کاپی منسلک ہونا لازمی ہے۔
- پراکسی کو اجلاس میں شرکت کے وقت اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- کارپوریٹ اکائی کی صورت میں پراکسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی مع نمونے کے دستخط (اگر پہلے سے جمع نہ کرائے گئے ہوں) کمپنی کے پاس جمع کرنا ضروری ہے۔



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# Business locations

## Registered office/head office

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

## North-western region

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

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

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

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

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**

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

**Sales office**

**Nitrous oxide plant**

**Gas compression facility**

## Southern region

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**

**ASU plant**

**Nitrogen plant**

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**

**Sales depot**

**Gas compression facility**

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

**Sales depot**

**Pakistan Oxygen Limited** (formerly Linde Pakistan Limited)  
P.O. Box 4845, Dockyard Road,  
West Wharf, Karachi-74000, Pakistan  
Phone +92.21.32313361 (9 lines),  
info.pk@pakoxygen.com, www.pakoxygen.com