report & accounts two thousand six

(October 05 to December 06)

Providing Global Solutions Locally

BOC

BOC Pakistan Limited

Mr Sanjiv Lamba, Business Unit Head - South & East Asia, The Linde Group and Director, BOC Pakistan Limited (standing left), seen with Mr Syed Ayaz Bokhari, Chief Executive, BOC Pakistan Limited (standing right), while visiting the Company's West Wharf site in Karachi

contents

our vision

BOCPL is the first choice of its customers, with clear market leadership in the Industrial Gases / Healthcare businesses and its other related fields.

our mission

To engage effectively, responsibly and profitably in the industrial gases, healthcare and welding markets. BOCPL consistently seeks a high standard of performance, and aims to maintain a long-term leadership position in its competitive environment.

This will be achieved through operating efficiency, continued dedication to serving our customers, cost effectiveness and behavioral conformance to our values, ACTS (Accountability, Collaboration, Transparency & Stretch).

The company will be recognized in the community it operates in as a safe and environmentally responsible organization. Our people will be acknowledged for their integrity and talent.

The Corporation acknowledges that commercial success and sustained profitable growth depends on the recruitment, development and retention of competent human resources. It will continue to invest in building this organizational capacity and capability.

For shareholders, it protects their investment and provides an acceptable return. This is achieved through continued commercial success in winning new business and retaining old customers. This is underpinned by the development and provision of new products/services to its customers, offering real value in price, quality, safety & environmental impact.

board of directors

Munnawar Hamid OBE
Chairman

Syed Ayaz Bokhari
Chief Executive

Sanjiv Lamba
Director

Mike S Huggon
Director

Sanaullah Qureshi
Director

Towfiq Habib Chinoy
Director

Tariq Iqbal Khan
Director
(Resigned on 27-12-06)

Syed Ainul Hadi
Executive Director

Shamim Ahmad Khan
Director
(Appointed on 24-01-07)

company information

Board of Directors

Munnawar Hamid OBE	Chairman	
Syed Ayaz Bokhari	Chief Executive	
Sanaullah Qureshi	Director	
Mike S Huggon	Director	
Towfiq Habib Chinoy	Director	
Sanjiv Lamba	Director	
Tariq Iqbal Khan	Director	(Resigned on 27-12-06)
Syed Ainul Hadi	Director	
Shamim Ahmad Khan	Director	(Appointed on 24-01-07)

Company Secretary

M Ashraf Bawany

Board Audit Committee

Sanaullah Qureshi	Chairman	Non-Executive Director
Mike S Huggon	Member	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Tariq Iqbal Khan	Member	Non-Executive Director (Resigned on 27-12-06)
Shamim Ahmad Khan	Member	Non-Executive Director (Appointed on 24-01-07)
Muhammad Yousuf Patel	Secretary	Assistant Company Secretary

Board Remuneration and Appointments Committee

Towfiq Habib Chinoy	Chairman	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Mike S Huggon	Member	Non-Executive Director
Aamir Niazi	Secretary	Director of Human Resources

Bankers

Standard Chartered Bank (Pakistan) Ltd.
Citibank NA
Deutsche Bank AG
Crescent Commercial Bank Ltd
National Bank of Pakistan Ltd
MCB Bank Ltd
United Bank Ltd
PICIC Commercial Bank Ltd

Share Registrar

THK Associates (Pvt) Ltd

Auditors
A F Ferguson & Co.

Solicitors
Surridge & Beecheno

Registered Office
West Wharf, Dockyard Road, Karachi-74000

Website
www.bocpakistan.com

Mr Andrew Gardner, Regional Head Bangladesh, Pakistan and Philippines, The Linde Group during his visit to BOC Pakistan Limited which coincided with Safety Week

Mr Sanjiv Lamba, Regional Business Unit Head - South & East Asia, The Linde Group and Director, BOC Pakistan Limited, briefing officers of the Company at a town hall meeting

statement of ethics & business practices policy summary

The objective of BOCPL is to engage efficiently, responsibly and profitably in the gases, healthcare and welding businesses.

In doing so, the Corporation recognizes its responsibility towards its shareholders, customers, employees and to those with whom it does business, and the society.

The Corporation requires all its employees to demonstrate honesty, integrity and fairness in all aspects of its business. It expects the same in its relationships with all those with whom it does business.

Employees are required to avoid conflicts of interest between their private financial activities and their professional role in the conduct of Company business.

BOCPL acts in socially responsible manner within the laws of Pakistan, in pursuit of its legitimate commercial objectives.

BOCPL seeks to compete fairly and ethically, within the framework of all applicable laws in the country.

The Company does not support any political party or contribute funds to groups whose activities promote party interests. The Company will promote its legitimate business interests through trade associations.

BOCPL is committed to provide products, which consistently offer value in terms of price / quality, and are at the same time, safe for their intended use, to satisfy customer needs and expectations.

The Corporation recognizes its social responsibility and will contribute to community activities as a good corporate citizen.

BOCPL is committed and fully conforms to ensure the reliability of its financial reporting and full transparency of its transactions.

BOCPL is an equal opportunity Corporation.

It is the responsibility of the Board to ensure that the above principles are complied with through its Audit Committee constituted for this purpose.

business divisions
products and services

PGS - BUSINESS

Gases

Pipeline Nitrogen
Gaseous Nitrogen
Pipeline Oxygen
Pipeline Hydrogen
Liquid Oxygen No-Fabrication
Liquid Nitrogen
Liquid Carbon Dioxide
Industrial Pipeline

ISP-BUSINESS

Industrial Gases

Liquid Oxygen - Fabrication & Distributors
Pipeline Hydrogen
Pipeline Oxygen
Industrial Pipeline
Compressed Hydrogen
Compressed Oxygen
Compressed Nitrogen
Compressed Carbon Dioxide
Argon
Dissolved Acetylene
Aviation Oxygen

Medical Gases

Compressed Medical Oxygen
Liquid Medical Oxygen
Nitrous Oxide & Entonox
Nitric Oxide

Medical Equipment

Pulse Oximeter
Oxygen Concentrator
Suction Oxygen Therapy Products

Medical Gases Pipeline
· Design, Installation & Service

Welding

Gas Welding & cutting

Regulators
Cutting Torches
Welding Torches
Cutting Machines
Gas Control Equipment
Safety Equipment
Flame Cleaning
Gas Welding Rods
Fluxes

Electric Welding

Welding Machines
· Automatic
· Semi-automatic
· Manual

Welding Consumables
· Welding Electrodes
· MIG Welding Wires
· TIG Welding Wires
Accessories

Calcium Carbide

Speciality Gases

High Purity Gases
Research Grade Gases
Gaseous Chemicals
Calibration Mixtures
Argon Mixtures
Welding Gas Mixtures
Sterilisation Gases
Helium
Refrigerants
LPG

The BOC Group plc, U.K., the majority shareholder of BOC Pakistan Limited, has become a wholly owned subsidiary of Linde AG, Germany. Accordingly, Linde AG is the ultimate parent company of BOC Pakistan Limited, and BOC Pakistan Limited is a part of The Linde Group, which is now the world's largest industrial gases Group.

The Linde Group operates in some 70 countries, employs 53,000 people and has annual sales of €12.439 billion. The Linde Group is a genuine global player.

As part of The Linde Group, BOC Gases, with its 120-year history of customer service continues to operate globally. Our business and reputation are 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.

Through our people we play a full and active role in communities around the world and are committed to the highest standards of safety and environmental practice. At the same time, we believe that the best way to assist any of the communities in which we operate is to build a successful business.

The Linde Group adds value to a diverse range of industries and organisations worldwide. That's why, as we continue to expand and develop, one thing will never change. We will always remain built around our customers.

safety

The Vision – At BOC we do not want to harm people or the environment.

The Vision of Safety in BOC will be achieved by making safety 100% of our behaviour, 100% of the time. We expect all of our employees' behaviours to reflect the highest priority for safety, health and the environment at all times. We are not expecting employees to spend a specific percentage of their time on SHEQ related issues. We expect everyone to think through the safety aspects of every decision they make at work and at home.

To achieve this vision, we are committed to the following:

- Safety, health, care for the environment and quality are a pre-requisite to any business we undertake
- We all take a personal responsibility for SHEQ
- Managers at all levels demonstrate visible leadership
- We apply this policy in our day to day behaviour and decisions
- SHEQ is 100% of our behaviour, 100% of the time

We strive to be Leading in SHEQ to meet the following objectives:

- Zero incidents
- Zero harm to communities in which we do business
- Safe, secure and healthy working conditions for all our people and all who work with us
- Supplying safe and environmentally responsible products and services
- Prevention of pollution to the environment
- Responsible use of natural resources
- Research, development and promotion of technologies, products and services that are sustainable with regard to SHEQ
- Satisfy customer needs and expectations

PGS

The Process Gas Solutions (PGS), Line of Business (LoB) in Pakistan is actively involved in delivering products and solutions to a wide array of bulk consumption customers in industrial sectors such as: chemical, metal, glass, oil & gas, fibre optics and food & beverage. The PGS product line includes Liquid Oxygen, Nitrogen, Argon, Hydrogen and Carbon Dioxide.

PGS deals in three segments: Tonnage (through pipeline supply schemes), On-site production units, and the Merchant market (supplied through road Tankers).

The strategic intent of PGS Business is to be more than a product supplier. It aims to be a real business partner and a solution provider to its customers through:

Value Driven Growth: Growing the business by providing value added solutions to our customers' needs and thus maintain and sustain our current clear market leadership position.

Operational Excellence: Leveraging Best Operating Practices from across the Group to enhance productivity and efficiency at all our Plants and Road Transport service.

People: A customer focused high performance flexible organisation with a winning culture that recognises, rewards and develops its employees, offering future growth opportunities within and outside Pakistan.

ISP

Industrial and Special Products (ISP) is globally the largest Line of Business (LoB) of BOC. In Pakistan ISP is characterized by over 1800 nationwide corporate and institutional customers, and the diverse ways in which they use BOC gases and technology.

Working under the varied range of cylinders and packaged gas activities, the ISP line of business covers products and services grouped under the headings of Industrial Products, Welding and Cutting, Medical and Special Products. The Special Products include Packaged Chemicals, Beverage Dispense Solutions, Refrigeration and Scientific Gases.

As one of the foundation business lines of the BOC Group, ISP business unit continues to earn significant market share and bring the expertise of cutting-edge industry with absolute service excellence to meet the market demand for it.

ISP's current priorities include increasing safety awareness and systems, geographical presence, extending its product offering, delivering commercial innovation, achieving operational excellence, and improving global teamwork. The basic philosophy under Safety is very simple, we ensure that "Nobody gets hurt ".

Areas offering significant growth potential for ISP in Pakistan are:

- Expansion of CO2 delivery solution in cylinders for Beverage and Industrial consumers,
- Extension of the product line in Special Products, mainly targeting the Refrigeration and Auto Industry,
- Providing unique and advanced product solutions in the Medical business, especially for home care patients,
- Increasing the range of Welding products through successful introduction of a dedicated BOC range of welding products,

Customer focus remains an important cornerstone of the ISP line of business and to this end recent developments and initiatives at the Customer Service Centers are providing BOC with a powerful competitive edge in terms of developing and cementing relationships with customers in a number of key geographies. This is demonstrated by understanding the actual customer needs and providing solutions which are helpful in reduction of costs for the customer, coupled with movement towards global technologies which are available through BOC to maximise the benefits to the customers; in short, to be a partner in progress.

"The Line of Business (LoB) Operating Model viz Process Gas Solutions (PGS) and Industrial and Special Products (ISP) ceased to exist on 31 December 2006. Under the new Operating Model effective 1 January 2007, reporting would be done on a different Group aligned format."

human resources

Since the acquisition of BOC by The Linde Group, the organizational focus was towards integration. This included defining the organizational structure, preparing job descriptions, identifying suitable candidates, interviewing them and finalizing their appointments.

Change management support was also provided. This work was aligned with the South & East Asia Regional Business Unit, where the Pakistan business reports. These milestones were delivered by the management team on time, and with quality.

The Linde Group communicated its integration values, which were a key part of the HR and the organizational development process. These values included being pragmatic, fast, optimizing learning, fair, collaborative, demonstrating courage and having an international mind set.

While this transition was taking place, the Company was successful at retaining the organization's core skills and capabilities. Consequently, the organization continues to be able to meet its safety, business, customer service and health objectives.

The Company values the views of its employees, and to this end, The Linde Group conducted a 'Pulse Survey' during October - November of this year. The primary focus was to obtain candid feedback from over 3,000 Managers from legacy BOC and Linde organizations. The response rate was 84 percent across both organizations. The survey covered the Integration process, Leadership, Communications, Change Management, Business Continuity and finally Engagement & Effectiveness. Pakistan's middle & senior management team fully participated in this survey.

The Company values the rich ethnic, cultural and gender diversity of its people. BOC is committed to maintaining a workplace free from discrimination for reasons of race, creed, culture, nationality, religion, gender, age or marital status. Disability is not considered a barrier to employment. As far as local conditions allow, employees are selected on the basis of their ability to perform the job.

BOC provides guidance, leading edge HR policies and a set of corporate values to support its people. At the heart of this approach is the continuous development of a high performance culture. This will determine sustainable competitive advantage in the market. Delivering this strategy is a leadership imperative today and in the future.

finance & control

The Finance & Control team of BOC Pakistan remained highly committed to manage the challenges and achieve the stretched targets. The goal is to deliver quality services to the Business and all other Stakeholders of the Company by applying the best practices. Maintaining sound internal controls is a critical element of the finance function. The department reviews, assesses and challenges the performance, strategic plans and growth initiatives for ensuring better returns.

Focus Areas

- Enhance customer focus and improve service delivery
- Support / challenge the growth initiatives and always strive for highly profitable and sustainable growth
- Support the strategy formulation and long - term investment plans
- Capex discipline by ensuring sound controls and review
- Manage costs effectively
- Constantly review, assess and challenge the actual performance and benchmarking against plans
- Ensure efficient system and processes for transaction processing
- Maintain an appropriate control environment for the business
- Ensure effective risk management procedures
- Focus on cash flow generation through effective working capital management
- Deliver savings by focusing on tax and treasury initiatives
- Ensure compliance with the statutory and listing requirements

information services

BOC Pakistan places a heavy reliance on building a robust Information Service Systems Platform as a primary driver to facilitate the growth agenda. In today's competitive world, the presence or otherwise of reliable and timely business information could make the difference between success and failure.

Information Services (IS) function in BOC Pakistan has two focus areas - Applications and Infrastructure. The former consists of the development and support of SAP, which is the primary application for the Company, and other peripheral software to handle process like Payroll etc. The infrastructure group is charged with the responsibility of continuously enhancing the connectivity footprint across the organization and with the external world, while managing high service levels.

Information Services provide services to a user base of 210 spread over 11 plants and sales centers out of a total of 416 employees. Most of the sites are connected to the Head Office. BOCP network is integrated into the BOC global backbone and able to access a vast repository of information and applications like Maximo, SAP HR, Integrated Management Systems and Standards (IMSS), People Finder, GROW, Operations Portals, Intranets, etc.

SAP, the world class enterprise resource planning package is implemented in BOC Pakistan with Sales and Distribution, Finance, Material Management, SAP HR and SAP Business Warehouse modules. Most of the plants and sales centers are using SAP for day to day operations and the entire financial accounting is handled through this application.

IS has extended the network and SAP footprint in Pakistan to cover 80% of the sites with instant connectivity.

IS is highly committed to deliver continuous value addition to the Company.

internal audit

At BOC Pakistan Limited, the internal control system is monitored and supported by an Internal Audit Department, which is an integral part of the Global Internal Audit Department.

The Internal Audit Department aims to assist the Board of Directors and management in discharging their responsibilities by identifying and carrying out independent, objective audit and consultation services geared towards creating added value and improving business processes.

To maintain the highest level of Independence, Internal Audit in Pakistan has functional reporting relationship directly to the Board Audit Committee (BAC) as well as to the Regional Hub - Asia-Pacific. The work of the internal audit is focused on areas of material risk to the company, determined on the basis of a risk management approach. Further, globally identified high value reviews also form part of the audit plan to assist management in implementing global best practices.

There are regular reviews by the BAC in terms of the effectiveness of internal control processes throughout the year.

Based upon internal control system, it is professionally opined that the Company's Internal Controls provide reasonable but not absolute assurance that assets are safeguarded, transactions are authorized and recorded properly, and that material errors and irregularities are either prevented or would be detected on time.

A view of the Directors of BOC Pakistan during the Annual General Meeting

A glimpse of BOCPL shareholders during the Annual General Meeting

Mr S Ayaz Bokhari, Chief Executive BOC Pakistan Limited, attending to a shareholder's query

A glimpse of shareholders at the registration desk

Notice of Annual General Meeting

Notice is hereby given that the Fifty-eighth Annual General Meeting of **BOC PAKISTAN LIMITED** will be held at Karachi Sheraton Hotel & Towers, Club Road, Karachi on Monday, the 30th day of April 2007 at 10:00 a.m. to transact the following business:

1. To confirm the Minutes of the 57th Annual General Meeting held on 27th January 2006.

2. To receive and consider the Statement of Accounts of the Company for the 15 months period from 1 October 2005 to 31 December 2006, and Reports of the Directors and Auditors thereon.

3. To consider and if thought fit to authorise the payment of final dividend of Rs 12.00 per ordinary share of Rs 10/= each for the 15 months period ended 31 December 2006 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 16 April 2007.

4. To appoint auditors and to fix their remuneration. The Company has received from its parent company, The BOC Group plc., U.K., a notice under Section 253(1) of the Companies Ordinance 1984 proposing Messrs KPMG Taseer Hadi & Co., Chartered Accountants, for appointment as auditors of the Company in place of Messrs A. F. Ferguson & Co., Chartered Accountants, the retiring auditors of the Company.

By Order of the Board

M ASHRAF BAWANY
Company Secretary

Karachi: 22 February 2007

NOTES:

1. The Share Transfer Books of the Company will be closed from 17 April to 30 April 2007 (both days inclusive).

2. 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.

3. Members are requested to immediately notify any change in their address or bank mandate as registered to the Company's Share Registrar, THK Associates (Private) Limited, Ground Floor, State Life Building No. 3, Dr. Ziauddin Ahmed Road, Karachi.

4. Members are also requested to immediately send copy of their NTN/CNIC which is required to be furnished in the annual and quarterly statements of tax collected or deducted in accordance with the Income Tax Ordinance, 2001 and the Income Tax Rules, 2002.

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 National Identity Card (NIC) 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 NIC numbers shall be mentioned on the form.

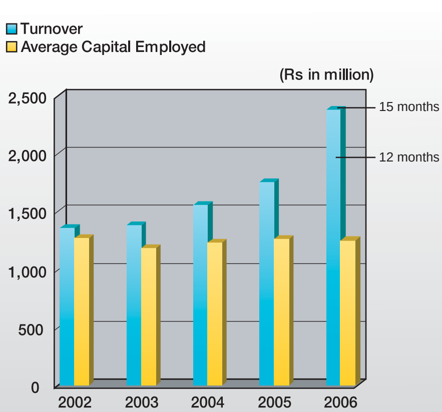
iii) Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

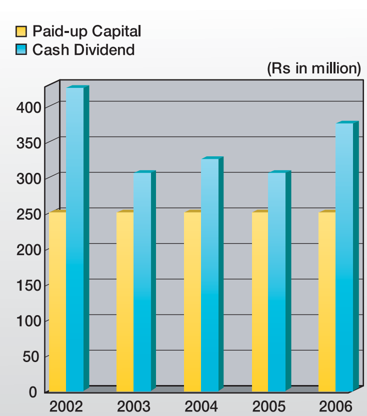
iv) The proxy shall produce his/her original NIC or original passport at the time of the meeting.

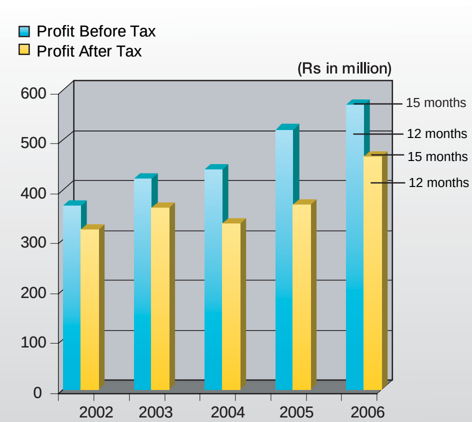
v) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

15 months at a Glance

	CURRENT PERIOD			COMPARATIVE	
	12 Months Sep 30, 2006	3 Months Dec 31, 2006	15 Months Dec 31, 2006	12 Months Sep 30, 2005	3 Months Dec 31, 2005
	Rupees in Thousand				
Net sales	1,891,313	490,107	2,381,420	1,752,399	431,454
Cost of sales	(1,143,121)	(289,861)	(1,432,982)	(1,017,016)	(270,193)
Gross profit	748,192	200,246	948,438	735,383	161,261
Distribution & marketing expenses	(132,809)	(40,086)	(172,895)	(117,361)	(30,913)
Administration expenses	(108,740)	(26,375)	(135,115)	(114,797)	(25,004)
Other operating expenses	(42,780)	(6,411)	(49,191)	(38,067)	(10,920)
Other operating income	42,974	6,391	49,365	53,127	7,670
	(241,355)	(66,481)	(307,836)	(217,098)	(59,167)
	506,837	133,765	640,602	518,285	102,094
Restructuring Cost	–	(56,900)	(56,900)	–	–
Operating profit	506,837	76,865	583,702	518,285	102,094
Finance costs	(11,524)	(1,137)	(12,661)	(16,126)	(6,739)
Profit before taxation	495,313	75,728	571,041	502,159	95,355
Taxation	(100,828)	(20,452)	(121,280)	(132,235)	(35,337)
Profit for the period/year	394,485	55,276	449,761	369,924	60,018
Number of permanent employees at period/year end			416	411	







Ten-Year Financial Review

	1997 Rs 000	1998 Rs 000	1999 Rs 000
Operating Results			
Sales	838,584	1,020,786	1,145,908
Gross Profit	370,143	445,777	535,723
Profit from Operations	266,715	342,356	429,703
Profit before Taxation	264,719	266,980	319,710
Taxation	(3,815)	15,984	(73,990)
Profit after Taxation	260,904	282,964	245,720
Dividends - Interim	27,216	27,216	–
- Final (Note 2)	81,648	81,648	104,328
Dividends	108,864	108,864	104,328
Capital Employed			
Paid-up Capital	181,440	181,440	208,656
Revenue Reserves and Unappropriated Profits	497,639	671,739	808,595
Shareholders' Fund	679,079	853,179	1,017,251
Deferred Liabilities	–	–	–
Long-term Liabilities & Borrowings (net of cash)	625,845	593,550	362,189
	1,304,924	1,446,729	1,379,440
Represented by:			
Fixed Assets	1,419,210	1,553,683	1,470,371
Working Capital	(114,286)	(106,954)	(90,931)
	1,304,924	1,446,729	1,379,440
Statistics			
Expenditure on Fixed Assets	1,125,428	221,798	31,249
Annual Depreciation & Amortisation	43,690	84,027	114,452
Adjusted Earnings per share-Rupees (Note 1)	10.42	11.30	9.81
Adjusted Dividend per share-Rupees (Note 1 & 2)	4.35	4.35	4.17
Dividend Cover ; Times (Note 2)	2.40 x	2.60 x	2.36 x
Adjusted Net Asset Backing per share-Rupees (Note 1)	27.12	34.07	40.63
Return on average Shareholders' Fund (based on profit after tax)	43.72%	36.93%	26.27%
Dividend on average Shareholders' Fund	18.24%	14.21%	11.16%
Return on average Capital Employed (based on profit before financial charges & tax)	33.80%	24.88%	30.41%
Price/Earning Ratio (unadjusted)	10.43	5.58	7.22
Fixed Assets/Turnover Ratio	0.59	0.66	0.78
Debt/Equity Ratio	47:53	45:55	36:64
Interest Cover - Times	–	4.54 x	3.91 x
Debtors Turnover Ratio	10.80	12.61	14.08
Gross Profit Ratio (as percentage of Turnover)	44.14%	43.67%	46.75%
Market Value per Share at year/period end	150.00	87.00	85.00

					Year ended September 30,	15 months ended December 31,
2000	2001	2002	2003	2004	2005	2006
Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000	Rs 000
1,143,164	1,240,331	1,358,961	1,386,235	1,521,649	1,752,399	**2,381,420**
528,543	541,571	609,787	585,113	679,848	735,383	**948,438**
370,256	396,823	407,565	437,480	444,374	518,285	**583,702**
312,772	355,026	368,904	403,593	429,823	502,159	**571,041**
(50,401)	(85,865)	(67,193)	(39,628)	(97,784)	(132,235)	**(121,280)**
262,371	269,161	301,711	363,965	332,039	369,924	**449,761**
31,298	31,298	363,061	150,232	75,116	75,116	**75,116**
104,328	208,656	62,597	150,232	250,387	225,348	**300,465**
135,626	239,954	425,658	300,464	325,503	300,464	**375,581**
208,656	208,656	250,387	250,387	250,387	250,387	**250,387**
935,340	822,229	510,492	661,628	768,319	812,740	**962,037**
1,143,996	1,030,885	760,879	912,015	1,018,706	1,063,127	**1,212,424**
–	254,030	237,159	215,738	245,944	249,857	**208,210**
333,519	76,576	183,347	61,969	15,970	(68,937)	**(188,117)**
1,477,515	1,361,491	1,181,385	1,189,722	1,280,620	1,244,047	**1,232,517**
1,505,395	1,402,507	1,290,277	1,276,623	1,348,962	1,275,466	**1,175,894**
(27,880)	(41,016)	(108,892)	(86,901)	(68,342)	(31,419)	**56,623**
1,477,515	1,361,491	1,181,385	1,189,722	1,280,620	1,244,047	**1,232,517**
159,586	21,131	17,260	109,304	201,122	69,321	**89,435**
119,980	123,895	125,008	122,496	126,441	138,780	**187,977**
10.48	10.75	12.05	14.54	13.26	14.77	**17.96**
5.42	9.58	17.00	12.00	13.00	12.00	**15.00**
1.93 x	1.12 x	0.71 x	1.21 x	1.02 x	1.23 x	**1.20 x**
45.69	41.17	30.39	36.42	40.69	42.46	**48.42**
24.28%	24.75%	33.68%	43.51%	34.40%	35.54%	**39.53%**
12.55%	22.07%	47.51%	35.92%	33.72%	28.87%	**33.01%**
25.92%	27.96%	32.06%	36.90%	35.98%	41.06%	**47.14%**
9.78	6.60	9.44	10.39	11.16	10.66	**7.86**
0.76	0.88	1.05	1.09	1.13	1.37	**2.03**
27:73	19:81	40:60	23:77	16:84	9:91	**1:99**
6.44 x	9.49 x	10.54 x	12.91 x	30.54x	32.14 x	**46.10 x**
15.88	17.67	19.13	19.07	18.36	16.87	**16.48**
46.24%	43.66%	44.87%	42.21%	44.68%	41.96%	**39.83%**
122.95	85.15	113.75	151.00	147.95	157.55	**141.15**

Note 1 Figures restated on bonus issue
Note 2 Includes proposed final dividend declared subsequent to the year/period end

business locations

REGISTERED HEAD OFFICE	Karachi	P.O. Box 4845, West Wharf Phones: (021) 2313361 (9 Lines) Fax: (021) 2312968	
NORTH WESTERN REGION	Lahore	P.O.Box 205 Shalamar Link Road, Moghalpura Phones: (042) 6824091 (4 Lines) Fax: (042) 6817573	Oxygen/Nitrogen & Argon Factory Nitrous Oxide Factory
	Multan	Opp. Gultex Limited Vehari Road Phones: (061) 6526141 & 6529568 Fax: (061) 6529820	Sales Depot
		Adjacent to PFL Khanewal Road Khanewal Phones: (061) 6562201 (2 Lines) Fax: (061) 6778401	Carbon Dioxide Factory
	Mehmood Kot	Adjacent to PARCO Mid Country Refinery, Mehmood Kot Qasba Gujrat, Muzaffargarh Phones: (066) 2290751 & 2290484-85 Fax: (066) 2290752	Nitrogen Factory
	Faisalabad	Altaf Ganj Chowk Near Usman Flour Mills, Jhang Road Phones: (041) 2653463 & 2650564	Sales Depot
	Gujranwala	Pindi By-Pass, G.T. Road Phones: (055) 3254720 & 3259115 (055) 6411273	Sales Depot & Oxygen Compressing Station
	Wah Cantonment	Kabul Road Phones: (051) 4545359	Acetylene Factory
	Taxila	Adjacent to HMC No.2 Phones: (051) 9270562 (5 Lines) Ext. 383 (051) 4537041 & 4546127 Fax: 0320-4535217	Oxygen/Nitrogen & Argon Factory
	Hasanabdal	Adjacent to LT Engineering, Haripur Road Phones: (0572) 520017 (Ext. 104) (0572) 522428 (Ext. 104)	Hydrogen Factory
	Peshawar	Jhagra Chowk. G.T. Road Phones: (091) 2261573 (2 Lines)	Sales Depot & Oxygen Compressing Station
SOUTHERN REGION	Karachi	P.O. Box 4845, West Wharf Phones: (021) 2313361 (9 Lines) Fax: (021) 2312968	Oxygen/Nitrogen & Argon Facility Acetylene Factory Nitrous Oxide Factory Electrode Factory Speciality Gases
	Port Bin Qasim	Plot EZ/1/P-5 (SP-1), Eastern Zone Phones: (021) 4750416 (7 Lines) Fax: (021) 4750418	Oxygen/Nitrogen & Argon Factory Hydrogen Factory
	Hyderabad	Kh. Gharib Nawaz Road, Near Hyderabad Petroleum, Hali Road Phone: (0223) 880930	Sales Depot
	Sukkur	A-15, Airport Road, Near Bhatti Hospital Phone: (071) 5630871	Sales Depot
	Quetta	Eissa Khan Street, Off Sirki Road Phone: (081) 2451706	Sales Depot

Mr Arthur Zhang (standing 2nd from left) of The Linde Group during his recent visit to Pakistan is being briefed about time and motion of the cylinder handling at Company's West Wharf site in Karachi

Safe Manual Handling

Directors' Report

Your directors are pleased to present their Annual Report together with the Company's audited financial statements for the fifteen months period ended 31st December 2006.

As earlier communicated through the Stock Exchanges and our quarterly accounts for the 4th Quarter ended 30th September 2006, The BOC Group plc, UK, the majority shareholder of BOC Pakistan Limited, has with effect from 5th September 2006, become a wholly owned subsidiary of Linde AG, Germany. Accordingly, with effect from that date Linde AG is the ultimate parent company of BOC Pakistan Limited, and BOC Pakistan Limited is a part of The Linde Group, which is now the world's largest industrial gases Group.

Further, as mentioned in the Directors' Review which accompanied the 4th Quarter Accounts, BOC Pakistan Limited has decided to change its accounting year to the calendar year to coincide with that of the rest of The Linde Group. To enable this change, as a one off, accounts for 15 months for the period 1st October 2005 to 31st December 2006 have been prepared and audited and are annexed to this report, for which due permission has been accorded by the Securities and Exchange Commission of Pakistan. Accordingly these will be placed before the Members at the forthcoming Annual General Meeting which has been convened for 30th April 2007.

ECONOMY

Pakistan's financial year 2005/2006 was yet another year of growth when real GDP grew by 6.6%. The key drivers of this growth were the services & financial sectors and industry. As a result, Pakistan has achieved a solid base for a stronger economic growth, despite a surge in oil prices and the devastating earthquake in October 2005, and the GDP growth target for the year 2006/2007 has consequently being fixed at 7%. There are however visible challenges in meeting this target. Though an anticipated recovery in large scale industry is likely, the targeted growth of 13% in this sector may prove difficult to achieve, and the weak performance of the three major crops has reduced the probability of a sharp rebound in agriculture. Trade deficit continued to rise during the first half of fiscal year 2007, which could also pose a challenge to the prospects of strong growth. Despite these factors, achievement of the GDP growth target remains possible if there is strong growth in the service sector.

COMPANY PERFORMANCE

Your Company is faced with the challenge of increased competition in the overall gases business which has put pressure on both prices and volumes. The ship-breaking industry which was an important segment of the industrial gases business continues to show very low activity with no signs of revival. Despite this, your management has been able to achieve growth in business by expanding customer base and availing new business opportunities.

(i) Sales

– Process Gas Solutions (PGS)

In the PGS business major customers in the Chemicals and Oil & Gas sectors continued to perform well and growth was also seen in the Steel segment where all emerging business opportunities were secured. The CO_2 business continues to grow sharply with excellent plant utilization.

As a result on a like to like basis for the 12 months between October 2005 and September 2006, sales grew by 3% and for the remaining 3 months by 31% over the corresponding period of the previous year.

– Industrial & Special Products (ISP) Sales

Industrial and Speciality Products business also continued to show growth. Volumes for Oxygen from steel remelting and scrap customers and the use of Argon in various infrastructure projects were the main factors for growth, supported by the automotive sector and its complementary effect on the ancillary vendor market. However, as mentioned already the Gadani ship-breaking business continued to suffer due to inability of local ship-breakers to compete with imported steel billets and scrap. As a result, on a like to like basis for the 12 months between October 2005 and September 2006, sales grew by 13% but for the remaining 3 months it remained more or less in line with last year. The flat growth in the last quarter was also a result of the refurbishment, & consequent lower production, of the Electrode plant which has now positioned the business well to provide increased volumes for the expected large infrastructure projects in the future.

Overall, the Company's net sales on a like to like basis for the 12 months between October 2005 and September 2006 have grown by 8% and for the remaining 3 months by 14% over the corresponding period of the previous year.

(ii) Profit

Increased competition and higher distribution cost due to rising fuel prices has, however, put pressure on margins. In addition, during the period under review, the Company has revised the estimated useful life of certain assets and basis for provision against doubtful trade debts due to change in Group guidelines, as a result of which an additional charge of Rs 18 million for depreciation and provision for doubtful debt has been booked in the last quarter. A further Rs 57 million has been charged in respect of provision for staff redundancy consequent to a planned restructuring for a more efficient management structure of the Company. Operating profit on a like to like basis for the 12 months period between October 2005 and September 2006 at Rs 506.8 million remains marginally lower than the previous year, and for the remaining 3 months the additional charge of Rs 75 million has further lowered the operating profit compared to the same period last year.

Taxation for the period is low, despite the fact that the benefit of the Presumptive Tax Regime (PTR) is no longer available, primarily due to reversals of prior years tax provision amounting to Rs 65 million. As a result profit after tax for the period was Rs 450 million, and EPS was Rs 17.96 compared to Rs 14.77 at the end of September 2005.

(iii) Cash Flow Management

During the period, almost all working capital requirements and other liquidity commitments were funded from the Company's own resources. Prudent investment of surplus funds has resulted in interest income of Rs 22 million compared to Rs 11.6 million in the financial year 2005. In addition, financial costs were strongly controlled and remained substantially low, resulting in a strong cash position and a healthy balance sheet throughout the period.

(iv) Financial Risk Mitigation

Overall risks arising from the Company's financial assets and liabilities are limited. The Company manages its exposure to financial risks as disclosed in Note No: 35.2 of the Financial Statements.

(v) Operations

– Process Gas Solutions

Plants at all the five locations, i.e. Port Qasim, Multan, Qasba Gujrat, Lahore and Taxila, operated efficiently during FY06, with a strong focus on safety and product quality, & average plant reliability remained at 98.89%. All sites, as a result, had excellent safety records with ZERO loss time incidents, and operating costs and operating parameters remained well within the budget. Operations at Lahore and Multan however remained under pressure of frequent power failures, but the power situation at Port Qasim, Qasba Gujrat and Taxila remained stable.

The MAXIMO (Enterprises Assets Management) Project, in collaboration with the Group, has been launched successfully and is expected to ensure economies in maintenance, spares management and plant reliability. It has already yielded favourable results in terms of breakdown costs.

– Industrial & Special Products

All ISP production facilities operated at acceptable levels of safety, quality and productivity. Volumes of Welding Electrodes production were at capacity during the period October 2005 to September 2006 but Argon volumes, for which demand remained high, had to be supplemented by imports for which very attractive and cost effective solutions were structured. Nitrogen, DA and NO_2 volumes remained at constant levels.

Integrated Management Systems & Standards (IMSS) were implemented at all the three major ISP sites, in addition to systems for a sharper focus on supply chain planning and management.

SALE OF OXYGEN PLANT

An obsolete Air Separation Unit of the Company located at West Wharf, Dockyard Road, Karachi was sold at a sum of Rs 12.3 million as scrap.

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 35.

SAFETY, HEALTH, ENVIRONMENT, QUALITY AND SECURITY (SHEQS)

A behavioural safety programme, SITE SAFE, was initiated in the 1st quarter of the financial year with a 3 week intensive programme at Lahore followed by a number of other initiatives during the period as follows:

- Yearly "Safety Implementation Plans" based on "Safety in BOC Roadmap"
- Visible Leadership Matrix, to objectively measure visible leadership of top management in SHEQS
- Driver safety programmes based on on-road behaviour observation
- Customer training and customer engineering audits
- A country-wide safety champion contest for employees across various departments.

These and other Safety initiatives continue to be an integral part of Company's commitment to Safety as a top priority.

TRAINING & DEVELOPMENT

Training & development remained robust throughout the year, covering both the specific functional streams as well as general management, with a focus on Performance Management/Coaching and a number of Safety related programmes in collaboration with the Pakistan Navy.

SAP HUMAN RESOURCES

After the successful implementation of phase 1 of the SAP HR module, the technology platform has continued to grow, with notable initiatives successfully executed, including Compensation & Benefits information, its direct interface with the in-house designed payroll system and the application of Performance Management skills.

MANAGEMENT AND EMPLOYEE RELATIONS

The Industrial Relations environment remained positive throughout the year, and the CBA continued to participate constructively in all Company operations.

DISTRIBUTION OF DIVIDENDS AND APPROPRIATION OF PROFITS

In view of an improved EPS in the period and a healthy balance sheet, the Directors recommend a final dividend of 120%, which takes the total dividend for the period to 150%. This level of dividend also adequately ensures appropriate retention to support any future investment opportunities.

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

		(Rupees in thousand)
Profit for the year before taxation		571,041
Out of which the Directors have accounted for taxation, as under:		
Current - for the year	(231,321)	
- for prior years	64,774	
Deferred	45,267	(121,280)
Disposable profit for appropriation		449,761
From which an interim dividend at Rs 3.00 per share was paid in June 06		(75,116)
Un-appropriated profit		374,645
Subsequent Effects		
Appropriations out of un-appropriated profits		
The Directors now recommend payment of final dividend at Rs 12.00 per share against un-appropriated profit		300,465
Transfer to General Reserves		74,180
Total dividend per share for the period Rs 15.00 (2005: Rs 12.00)		**375,581**

Post tax earnings per share amount to Rs 17.96 (2005: Rs 14.77)

MATERIAL CHANGES

There have been no material changes since 31 December 2006 and the Company has not entered into any commitments which would affect its financial position at that date.

BOARD OF DIRECTORS

The following changes have taken place in the Board of your Company since the last Annual Report 2005.

Mr Tariq Iqbal Khan, a director of the Company representing National Investment Trust Limited (NITL), resigned from the Board of Directors on 27th December 2006. The directors would like to express their deep appreciation for the valuable contributions made by Mr Tariq Iqbal Khan during his tenure of approximately 5 years as director of the Company.

Mr Shamim Ahmad Khan, representing NITL, has been appointed as director of the Company with effect from 24th January 2007 in place of Mr Tariq Iqbal Khan. The Board welcomes Mr Shamim Ahmad Khan, who brings with him a wealth of experience in formulation of Government policies on issues relating to Trade, Finance and Corporate Governance.

HOLDING COMPANY

Pursuant to the acquisition of The BOC Group plc., U.K. by Linde AG of Germany with effect from 5th September 2006, The BOC Group plc, U.K. is now a wholly owned subsidiary of Linde AG and Linde AG is with effect from that date now the ultimate parent company of BOC Pakistan Limited. The BOC Group plc, incorporated in U.K. however continues to be the immediate holding company of BOC Pakistan Limited.

AUDITORS

The auditors Messrs A. F. Ferguson & Co., Chartered Accountants, retire at the conclusion of the Annual General Meeting. The Company has received a notice from its parent company, The BOC Group plc., U.K., of its intention to propose Messrs KPMG Taseer Hadi & Co., Chartered Accountants, for appointment as auditors of the Company for the year 2007. As suggested by the Audit Committee, the Board of Directors recommend the appointment of KPMG Taseer Hadi & Co. as auditors of the Company for the year ending 31st December 2007, at a remuneration to be mutually agreed.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

The following is confirmed as per requirement under this framework:

a) The financial statements, prepared by the management of the Company, present fairly its state of affairs, 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 judgement.

d) International Accounting Standards, as applicable in Pakistan, and requirements of Companies Ordinance, 1984 have been followed in preparation of financial statements.

e) The Company maintains sound internal control system which gives reasonable assurance against any material misstatement or loss. The internal control system is regularly reviewed, has been formalized by the Board's Audit Committee and is updated as and when needed.

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 22.

i) Information about outstanding taxes and levies is given in the Notes to the Accounts.

j) The value of investments made by the staff retirement funds operated by the Company as per their respective un-audited Financial Statements (audit in progress) are as follows:

BOC Pakistan Limited Staff Provident Fund as of 31st July 2006	Rs	230 million
BOC Pakistan Limited Pakistan Employees Gratuity Fund as of 30th September 2006	Rs	95 million
BOC Pakistan Limited Management Staff Pension Fund as of 30th September 2006	Rs	157 million

k) During the period five meetings of the Board of Directors were held. Attendance by each Director was as follows:

Name of Directors	Number of Board Meetings Attended	
1. Mr Munnawar Hamid OBE	05	
2. Mr Syed Ayaz Bokhari	05	
3. Mr Sanaullah Qureshi	05	
4. Mr Mike S Huggon	02	
5. Mr Towfiq Habib Chinoy	03	
6. Mr Tariq Iqbal Khan	03	Resigned on 27/12/06
7. Mr Sanjiv Lamba	02	
8. Mr Syed Ainul Hadi	05	

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

l) i. An Audit Committee of the Board has been in existence since the enforcement of the Code of Corporate Governance, which comprises 04 non-executive directors including its Chairman. During the period 05 meetings of the Committee were held. The Committee has its terms of reference which were determined by the Board of Directors in accordance with the guidelines provided in the Listing Regulations.

ii. In addition, a Remuneration and Appointments Committee of the Board has been in operation since May 2002 as a measure of ensuring good governance. It comprises 03 members, all of whom are non-executive directors including the Chairman of the Committee.

m) The pattern of shareholding together with additional information thereon is given on pages 85 and 87.

n) The Directors, CEO, Company Secretary & CFO and their spouses and minor children did not carry out any trade in the shares of the Company.

o) The Board of Directors of the Company in its meeting held on 20 September 2002 adopted the "Statement of Ethics and Business Practices" which appears on page number 7. The statement is regularly circulated within the Company since 2002. The directors and employees are also aware of the "Code of Conduct" which was introduced by the Company's Holding Company, The BOC Group plc., U.K. in the year 2003.

FUTURE PROSPECTS

Pakistan's economic reforms driven by a Policy of deregulation, liberalization and privatization have yielded positive results in actualizing the growth potential of the Country. As a result investor confidence has grown and increased direct foreign investment is expected in the industrial sector during the year which should provide additional opportunities for the growth of your Company.

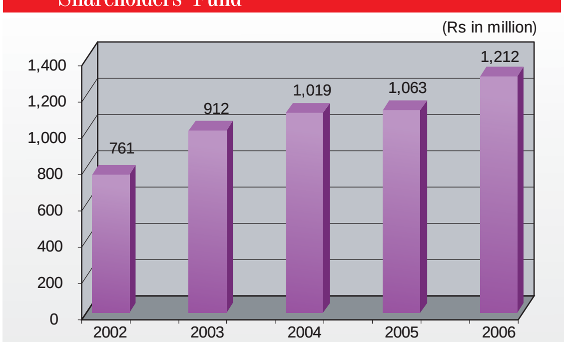
Your Board would like to take the opportunity to express its appreciation and gratitude, to all its customers, bankers, suppliers, contractors, service providers and shareholders for their continued support, as well as to the management and employees of the Company for their hard work and dedication throughout the year in continuing to achieve a strong performance.

On behalf of the Board

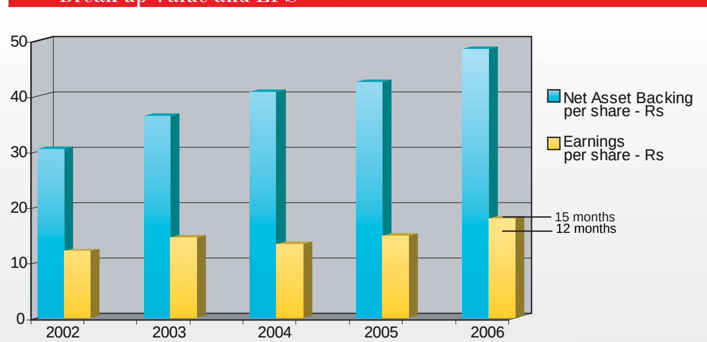
MUNNAWAR HAMID OBE
Chairman

Karachi
22 February 2007

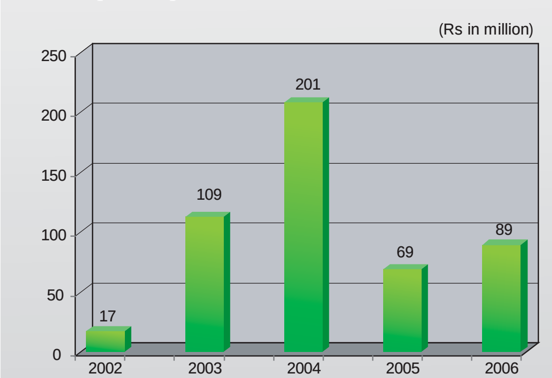
Shareholders' Fund



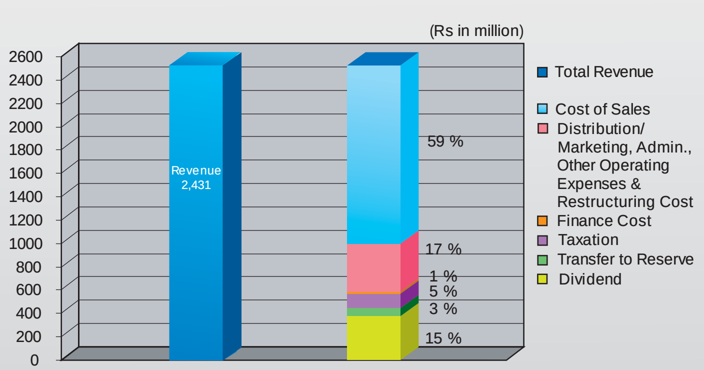
Break up Value and EPS



Capital Expenditure



Application of Revenue 2006



For the first time in Pakistan, BOC has successfully implemented its Liquid Nitrogen application in the cotton yarn dying process

BOC's Liquid Nitrogen and Oxygen applications in special steel manufacturing, which is a high growth market sector in the economy

Statement of Value Added

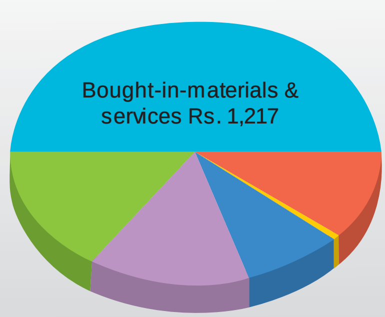
by BOC Pakistan during 2006

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

	Fifteen months ended December 31, 2006		Year ended September 30, 2005	
	Rs 000	%	Rs 000	%
Wealth Generated				
Total Revenue, net of sales tax	2,430,785		1,805,526	
Bought-in-materials & services	(1,216,785)		(838,879)	
	1,214,000	100%	966,647	100%
Wealth Distributed				
To Employees				
Salaries, wages and benefits	289,657	24%	244,117	25%
Restructuring Cost	56,900	4%	–	–
	346,557		244,117	
To Government				
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	217,044	18%	197,700	20%
To Providers of Capital				
Cash Dividends to Shareholders (Note)	375,581	31%	300,464	31%
Finance cost – Net	12,661	1%	16,126	2%
Retained in the Business				
For replacement of fixed assets: depreciation, amortisation & transfer to general reserves	262,157	22%	208,240	22%
	1,214,000	100%	966,647	100%

Note: Includes proposed final dividend declared subsequent to period/year end

Wealth Generated & Distributed 2006



(Rs in million)

Net Retention	262
To Lenders	13
To Government	217
To Employees	346
To Shareholders	376
Total:	1,214

Management in Training

Statement of Compliance with the Code of Corporate Governance

for the 15 months period ended 31st December 2006

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of 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 Code 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 six non-executive directors out of whom 4 are independent directors including one director representing a financial institution. The remaining two executive directors include the Chief Executive.

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company, except for Mr Tariq Iqbal Khan, Chairman, National Investment Trust (NIT) who has been granted exemption by the Securities & Exchange Commission of Pakistan. Mr Tariq Iqbal Khan resigned from the Board on 27th December 2006.

3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI. No director is a member of a stock exchange.

4. During the period, one casual vacancy occurred in the Board of Directors on 27th December 2006 and it was filled up within the prescribed period. The Company has filed the necessary returns in this regard.

5 The Board of Directors of the Company in its meeting held on 20th September 2002 adopted the "Statement of Ethics and Business Practices" which has been signed by all the directors, managerial, clerical and secretarial staff of the Company. The directors and employees are also aware of the "Code of Conduct" which was introduced by the Company's holding company, The BOC Group plc., U.K. in the year 2003.

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 remuneration and terms and conditions of employment of executive directors including the CEO have been taken by the Board.

8. The meetings of the Board were presided over by the Chairman and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated in time.

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.

10. During the period a new Head of Internal Audit (HoIA) was appointed in place of outgoing HoIA with the approval of the Board. However, no new appointments of Company Secretary and CFO have been made during the period. The Board however has approved their annual remuneration and terms & conditions of employment, as recommended by the Remuneration & Appointments Committee of the Board.

11. The directors' report for the 15-month period has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.

12. The financial statements of the Company were duly endorsed by the CEO and the CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.

14. The Company has complied with all the corporate and financial reporting requirements of the Code.

15. The Board Audit Committee has been in existence since May 2002. It comprises four members, all of whom are non-executive directors including the Chairman of the Committee.

16. The meetings of the Board 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 Code. The terms of reference of the Committee have been formed and advised to the Committee for compliance.

17. The Board has set-up an effective internal audit function.

18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review programme of the Institute of Chartered Accountants of Pakistan, 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 Institute of Chartered Accountants of Pakistan.

19. 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.

20. We confirm that all other material principles contained in the Code have been complied with.

SYED AYAZ BOKHARI
Chief Executive

MUNNAWAR HAMID OBE
Chairman

Karachi:
22 February 2007

Review Report to the Members

on statement of compliance with best practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of BOC Pakistan Limited to comply with the Listing Regulations of the respective Stock Exchanges, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

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 of Corporate Governance as applicable to the Company for the fifteen months period ended December 31, 2006.

A F FERGUSON & CO
Chartered Accountants

Karachi
Date: February 22, 2007

Auditors' Report to the Members

We have audited the annexed balance sheet of BOC Pakistan Limited as at December 31, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the fifteen months period 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 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 Companies Ordinance, 1984;

(b) in our opinion:

  (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;

  (ii) the expenditure incurred during the period was for the purpose of the Company's business; and

  (iii) the business conducted, investments made and the expenditure incurred during the period 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, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the 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 December 31, 2006 and of the profit, its cash flows and changes in equity for the period then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

A F FERGUSON & CO
Chartered Accountants

Karachi
Date: 22 February 2007

Profit and Loss Account

for the fifteen months period ended December 31, 2006

	Note	Fifteen months ended December 31, 2006	Year ended September 30, 2005
		(Rupees in thousand)	
Gross sales	3	2,647,017	1,987,435
Trade discount and sales tax	3	(265,597)	(235,036)
Net sales		2,381,420	1,752,399
Cost of sales	4	(1,432,982)	(1,017,016)
Gross profit		948,438	735,383
Distribution and marketing expenses	5	(172,895)	(117,361)
Administration expenses	6	(135,115)	(114,797)
Other operating expenses	7	(49,191)	(38,067)
Other operating income	8	49,365	53,127
		640,602	518,285
Restructuring cost	29	(56,900)	–
Operating profit		583,702	518,285
Finance costs	9	(12,661)	(16,126)
Profit before taxation		571,041	502,159
Taxation	10	(121,280)	(132,235)
Profit for the period/year		449,761	369,924
Earnings per share - Basic and diluted	11	Rs. 17.96	Rs. 14.77

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

Syed Ayaz Bokhari
Chief Executive

Munnawar Hamid OBE
Chairman

Balance Sheet

as at December 31, 2006

	Note	December 31, 2006	September 30, 2005
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,175,894	1,275,376
Intangible assets	13	–	90
Long term loans	14	1,667	32,551
Long term deposits and prepayments	15	9,795	13,217
		1,187,356	1,321,234
CURRENT ASSETS			
Stores and spares	16	110,555	101,518
Stock-in-trade	17	142,132	68,408
Trade debts	18	169,895	119,047
Loans and advances	19	23,579	79,797
Deposits and prepayments	20	28,268	11,880
Other receivables	21	7,982	5,754
Cash and bank balances	22	298,255	257,206
		780,666	643,610
		1,968,022	1,964,844

	Note	December 31, 2006	September 30, 2005
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL	23	**250,387**	250,387
RESERVES			
General reserve		**587,392**	517,932
Unappropriated profit		**374,645**	294,808
		962,037	812,740
		1,212,424	1,063,127
NON-CURRENT LIABILITIES			
Long term finance	24	**–**	30,000
Long term deposits	25	**95,138**	88,269
Deferred liabilities	26	**208,210**	249,857
		303,348	368,126
CURRENT LIABILITIES			
Current portion of long term finance	24	**15,000**	70,000
Short term borrowings	27	**–**	1,442
Trade and other payables	28	**277,214**	279,928
Provisions	29	**93,805**	36,887
Taxation		**66,231**	145,334
		452,250	533,591
CONTINGENCIES AND COMMITMENTS	30		
		1,968,022	1,964,844

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

Syyed Ayaz Bokhari
Chief Executive

Munnawar Hamid OBE
Chairman

Cash Flow Statement

for the fifteen months period ended December 31, 2006

	Note	Fifteen months ended December 31, 2006	Year ended September 30, 2005
		(Rupees in thousand)	
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	31	694,752	559,404
Finance costs paid		(13,408)	(18,202)
Income tax paid		(245,650)	(71,288)
Post retirement medical benefits paid, net		(866)	(97)
Long term loans, deposits and prepayments		34,306	(26,866)
Long term deposits		6,869	6,835
Net cash inflow from operating activities		476,003	449,786
CASH FLOW FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(89,435)	(69,321)
Proceeds from disposal of operating assets		17,652	23,219
Interest received on balances with banks		15,563	3,506
Income from loan to pension fund		6,289	5,847
Net cash outflow from investing activities		(49,931)	(36,749)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from long term finance		–	250,000
Repayment of long term finance		(85,000)	(348,000)
Dividends paid		(298,581)	(322,737)
Net cash outflow from financing activities		(383,581)	(420,737)
Net increase/(decrease) in cash and cash equivalents		42,491	(7,700)
Cash and cash equivalents at beginning of the period/year		255,764	263,464
Cash and cash equivalents at end of the period/year	32	298,255	255,764

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

Syed Ayaz Bokhari
Chief Executive

Munnawar Hamid OBE
Chairman

Statement of Changes in Equity

for the fifteen months period ended December 31, 2006

	Share Capital: Issued, subscribed and paid-up capital	Revenue Reserves: General reserve	Revenue Reserves: Unappropriated profit	Total
	(Rupees in thousand)			
Balance as at October 1, 2004	250,387	511,396	256,923	1,018,706
Final dividend for the year ended September 30, 2004 - Rs. 10 per share	-	-	(250,387)	(250,387)
Transfer to general reserve	-	6,536	(6,536)	-
Profit for the year ended September 30, 2005	-	-	369,924	369,924
Interim dividend for the year ended September 30, 2005 - Rs. 3 per share	-	-	(75,116)	(75,116)
Balance as at September 30, 2005	250,387	517,932	294,808	1,063,127
Final dividend for the year ended September 30, 2005 - Rs. 9 per share	-	-	(225,348)	(225,348)
Transfer to general reserve	-	69,460	(69,460)	-
Profit for the fifteen months period ended December 31, 2006	-	-	449,761	449,761
Interim dividend for the fifteen months period ended December 31, 2006 - Rs. 3 per share	-	-	(75,116)	(75,116)
Balance as at December 31, 2006	**250,387**	**587,392**	**374,645**	**1,212,424**

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

Syed Ayaz Bokhari
Chief Executive

Munnawar Hamid OBE
Chairman

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

1. LEGAL STATUS AND OPERATIONS

The Company was incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984), as a private limited company in 1949 and converted into a public limited company in 1958. Its shares are quoted on all the Stock Exchanges of Pakistan. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are setout below. These policies have been consistently applied to all the periods presented unless otherwise stated.

2.1 Basis of preparation

2.1.1 On September 5, 2006, Linde AG under a Scheme of Arrangement, acquired all the outstanding shares of The BOC Group plc, U.K. Subsequently, The BOC Group plc, U.K. changed its accounting year from September 30 to December 31 to bring it in line with Linde AG. The Company has therefore also changed its financial year from September 30 to December 31 in line with its holding company. The Securities and Exchange Commission of Pakistan (SECP) has approved the change in financial year through its letter dated September 22, 2006. Accordingly, these financial statements have been prepared for the fifteen months period ended December 31, 2006, whereas corresponding figures are for the year ended September 30, 2005.

2.1.2 These financial statements have been prepared under the historical cost convention, except as otherwise disclosed in the accounting policies below.

2.1.3 These financial statements have been prepared in accordance with the requirements of the Companies Ordinance, 1984 (Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards as notified under the provisions of the Ordinance. Wherever, the requirements of the Ordinance or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Ordinance or the requirements of the said directives have been followed.

Notes to the Financial Statements

2.1.4 Critical accounting estimates and judgements

The preparation of financial statements in conformity with the above basis requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in respective notes to the financial statements.

2.1.5 Standards, amendments and interpretations effective for current period but not relevant

The new standards, amendments and interpretation that are mandatory for accounting periods beginning on or after October 1, 2005 are considered not to be relevant or to have any significant effect to the Company's operations.

2.1.6 Standards, amendments and interpretations not yet effective

Following amendments to existing standards and interpretation have been published that are mandatory for the Company's accounting period beginning on the dates mentioned thereagainst:

- IAS 19 (Amendment), Employee Benefits, is mandatory for the Company's accounting periods beginning on or after January 1, 2006. It introduces the option of an alternative recognition approach for actuarial gains and losses. It may impose additional recognition requirements for multi-employer plans where insufficient information is available to apply defined benefit accounting. It also adds new disclosure requirements. Presently the Company does not intend to change the accounting policy adopted for recognition of actuarial gains and losses and does not participate in any multi-employer plans, therefore adoption of this amendment only impacts the format and extent of disclosures presented in the financial statements.

- IFRIC 4, Determining whether an Arrangement contains a Lease, is mandatory for the Company's accounting periods beginning on or after January 1, 2006. IFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. Management is currently assessing the impact of IFRIC 4 on the Company's operations.

- Amendment to IAS 1 Presentation of Financial Statements - Capital Disclosures, is mandatory for the Company's accounting periods beginning on or after January 1, 2007. It introduces disclosures about the level of an entity's capital and how it manages capital. Adoption of this amendment may only impact the extent of disclosures presented in the financial statements.

2.2 Property, plant and equipment

These are stated at cost less accumulated depreciation and impairment, if any, except freehold land and capital work-in-progress which are stated at cost.

Capital work-in-progress consists of expenditure incurred and advances made in respect of tangible and intangible assets in the course of their construction and installation. Transfers are made to relevant assets category as and when assets are available for use.

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from subsequent month of the year in which the asset is put to use and on disposals upto the month immediately preceding disposal. Asset's carrying amount is written down immediately to its recoverable amount if its carrying amount is greater than the estimated recoverable amount.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired.

Borrowing costs specific to a project during its construction period are capitalised as part of cost of the project provided the construction period exceeds twelve months and such borrowing costs in aggregate exceed Rs. 35,000 thousand.

Gain or loss on disposal or retirement of an asset is recognised in the income currently.

2.3 Intangible assets

An intangible asset is recognised 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.

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase cost of software and other directly attributable costs of preparing the software for its intended use.

Computer software acquisition or development costs are amortised on a straight-line basis over its estimated useful life.

Notes to the Financial Statements

2.4 Impairment of non-financial assets

The carrying amounts of the 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 recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Impairment losses are charged to income.

2.5 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, loan and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets. There were no financial assets held for trading at the balance sheet date.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date, which are classified as non-current assets. Loans and receivables are classified as trade debts, loans, deposits and other receivables in the balance sheet.

(c) Available for sale financial assets

Available for sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose off the investments within twelve months of the balance sheet date. There were no financial assets available for sale at the balance sheet date.

All financial assets are initially measured at cost, which is the fair value of the consideration given. These financial assets are subsequently measured at fair value, amortized cost or cost, as the case may be.

2.6 Stores and spares

Stores and spares, except items in transit, are valued at moving average cost. Cost comprises invoice value and other direct costs. Provision is made for slow moving and obsolete items wherever necessary and is recognised in income.

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

2.7 Stock-in-trade

Raw materials, except items in transit, are valued at lower of moving average cost and net realisable value.

Finished goods, with the exception of purchased items, are valued at lower of average cost and net realisable value. Purchased items are valued at lower of cost, as determined on a moving average basis, and net realisable value. All manufactured finished goods include prime cost and an appropriate portion of production overheads.

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

Net realisable value signifies the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

Provision is made for slow moving and obsolete items wherever necessary and is recognised in income.

2.8 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 rate method less provision for impairment. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. General provision is made based on age analysis of the debts/receivables, whereas, specific debts/receivables considered doubtful are provided in full. Trade debts and other receivables considered irrecoverable are written-off.

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

2.9 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, cash with banks on current, collection, deposit and saving accounts and running finance under mark-up arrangements. Running finance under mark-up arrangements are shown in current liabilities.

2.10 Share capital

Ordinary shares are classified as equity.

2.11 Staff retirement benefits

2.11.1 Defined benefit plans

The Company operates:

- 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; and

- an independent 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 given age. This pension scheme has been curtailed and effective from October 1, 2006 no new members are to be inducted in this scheme.

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 appropriate regular intervals.

The latest valuations of the above schemes were carried out as of December 31, 2006, using the "Projected Unit Credit Method".

Actuarial gains or losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses for each individual plan exceeds 10% of the higher of (a) the defined benefit obligation and (b) the fair value of plan assets. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

Amounts recognised in the balance sheet represent the present value of defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, if any, and as reduced by the fair value of plan assets. Any assets resulting from the calculation is limited to the unrecognised actuarial losses and unrecognised past service cost plus the present value of available refunds and reduction in future contributions to the plan.

2.11.2 Defined contribution plans

The Company operates:

- a recognised defined contribution pension fund for the benefit of its management 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.

- a recognised contributory provident fund for all permanent employees who have completed six months service. Equal 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. Effective October 1, 2006, the Trust Deed and the Rules of the Fund have been amended, whereby salary in respect of Officer cadre employees now represents basic salary plus house rent and utility allowances and their monthly contributions are now being made at the rate of 5.42% and 6.5% of salary, depending on length of employees' service.

2.11.3 Medical Scheme

The Company also operates a scheme to provide post retirement medical benefits to members of Management Staff Pension Funds, retiring on or after July 1, 2000. Provision is made annually to cover obligations under the scheme, by way of a charge to income, calculated in accordance with the actuarial valuation. The most recent valuation of the scheme was carried out as of December 31, 2006 using the "Projected Unit Credit Method".

The present value of the defined benefit obligation under the scheme as at December 31, 2006 aggregates to Rs. 34,149 thousand (2005: Rs. 29,391 thousand), of which Rs. 19,827 thousand (2005: Rs. 17,874 thousand) relates to active employees and the balance to members availing the benefit. The book reserve thereagainst as at valuation date amounts to Rs. 33,962 thousand (2005: Rs. 30,342 thousand).

Actuarial gains and losses are recognised as income or expense when the cumulative unrecognised actuarial gains or losses exceeds 10% of the defined benefit obligation. These gains or losses are recognised over the expected average remaining working lives of the employees participating in the plan.

2.12 Compensated absences

Accrual is made for employees compensated absences on the basis of accumulated leaves and the last drawn pay.

2.13 Taxation

Current

Provision for current taxation is based on the taxable income for the year, determined in accordance with the prevailing law for taxation on income, using prevailing tax rates. The charge for current tax includes tax credits and adjustments for prior years determined during the year or otherwise considered necessary for such years.

Deferred

Deferred income tax is provided in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax is charged or credited to income.

2.14 Trade and other payables

These are measured at original invoice amount.

2.15 Provisions

Provisions are recognised 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 of the amount of obligation. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

2.16 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees, which is the Company's functional and presentation currency.

Transactions in foreign currencies are translated into Pakistan Rupees using the exchange rates prevailing on the dates of the transactions. Foreign exchange gain and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are included in income.

2.17 Offsetting of financial assets and liabilities

A financial asset and a financial liability are offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2.18 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax, returns and trade discounts.

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably, on the following basis:

- Sales; on dispatch of goods to customers.

- Rentals, other service income and return on bank deposits/accounts; on accrual basis.

Notes to the Financial Statements

2.19 Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments.

2.20 Dividend and appropriation to reserves

Dividend and appropriation to reserves are recognised in the financial statements in the period in which these are approved.

3. OPERATING PROFIT AND SEGMENT INFORMATION

3.1 Primary reporting format business segments

At December 31, 2006, the Company is organised into two main business segments namely:

(a) Process Gas Solutions (PGS)

The PGS segment covers business with large-scale industrial customers, typically in the oil, chemical, food & beverage, metals, and glass sectors. 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.

(b) Industrial and Special Products (ISP)

Gases for cutting and welding, hospitality, laboratory applications and a variety of medical purposes are mainly distributed under pressure in cylinders. The ISP segment covers these products and services together with sales of packaged chemicals. Customers are typically in the fabrication, engineering, automotive, refrigeration, hospitality or medical sectors and the customer base is therefore broad and varied. The number of separate customers served by ISP is much greater than the other segment. In addition to gases, ISP also supplies a range of associated equipment, such as medical, cutting and welding products and associated safety equipment.

3.2 The segment results for the period ended December 31, 2006 are as follows:

	Note	Fifteen months ended December 31, 2006			Year ended September 30, 2005		
		Process Gases Solutions	Industrial and Special Products	Total	Process Gases Solutions	Industrial and Special Products	Total
		(Rupees in thousand)					
Gross sales		1,191,999	1,455,018	2,647,017	939,446	1,047,989	1,987,435
Less: Trade discount		1,071	2,090	3,161	641	1,725	2,366
Sales tax		89,681	172,755	262,436	106,932	125,738	232,670
		90,752	174,845	265,597	107,573	127,463	235,036
Net sales		1,101,247	1,280,173	2,381,420	831,873	920,526	1,752,399
Cost of sales	4	(556,456)	(876,526)	(1,432,982)	(398,030)	(618,986)	(1,017,016)
Distribution and marketing expenses	5	(69,945)	(102,950)	(172,895)	(49,292)	(68,069)	(117,361)
Administration expenses	6	(64,257)	(70,858)	(135,115)	(51,207)	(63,590)	(114,797)
		(690,658)	(1,050,334)	(1,740,992)	(498,529)	(750,645)	(1,249,174)
Segment result		410,589	229,839	640,428	333,344	169,881	503,225
Other operating expenses	7			(49,191)			(38,067)
Other operating income, of which Rs. 1,259 thousand (2005 : Rs. 8,252 thousand) relates to commision earned on health care products (Industrial and Special Products)	8			49,365			53,127
Restructuring cost	29			(56,900)			-
Operating profit				583,702			518,285

3.3 Transfers between business segments are recorded at cost. There were no inter segment transfers during the period/year.

3.4 The segment assets and liabilities at December 31, 2006 and capital expenditure for the period then ended are as follows:

	December 31, 2006			September 30, 2005		
	Process Gases Solutions	Industrial and Special Products	Total	Process Gases Solutions	Industrial and Special Products	Total
	(Rupees in thousand)					
– Assets	1,011,856	638,663	1,650,519	1,083,781	620,916	1,704,697
Unallocated assets			317,503			260,147
Total assets			1,968,022			1,964,844
– Liabilities	186,013	295,887	481,900	146,503	272,851	419,354
Unallocated liabilities			273,698			482,363
Total liabilities			755,598			901,717
– Capital expenditure	62,427	27,008	89,435	38,538	30,783	69,321

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

3.5 Secondary reporting format - geographical segments

The Company's two business segments operate in the home country.

4. COST OF SALES

	Fifteen months ended December 31, 2006			Year ended September 30, 2005		
	Process Gases Solutions	Industrial and Special Products	Total	Process Gases Solutions	Industrial and Special Products	Total
	(Rupees in thousand)					
Raw materials consumed	61,685	228,075	289,760	35,852	165,042	200,894
Salaries, wages and benefits (note 4.1)	50,218	110,469	160,687	44,687	84,834	129,521
Rent, rates and taxes	1,514	725	2,239	639	689	1,328
Fuel and power	178,547	141,274	319,821	140,226	97,973	238,199
Repairs and maintenance	13,173	17,960	31,133	11,741	11,660	23,401
Plant spares consumed	25,518	16,523	42,041	11,869	8,334	20,203
Insurance	13,044	7,347	20,391	13,129	6,643	19,772
Depreciation and Amortisation	125,584	53,437	179,021	96,528	36,493	133,021
Transportation expenses	65,536	59,588	125,124	38,717	36,165	74,882
Other expenses	5,709	6,767	12,476	3,813	4,029	7,842
Cost of goods manufactured	540,528	642,165	1,182,693	397,201	451,862	849,063
Opening stock of finished goods	8,067	29,349	37,416	8,365	55,178	63,543
Purchase of finished goods	18,320	268,440	286,760	531	141,295	141,826
Closing stock of finished goods	(10,459)	(63,428)	(73,887)	(8,067)	(29,349)	(37,416)
	556,456	876,526	1,432,982	398,030	618,986	1,017,016

4.1 Staff retirement benefits

Salaries, wages and benefits include Rs. 8,636 thousand (2005: Rs. 7,536 thousand) in respect of staff retirement benefits.

5. DISTRIBUTION AND MARKETING EXPENSES

	Fifteen months ended December 31, 2006			Year ended September 30, 2005		
	Process Gases Solutions	Industrial and Special Products	Total	Process Gases Solutions	Industrial and Special Products	Total
	(Rupees in thousand)					
Salaries and benefits (note 5.1)	36,496	56,273	92,769	26,313	41,517	67,830
Insurance	612	1,781	2,393	520	1,530	2,050
Depreciation and Amortisation	1,756	741	2,497	754	840	1,594
Technical assistance fee	16,519	10,790	27,309	12,477	8,374	20,851
Communications and stationery	2,148	3,749	5,897	1,299	2,736	4,035
Advertising and sales promotion	388	485	873	87	244	331
Travelling and entertainment	8,299	11,920	20,219	4,855	7,805	12,660
Provision/(Reversal of provision) for doubtful debts	(26)	10,035	10,009	955	2,033	2,988
Other expenses	3,753	7,176	10,929	2,032	2,990	5,022
	69,945	102,950	172,895	49,292	68,069	117,361

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

5.1 Staff retirement benefits

Salaries and benefits include Rs. 12,827 thousand (2005: Rs. 9,082 thousand) in respect of staff retirement benefits.

6. ADMINISTRATION EXPENSES

	Fifteen months ended December 31,2006			Year ended September 30,2005		
	Process Gases Solutions	Industrial and Special Products	Total	Process Gases Solutions	Industrial and Special Products	Total
	(Rupees in thousand)					
Salaries and benefits (note 6.1)	37,737	42,659	80,396	34,756	42,700	77,456
Rent, rates and taxes	214	232	446	168	919	1,087
Insurance	1,260	1,398	2,658	1,078	1,228	2,306
Repairs and maintenance	7,593	8,218	15,811	3,130	3,485	6,615
Depreciation and Amortisation	3,069	3,390	6,459	1,951	2,214	4,165
Communications and stationery	4,027	4,389	8,416	3,348	4,152	7,500
Travelling and entertainment	6,203	6,059	12,262	4,035	4,429	8,464
Other expenses	4,154	4,513	8,667	2,741	4,463	7,204
	64,257	70,858	135,115	51,207	63,590	114,797

6.1 Staff retirement benefits

Salaries and benefits include Rs. 11,611 thousand (2005: Rs. 11,308 thousand) in respect of staff retirement benefits.

7. OTHER OPERATING EXPENSES

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
Legal and professional charges	4,932	2,461
Auditors' remuneration (note 7.1)	1,717	1,135
Donations (note 7.2)	2,775	1,202
Operating assets written off	367	–
Workers' profits participation fund (note 28.2)	30,708	26,936
Workers' welfare fund - net	8,692	6,333
	49,191	38,067

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
7.1 Auditors' remuneration		
Audit fee	600	500
Audit of provident, gratuity, pension and workers' profits participation fund and fee for special ceritifications and sundry advisory services	387	357
Fee for audit of financial statements prepared for filing with tax returns	400	–
Fee for review of half yearly financial statements	185	165
Out-of-pocket expenses	145	113
	1,717	1,135

7.2 Donations include:

- Rs. 325 thousand (2005: Rs. 325 thousand) to Aga Khan Hospital and Medical College Foundation, Karachi. Mr. M. Hamid, Chairman, is a Trustee of The Aga Khan University and Chairman Resource Development Committee; and

- Rs. 2,000 thousand in respect of contribution made to President's Relief Fund for Earthquake Victims - 2005.

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
8. OTHER OPERATING INCOME		
Mark-up income on:		
- savings accounts	1,202	1,116
- deposit accounts	15,479	4,692
- loan to Pension Fund	5,459	5,847
Commission related to health care products	1,259	8,252
Profit on disposal of operating assets (note 8.1)	16,989	19,182
Insurance claim (note 8.2)	75	8,000
Insurance commission	846	1,703
Old liabilities written back	7,160	3,850
Sundries	896	485
	49,365	53,127

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

8.1 Current period profit includes Rs. 12,348 thousand on sale of Plant and machinery - Air Separation Unit at West Wharf, Karachi. Last year profit includes Rs. 15,326 thousand on sale of freehold land, building, plant and machinery and other assets at Hub.

8.2 Prior year's insurance claim pertains to machinery breakdown and business interruption at Port Qasim facility.

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
9. FINANCE COSTS		
Mark-up on:		
- long term finance	5,459	10,926
- short term running finances	658	214
Interest on Workers' profits participation fund (note 28.2)	3,719	3,294
Bank charges	2,293	1,410
Guarantee commission and service charges	532	282
	12,661	16,126
10. TAXATION		
Current		
- for the period/year (note 10.1)	231,321	143,173
- for prior years	(64,774)	(11,744)
Deferred	(45,267)	806
	121,280	132,235

10.1 Last year tax charge was provided under Final Tax Regime (FTR) for the transactions undertaken upto June 30, 2005.

10.2 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:

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
Accounting profit before taxation	571,041	502,159
Tax at the applicable tax rate of 35%	199,864	175,756
Tax effect of permanent differences	(5,355)	9,954
Effect of exempt gain on sale of land	–	(595)
Effect of tax under presumptive tax regime	(8,455)	(41,136)
Effect of prior years charge/(reversal)	(64,774)	(11,744)
Taxation charge for the period/year	121,280	132,235

11. 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 period/year. There is no dilutive effect on the basic earnings per share of the Company.

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
Profit for the period/year (Rupees in thousand)	449,761	369,924
Weighted average number of ordinary shares (in thousand)	25,039	25,039
Earnings per share - basic and diluted (Rupees)	17.96	14.77

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	
12. PROPERTY, PLANT AND EQUIPMENT		
Operating assets (note 12.1)	1,174,961	1,261,122
Capital work-in-progress (note 12.4)	933	14,254
	1,175,894	1,275,376

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

12.1 Operating assets

	Freehold Land	Leasehold Land	Buildings on freehold land	Buildings on leasehold land	Buildings on customers' land	Plant and machinery	Vehicles	Furniture and fittings	Office equipments	Total
					(Rupees in thousand)					
As at October 1, 2004										
Cost	4,838	10,526	16,979	42,799	19,453	2,221,100	38,674	12,508	38,542	2,405,419
Accumulated depreciation	(3,187)	(1,704)	(10,560)	(17,061)	(4,717)	(949,306)	(29,071)	(11,150)	(32,560)	(1,059,316)
Net book value	1,651	8,822	6,419	25,738	14,736	1,271,794	9,603	1,358	5,982	1,346,103
Year ended September 30, 2005										
Opening net book value	1,651	8,822	6,419	25,738	14,736	1,271,794	9,603	1,358	5,982	1,346,103
Additions including transfers (note 12.4)	–	–	–	–	–	41,630	9,459	317	6,341	57,747
Disposals										
Cost	(4,487)	–	(7,221)	–	–	(8,847)	(8,435)	(621)	(103)	(29,714)
Accumulated depreciation	3,187	–	4,607	–	–	8,833	8,435	555	60	25,677
	(1,300)	–	(2,614)	–	–	(14)	–	(66)	(43)	(4,037)
Depreciation charge	–	(208)	(361)	(1,815)	(897)	(126,832)	(4,596)	(529)	(3,453)	(138,691)
Closing net book value	351	8,614	3,444	23,923	13,839	1,186,578	14,466	1,080	8,827	1,261,122
As at September 30, 2005										
Cost	351	10,526	9,758	42,799	19,453	2,253,883	39,698	12,204	44,780	2,433,452
Accumulated depreciation	–	(1,912)	(6,314)	(18,876)	(5,614)	(1,067,305)	(25,232)	(11,124)	(35,953)	(1,172,330
Net book value	351	8,614	3,444	23,923	13,839	1,186,578	14,466	1,080	8,827	1,261,122
Fifteen months ended December 31, 2006										
Opening net book value	351	8,614	3,444	23,923	13,839	1,186,578	14,466	1,080	8,827	1,261,122
Additions including transfers (note 12.4)	–	–	–	–	–	80,585	10,254	–	11,917	102,756
Disposals (note 12.3)										
Cost	–	–	–	–	–	(34,401)	(1,837)	–	(15,061)	(51,299)
Accumulated depreciation	–	–	–	–	–	33,738	1,837	–	15,061	50,636
	–	–	–	–	–	(663)	–	–	–	(663)
Write offs										
Cost	–	–	(382)	(231)	(1,015)	(9,284)	–	(614)	(185)	(11,711)
Accumulated depreciation	–	–	320	46	1,001	9,179	–	613	185	11,344
	–	–	(62)	(185)	(14)	(105)	–	(1)	–	(367)
Depreciation charge	–	(264)	(386)	(2,268)	(1,118)	(170,972)	(6,095)	(399)	(6,385)	(187,887)
Closing net book value	351	8,350	2,996	21,470	12,707	1,095,423	18,625	680	14,359	1,174,961
As at December, 2006										
Cost	351	10,526	9,376	42,568	18,438	2,290,783	48,115	11,590	41,451	2,473,198
Accumulated depreciation	–	(2,176)	(6,380)	(21,098)	(5,731)	(1,195,360)	(29,490)	(10,910)	(27,092)	(1,298,237)
Net book value	351	8,350	2,996	21,470	12,707	1,095,423	18,625	680	14,359	1,174,961
Annual rate of depreciation (%)	–	2 & 2.5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	7 to 25	10	10 to 33.33	

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

12.2 With effect from October 2006, the management has revised the useful lives of operating assets and intangible assets (computer softwares) so as to bring these in line with Group policy. In the opinion of the management the revision would result in a more accurate reflection of depreciation charge over the useful lives of the related assets. The revised useful lives are as follows:

	Years	
	Revised	**Old**
ERP Software (SAP, etc.)	8	3
ERP Software licenses	8	3
Storage tanks	15	30
Cylinders	20	25
Trucks and Vehicles	5	4 - 15

The above change has been accounted for as a change in accounting estimate in accordance with International Accounting Standard (IAS) 8, "Accounting Policies, Changes in Accounting Estimates and Errors" and the effect of the change has been recognized in the profit and loss account of the current period. Had there been no change in accounting estimate the profit before taxation for the period would have been higher by Rs.11,344 thousand.

12.3 The details of operating assets disposed off during the period are as follows:

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchasers
	(Rupees in thousand)					
Plant and machinery	158	71	87	350	Quotations	Sharif Oxygen Ltd. 10.5 Kilometer. Shahdara, Lahore
"	226	102	124	500	"	J.W. Gases Near Adnan Petrol Pump. Sargodha Road, Faisalabad
"	113	51	62	250	"	Noor Light House, Vehari Chowk, Vehari Road, Multan
"	674	322	352	1,440	"	National Gases (Pvt) Ltd., F-74-A, S.I.T.E., Karachi
Aggregate amount of assets disposed off, having net book value less than Rs. 50 thousand each	50,128	50,090	38	15,112		
	51,299	50,636	663	17,652		

12.4 Capital work-in-progress

	Plant and machinery	Vehicles	Furniture fittings and Office equipments	Total
	(Rupees in thousand)			
Year ended September 30, 2005				
Balance as at October 1, 2004	2,680	–	–	2,680
Additions during the year	52,930	9,459	6,932	69,321
Transfers during the year	(41,630)	(9,459)	(6,658)	(57,747)
Balance as at September 30, 2005	13,980	–	274	14,254
Fifteen months ended December 31, 2006				
Balance as at October 1, 2005	**13,980**	**–**	**274**	**14,254**
Additions during the period	**67,027**	**10,254**	**12,154**	**89,435**
Transfers during the period	**(80,585)**	**(10,254)**	**(11,917)**	**(102,756)**
Balance as at December 31, 2006	**422**	**–**	**511**	**933**

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	

13. INTANGIBLE ASSETS – Computer software

Net carrying value		
Balance at beginning of the period/year	**90**	179
Additions at cost	**–**	–
Amortisation charge for the period/year	**(90)**	(89)
Balance at end of the period/year	**–**	90
Gross carrying value		
Cost	**7,709**	7,709
Accumulated amortisation	**(7,709)**	(7,619)
Net book value	**–**	90

13.1 The cost is being amortised over 3 years. However, due to change in estimates as explained in note 12.2, any subsequent cost would be amortised over 8 years.

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	
14. LONG TERM LOANS - considered good		
Secured (note 14.2)		
- Employees	6,241	9,072
- Executives	350	77
	6,591	9,149
Less:		
Recoverable within one year shown under current assets (note 19)		
- Employees	4,824	6,521
- Executives	100	77
	4,924	6,598
	1,667	2,551
Unsecured (note 14.4)		
Related party - BOC Pakistan - Management Staff Pension Fund (Pension Fund)	15,000	100,000
Less:		
Recoverable within one year shown under current assets (note 19)	15,000	70,000
	–	30,000
	1,667	32,551

14.1 Reconciliation of the carrying amount of loans:

	December 31, 2006				September 30, 2005			
	Executives	Other Employees	Pension Fund	Total	Executives	Other Employees	Pension Fund	Total
	(Rupees in thousand)							
Balance at the beginning of the period/year	77	9,072	100,000	109,149	1,394	10,953	-	12,347
Effect of promotions to Executives	475	(475)	-	-	-	-	-	-
Add: Disbursements	-	10,567	-	10,567	158	10,051	120,000	130,209
Less: Repayments	(202)	(12,923)	(85,000)	(98,125)	(1,475)	(11,932)	(20,000)	(33,407)
Balance at end of the period/year	350	6,241	15,000	21,591	77	9,072	100,000	109,149

14.2 These include interest free transport loans and Company loans given to employees in accordance with the terms of employment. These loans are secured against retirement benefits of the employees. However, the Company has discontinued the policy of providing aforementioned loans to management staff with effect from August 2005.

14.3 The maximum aggregate amount due from executives at the end of any month during the period was Rs. 521 thousand (2005: Rs. 962 thousand).

14.4 Last year, the Company provided an unsecured long term loan of Rs. 120,000 thousand to BOC Pakistan - Management Staff Pension Fund (Pension Fund) to meet employees retirement dues. The mark up is receivable semi-annually at a rate of 0.5% above 6 months KIBOR.

The loan is recoverable in four semi annual installments commencing from July 29, 2005. The first two installments are of Rs. 20,000 thousand each, whereas the third and fourth installments are of Rs. 50,000 thousand and Rs. 30,000 thousand, respectively. However, the Pension Fund prepaid Rs. 50,000 thousand on January 29, 2006 and Rs. 15,000 thousand on September 4, 2006 which were due on July 29, 2006 and January 29, 2007 respectively.

The maximum aggregate amount outstanding from the Pension Fund at the end of any month during the period was Rs. 100,000 thousand (2005: Rs. 120,000 thousand).

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	

15. LONG TERM DEPOSITS AND PREPAYMENTS

Security deposits	9,665	13,014
Prepayments	130	203
	9,795	13,217

16. STORES AND SPARES

Stores	1,405	1,191
Spares (including in transit Rs. 6,008 thousand; 2005: Rs. 1,219 thousand)	127,537	112,695
	128,942	113,886
Less: Provision for obsolete items, net of items written off during the period amounting to Rs. 3,830 thousand (2005: Rs. 9,021 thousand)	(18,387)	(12,368)
	110,555	101,518

17. STOCK-IN-TRADE

Raw and packing materials (including in transit Rs. 20,123 thousand; 2005: Rs. 8 thousand)	68,245	30,992
Finished goods (including in transit Rs. 22,018 thousand; 2005: Rs. 1,237 thousand)	79,692	45,284
	147,937	76,276
Less: Provision for slow moving items, net of items written off during the period amounting to Rs. 3,117 thousand (2005: Rs. 404 thousand)	(5,805)	(7,868)
	142,132	68,408

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

		December 31, 2006	September 30, 2005
		(Rupees in thousand)	
18.	**TRADE DEBTS**		
	Considered good - unsecured (note 18.1)	169,895	119,047
	Considered doubtful	13,819	5,293
		183,714	124,340
	Provision for doubtful debts	(13,819)	(5,293)
		169,895	119,047
18.1	**Includes amounts due from the following related parties:**		
	- Atlas Honda Limited	1,601	737
	- International Industries Limited	155	45
		1,756	782
19.	**LOANS AND ADVANCES**		
	Current portion of long term loans - considered good (note 14)		
	Secured		
	- Employees	4,824	6,521
	- Executives	100	77
		4,924	6,598
	Unsecured		
	Related party - Pension Fund	15,000	70,000
		19,924	76,598
	Advances		
	- Employees	626	93
	- Suppliers	3,029	3,106
		3,655	3,199
		23,579	79,797

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

		December 31, 2006	September 30, 2005
		(Rupees in thousand)	
20.	**DEPOSITS AND PREPAYMENTS**		
	Deposits	**10,968**	9,838
	Prepayments	**17,300**	2,042
		28,268	11,880
21.	**OTHER RECEIVABLES**		
	Mark-up income accrued on:		
	- savings and deposit accounts	**2,350**	1,232
	- loan to Pension Fund	**881**	1,711
	Recoverable jobs	**1,077**	132
	Receivable from BOC Group plc, U.K.	**427**	1,378
	Pension Fund (note 33.1)	**591**	–
	Others	**2,656**	1,301
		7,982	5,754
22.	**CASH AND BANK BALANCES**		
	Cash in hand	**1,187**	1,171
	With banks on:		
	- current and collection accounts	**107,010**	110,837
	- savings accounts	**15,058**	145,198
	- deposit accounts	**175,000**	–
		298,255	257,206

			December 31, 2006	September 30, 2005
			(Rupees in thousand)	

23. SHARE CAPITAL

Authorised Capital

2006	2005			
(Number of shares)				
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000	400,000

Issued, subscribed and paid-up capital

2006	2005			
(Number of shares)				
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
25,038,720	25,038,720		250,387	250,387

The BOC Group plc., U.K. held 15,023,232 (2005: 15,023,232) ordinary shares of Rs. 10 each as at December 31, 2006. Pursuant to the acquisition by Linde AG of shares of The BOC Group plc., U.K., with effect from September 5, 2006, The BOC Group plc., U.K. is now a wholly owned subsidiary of Linde AG and with effect from the afore mentioned date Linde AG is the ultimate parent company of BOC Pakistan Limited. The BOC Group plc., U.K. continues to be the immediate parent company of BOC Pakistan Limited.

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	

24. LONG TERM FINANCE, secured

United Bank Limited (note 24.1)	15,000	100,000
Less: Current portion shown under current liabilities	(15,000)	(70,000)
	–	30,000

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

24.1 The particulars of the finance are as follows:

Sale Price	Purchase Price	Prompt Payment Rebate	Installments Amount	Installments Due on
(Rupees in thousand)				
120,000	146,783	15,359	Rs. 20,000 thousand	July 29, 2005
			Rs. 20,000 thousand	January 29, 2006
			Rs. 50,000 thousand	July 29, 2006 (a)
			Rs. 30,000 thousand	January 29, 2007 (a)

(a) The Company with mutual agreement prepaid Rs. 50,000 thousand on January 29, 2006 and Rs. 15,000 thousand on September 4, 2006 which were due on July 29, 2006 and January 29, 2007 respectively.

(b) The mark up is payable semi-annually at a rate of 0.5% above 6 months KIBOR.

(c) The finance is secured by a first pari passu charge of Rs. 467,000 thousand on all plant, machinery and equipment of the Company other than Port Qasim facility and Carbon Dioxide facility at Multan.

24.2 In view of the substance of the transactions, the sale and repurchase of assets referred above have not been recorded as such in these financial statements.

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	
25. LONG TERM DEPOSITS		
Cylinders	**86,733**	80,264
Others	**8,405**	8,005
	95,138	88,269

These deposits are non-interest bearing and refundable to customers on return of cylinders and for others on cancellation of arrangements.

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	

26. DEFERRED LIABILITIES

Deferred taxation (note 26.1)	174,248	219,515
Post retirement medical benefits (note 33.1)	33,962	30,342
	208,210	249,857

26.1 Deferred Taxation

Deferred tax credits arising due to:		
Accelerated depreciation allowance	234,943	245,174
Deferred tax debits arising due to:		
Provision in respect of		
- slow moving stores & spares and stock-in-trade	(8,467)	(7,083)
- post retirement medical benefits	(11,887)	(10,620)
- restructuring cost	(19,915)	–
- doubtful receivables and others	(20,426)	(7,956)
	174,248	219,515

27. SHORT TERM BORROWINGS - secured

Short-term running finances	–	1,442

The facility for short term running finances available from various banks, which represents the aggregate sale price of all mark-up arrangements, amount to Rs. 160,000 thousand (2005: Rs. 180,000 thousand). The corresponding purchase prices are payable on various dates by August 31, 2007. The rates of mark-up, net of prompt payment bonus, range from Rs. 0.313 to Rs. 0.341 (2005: Rs. 0.178 to Rs. 0.300) per Rs. 1,000 per day. The arrangements are secured by way of pari passu charge against hypothecation of stock-in-trade and trade debts. The balance unutilised against these facilities as at period end was Rs. 160,000 thousand (2005: Rs. 178,558 thousand).

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

The facilities for opening letters of credit and guarantees as at December 31, 2006 amounted to Rs. 290,000 thousand (2005: Rs. 370,000 thousand) of which the amount remaining unutilised as at period end was Rs. 184,289 thousand (2005: Rs. 282,315 thousand).

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	
28. TRADE AND OTHER PAYABLES		
Creditors	65,124	46,633
Accrued liabilities (note 28.1)	121,272	142,664
Advances from customers	10,545	7,009
Pension Fund	–	14,000
Defined Contribution Pension Fund	450	–
Gratuity Fund (note 33.1)	858	1,246
Mark-up accrued on:		
- long term finance	881	1,711
- short term running finances	128	45
Sales tax	10,274	7,753
Workers' profits participation fund (note 28.2)	34,427	30,230
Workers' welfare fund	16,175	12,783
Unclaimed dividends	16,198	14,315
Others	882	1,539
	277,214	279,928

28.1 Includes amount due to related party

- BOC Group plc, U.K.	44,176	31,255

	December 31, 2006	September 30, 2005
	(Rupees in thousand)	

28.2 Workers' profits participation fund

	December 31, 2006	September 30, 2005
Balance at beginning of the period/year	30,230	25,104
Interest on funds utilised in the Company's business	3,719	3,294
Allocation for the period/year	30,708	26,936
	64,657	55,334
Less: Amount paid to the Trustees of the fund	(30,230)	(25,104)
Balance at end of the period/year	34,427	30,230

29. PROVISIONS

	Sales tax (note 29.1)	Vendor/ contractor claims (note 29.1)	Restructuring cost (note 29.2)	Total
	(Rupees in thousand)			
As at October 1, 2005	22,465	14,422	–	36,887
Additional provisions made during the period	4,127	1,923	56,900	62,950
	26,592	16,345	56,900	99,837
Less:				
- Payments	–	(207)	–	(207)
- Unused amounts reversed during the period	(5,825)	–	–	(5,825)
	(5,825)	(207)	–	(6,032)
As at December 31, 2006	20,767	16,138	56,900	93,805

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

29.1 These represent provisions for sales tax and claims by vendor/contractor against the Company, the outcome of these claims is not likely to give rise to any significant loss beyond that provided for.

29.2 This represents provision on account of staff redundancy due to restructuring, consequent to planned change in operating model of the Company. The provision has been recognised in accordance with an approved plan and the employees have been communicated that restructuring will be carried out in the ensuing year. The full amount of provision is expected to be utilised during 2007.

30. CONTINGENCIES AND COMMITMENTS

30.1 In January 2005, the Sales Tax Authorities issued a show cause notice demanding sales tax on sales of Nitrous Oxide made by the Company during the period April 2002 to February 2004, amounting to Rs. 14,278 thousand plus additional tax. The notice was issued on the grounds that Nitrous Oxide was not exempt under SRO 208(1)/2002 dated April 5, 2002. The Company's view that Nitrous Oxide being medicament classifiable under chapter 30 of the First Schedule of the Customs Act, 1969 and used as an anesthetic agent in hospitals was exempt through SRO 555(1)/2002 dated August 23, 2002, was upheld by Customs, Excise and Sales Tax Appellate Tribunal in September 2005.

The Department filed a reference against the aforesaid order of the Appellate Tribunal before the Sindh High Court. The Sindh High Court did not admit the reference application on the grounds that it was not within its competence to reinterpret the law as the matter had already been decided by the Supreme Court of Pakistan.

The Department has now filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan against the aforesaid Sindh High Court judgment whereas the Company has filed caveat to defend the case at its initial stage of admission.

No provision, has been made in the financial statements for the alleged demand as the management is confident that the Company's view in this respect will be finally upheld.

30.2 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified, a view supported by the Company's legal advisor. The amount not acknowledged as debt in this regard as at December 31, 2006 amounted to Rs. 23,531 thousand (2005: Rs. 22,223 thousand).

30.3 The Company has guaranteed repayment of loans given by a bank to certain members of the Company's staff. The amount of such loans outstanding as at December 31, 2006 amounted to Rs. 1,843 thousand (2005: Rs. 1,940 thousand).

30.4 Capital commitments outstanding as at December 31, 2006 amounted to Rs. 5,913 thousand (2005: Rs. 15,736 thousand).

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
31. CASH GENERATED FROM OPERATIONS		
Profit before taxation	571,041	502,159
Adjustment for non cash charges and other items:		
Depreciation	187,887	138,691
Amortisation	90	89
Profit on disposal of operating assets	(16,989)	(19,182)
Operating assets written off	367	–
Income from savings account	(1,202)	(4,692)
Income from deposit accounts	(15,479)	(1,116)
Income from loan to Pension Fund	(5,459)	(5,847)
Finance costs	12,661	16,126
Provision/(Reversal of provision) for:		
- Post retirement medical benefits	4,486	3,204
- Sales tax - net	(1,698)	59
- Vendor/contractor claims - net	1,716	1,119
- Restructuring cost	56,900	–
Working capital changes (note 31.1)	(99,569)	(71,206)
	694,752	559,404

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

		Fifteen months ended December 31, 2006	Year ended September 30, 2005
		(Rupees in thousand)	
31.1	**Working capital changes**		
	(Increase)/decrease in current assets:		
	Stores and spares	**(9,037)**	4,836
	Stock-in-trade	**(73,724)**	22,210
	Trade debts	**(50,848)**	(30,313)
	Loans and advances	**56,218**	(71,625)
	Deposits and prepayments	**(16,388)**	(2,244)
	Other receivables, net	**(1,940)**	(610)
		(95,719)	(77,746)
	Increase/(Decrease) in current liabilities:		
	Trade and other payables	**(3,850)**	6,540
		(99,569)	(71,206)

32. CASH AND CASH EQUIVALENTS

Cash and bank balances (note 22)	**298,255**	257,206
Short term borrowings (note 27)	**–**	(1,442)
	298,255	255,764

33. STAFF RETIREMENT BENEFITS

33.1 The details of staff retirement benefits are as follows:

	December 31, 2006			September 30, 2005		
	Pension Fund (Curtailed note 33.1.8)	Gratuity Fund	Medical Scheme	Pension Fund	Gratuity Fund	Medical Scheme
	(Rupees in thousand)					
33.1.1 Reconciliations of obligations						
Present value of defined benefit obligations	56,958	107,990	34,149	121,188	98,861	29,391
Fair value of plan assets	(86,553)	(100,627)	–	(91,535)	(74,304)	–
Funded status	(29,595)	7,363	34,149	29,653	24,557	29,391
Unrecognised net actuarial gain / (loss)	29,004	(6,505)	(187)	(15,653)	(23,311)	951
Funded obligation	(591)	858	33,962	14,000	1,246	30,342
33.1.2 Movement in liability / (asset)						
Liability / (asset) at beginning of the period/year	14,000	1,246	30,342	9,602	(1,269)	27,235
Charge for the period/year	8,270	10,023	4,486	12,060	6,126	3,204
Contribution	(22,861)	(10,411)	(866)	(7,958)	(3,611)	(97)
Received from Shell Pakistan in respect of credit of new Chief Executive	–	–	–	296	–	–
Liability/(asset) at end of the period/year	(591)	858	33,962	14,000	1,246	30,342
33.1.3 Charge for the period/year						
Current service cost	5,353	5,958	1,071	9,269	5,007	1,084
Interest cost	12,316	11,268	3,415	19,414	8,286	2,120
Expected return on plan assets	(9,752)	(8,724)	–	(16,919)	(7,375)	–
Net actuarial (gain) / loss recognised during the year	353	1,521	–	–	208	–
Past service cost in respect of Chief Executive	–	–	–	296	–	–
	8,270	10,023	4,486	12,060	6,126	3,204
33.1.4 Actual return on plan assets	25,844	12,496	–	28,876	13,825	–
33.1.5 Principal actuarial assumptions						
Rate of discount	9% p.a.	9% p.a.	9% p.a.	9% p.a.	9% p.a.	9% p.a.
Expected rate of increase in future salaries (note 33.1.6)	9% p.a.	9% p.a.	9% p.a.	9% p.a.	9% p.a.	9% p.a.
Expected rate of return on investments	9% p.a.	9% p.a.	–	9% p.a.	9% p.a.	–
Expected rate of increase in post retirement benefits	4% p.a.	4% p.a.	–	4% p.a.	4% p.a.	–
Medical cost escalation rate	–	–	6% p.a.	–	–	6% p.a.
Average cost per head in respect of hospitalisation (Rupees in thousand)	–	–	22	–	–	20

33.1.6 The expected rate of increase in future salaries has been assumed at 10% to 12.5% per annum for the first three years and thereafter at 9% per annum.

33.1.7 Expected mortality rate has been determined on the basis of PA (90) mortality tables and expected withdrawal rate is age dependent.

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

33.1.8 During the period, the Company has set up a Defined Contribution Pension Scheme known as BOC Pakistan Limited Management Staff Defined Contribution Pension Fund (the Fund) for the benefit of its management employees. Employees joining the Company from October 1, 2006 will become members of the new Fund. Members of the existing Pension Fund (a defined benefit plan) were given a one time option, exercisable upto December 31, 2006, to join the new Fund effective October 1, 2006. Accrued liability in respect of past service costs of members who have exercised the aforementioned option, amounting to Rs. 70,273 thousand has been transferred to the new Fund alongwith plan assets of similar amount. The Fund has been approved under the provision of the Income Tax Ordinance, 2001 effective October 1, 2006.

33.1.9 During the period, the Company also contributed Rs. 8,952 thousand (2005: Rs. 6,536 thousand) and Rs. 1,343 thousand (2005: Nil) respectively, to the provident fund and the defined contribution pension fund.

34. REMUNERATION OF DIRECTORS AND EXECUTIVES

	Fifteen months ended December 31, 2006			Year ended September 30, 2005		
	Chief Executive	Execuive Director	Executives	Chief Executive	Executive Director	Executives
Number of persons including those who worked part of the year	1	1	22	2	1	18
	(Rupees in thousand)					
Managerial remuneration	6,688	3,686	26,717	7,975	1,497	18,356
Bonus	2,867	1,118	9,784	8,965	283	7,927
Company's contribution to pension, gratuity and provident funds	2,451	1,412	9,316	2,936	573	6,031
House rent	1,908	1,128	8,933	2,923	580	6,936
Utilities	705	405	2,932	883	174	2,174
Compensated absences	-	-	184	4,688	-	1,207
Conveyance	60	80	964	40	54	565
Voluntary Separation Scheme	-	-	-	-	-	7,333
Medical & others	106	26	1,841	819	196	2,041
	14,785	7,855	60,671	29,229	3,357	52,570

34.1 The Chief Executive, Executive Director and certain executives of the Company are provided with free use of cars as per terms of employment. Aggregate amount charged in the financial statements for fee to four directors was Rs. 197 thousand (2005: five directors - Rs. 175 thousand).

	Fifteen months ended December 31, 2006	Year ended September 30, 2005
	(Rupees in thousand)	
34.2 Other fee and remuneration paid to Non-executive directors are as follows:		
Remuneration to Chairman of the Board of Directors	1,800	1,340
Remuneration to Chairman of Board Audit Committee	413	330
Technical Advisory Fee	-	180
	2,213	1,850

35. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

35.1 Financial Assets and Liabilities

	Interest/mark-up bearing			Non-Interest/mark-up bearing				
	maturity upto one year	maturity after one year	sub total	maturity upto one year	maturity after one year	sub total	Total	Effective rate of interest %
	(Rupees in thousand)							
Financial Assets								
Loans and advances	15,000	–	15,000	5,550	1,667	7,217	22,217	10.99
Deposits	–	–	–	10,968	9,665	20,633	20,633	–
Trade debts	–	–	–	169,895	–	169,895	169,895	–
Other receivables	–	–	–	7,982	–	7,982	7,982	–
Cash and bank balances	190,058	–	190,058	108,197	–	108,197	298,255	4 to 10
	205,058	–	205,058	302,592	11,332	313,924	518,982	
2005	215,198	30,000	245,198	253,338	15,565	268,903	514,101	
Financial Liabilities								
Long term finance	15,000	–	15,000	–	–	–	15,000	10.99
Long term deposits	–	–	–	–	95,138	95,138	95,138	–
Trade and other payables	–	–	–	205,793	–	205,793	205,793	–
	15,000	–	15,000	205,793	95,138	300,931	315,931	
2005	71,442	30,000	101,442	236,575	88,269	324,844	426,286	

35.2 Financial risk management

35.2.1 Financial risk factors

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.

(a) **Market risk**

(i) Foreign exchange risk

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.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Company uses forward contracts. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the Company's functional currency.

(ii) Price risk

The Company is not exposed to price risk as it has no investments as available for sale or at fair value through profit or loss.

(b) **Credit risk**

Credit risk represents the risk of loss that would be recognised 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. Out of the total financial assets of Rs. 518,982 thousand, the financial assets which are subject to credit risk amount to Rs. 213,510 thousand. The Company mostly deals with reputable organisations 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 or financial institution.

(c) **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

(d) **Cash flow and fair value interest rate risk**

As the Company has no significant interest rate risk bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. As there are no borrowings at fixed rates, the Company is not exposed to fair value interest rate risk.

35.3 Fair values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

36. TRANSACTIONS WITH RELATED PARTIES

36.1 The following other transactions were carried out with related parties during the period/year:

Nature of relationship	Nature of transactions	Fifteen months ended December 31, 2006	Year ended September 30, 2005
		(Rupees in thousand)	
Parent Company - BOC Group plc, U.K.	Technical aid fee	**27,309**	20,851
	License fee	**6,464**	1,856
Associated Companies	Purchase of plant spares, welding equipments & electrodes, gases & gas cylinders	**20,680**	18,328
	Training cost of executives	**117**	216
Related entities by virtue of common directorship	Income on savings accounts	**414**	597
	Mark - up on long term/short term finance	**-**	68
	Sale of goods	**14,465**	16,052
	Insurance premium	**4,610**	6,220
	Purchase of natural gas	**-**	82
	Rent & maintenance	**309**	295

36.2 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 plc, U.K. based on an agreed methodology consistently appplied.

36.3 There are no transactions with Key Management Personnel other than under their terms of employment, as disclosed in note 34.

36.4 The related party status of outstanding balances as at December 31, 2006 is included in long term loans, trade debts, other receivables and trade and other payables respectively.

Notes to the Financial Statements

for the fifteen months period ended December 31, 2006

37. PRODUCTION CAPACITY

	Unit of quantity	Capacity (triple shift) Fifteen months ended December 31, 2006	Capacity (triple shift) Year ended September 30, 2005	Production Fifteen months ended December 31, 2006	Production Year ended September 30, 2005	Remarks
Oxygen/Nitrogen	Cubic meters	**65,310,000**	52,248,000	**55,792,918**	42,619,348	Capacity for future growth
Hydrogen	Cubic meters	**4,292,500**	3,434,000	**2,064,237**	1,477,964	Dedicated Supply Scheme
Dissolved acetylene	Cubic meters	**1,045,000**	836,000	**189,737**	143,110	Capacity for future growth
Nitrous oxide	Gallons	**97,500,000**	78,000,000	**38,187,613**	30,659,651	"
Welding electrodes	Metric tons	**3,000**	2,400	**2,926**	2,287	"
Carbon Dioxide	Metric tons	**24,750**	19,800	**12,011**	8,403	"

38. DATE OF AUTHORIZATION

These financial statements were authorized for issue on February 22, 2007 by the Board of Directors of the Company.

39. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purposes of comparison. Major change made during the period is in respect of provisions for sales tax and other claims against the Company, which have been reclassified from 'Trade and other payables' (note 28) and shown as Provisions (note 29).

40. EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on February 22, 2007 (i) approved the transfer of Rs. 74,180 thousand from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 12.00 per share for the fifteen months ended December 31, 2006, amounting to Rs. 300,465 thousand for approval of the members at the Annual General Meeting to be held on April 30, 2007.

Syed Ayaz Bokhari
Chief Executive

Munnawar Hamid OBE
Chairman

Pattern of Shareholding

as at December 31, 2006

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares Held
366	1	-	100	19,434
575	101	-	500	188,900
363	501	-	1,000	296,538
507	1,001	-	5,000	1,248,657
126	5,001	-	10,000	915,372
37	10,001	-	15,000	450,676
21	15,001	-	20,000	353,616
13	20,001	-	25,000	295,201
5	25,001	-	30,000	134,081
7	30,001	-	35,000	220,712
8	35,001	-	40,000	296,224
4	40,001	-	45,000	170,234
1	45,001	-	50,000	46,102
1	50,001	-	55,000	52,900
2	60,001	-	65,000	126,417
1	70,001	-	75,000	73,700
2	75,001	-	80,000	157,692
1	80,001	-	85,000	82,657
1	85,001	-	90,000	85,066
1	95,001	-	100,000	100,000
1	145,001	-	150,000	150,000
1	230,001	-	235,000	230,466
1	280,001	-	285,000	280,099
1	300,001	-	305,000	300,552
1	395,001	-	400,000	400,000
1	1,390,001	-	1,395,000	1,392,791
1	1,960,001	-	1,965,000	1,962,401
1	15,005,001	-	15,010,000	15,008,232
2050				**25,038,720**

Pattern of Shareholding

as at December 31, 2006

Categories of Shareholders

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	702	1,873,648	7.48
Investment Companies	3	734	0.00
Joint Stock Companies	3	4,722	0.02
Associated Company and its nominees (a)	1	15,023,232	60.00
Securities & Exchange Commission of Pakistan	1	3	0.00
Central Depository Company (b)	1339	8,136,374	32.50
Others	1	7	0.00
	2050	25,038,720	100.00

(a) Represents the 60% shareholding of The BOC Group plc, U.K. and includes the BOC Group plc nominee shareholders

Other foreign shareholding in the Company is about 1.60%

(b) Categories of Account holders and Sub Account holders as per Central Depository Register

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Individuals	1269	2,892,606	11.55
Investment Companies	4	26,785	0.11
Insurance Companies	9	1,791,436	7.15
Joint Stock Companies	30	425,079	1.70
Financial Institutions	11	2,800,390	11.18
Modarabas	3	7,290	0.03
Charitable Trusts	6	100,234	0.40
Mutual Fund	3	71,200	0.28
Others	4	21,354	0.09
	1339	8,136,374	32.50

Pattern of Shareholding Additional Information

as at December 31, 2006

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies (name wise details)		
The BOC Group plc., U.K. and its nominees	1	15,023,232
NIT & ICP (name wise details)		
National Bank of Pakistan, Trustee Department	1	1,962,401
Investment Corporation of Pakistan	1	2,800
Directors, CEO and their spouse and minor children (name wise details)		
Mr Towfiq H Chinoy	1	2,500
Mrs Zeenat T Chinoy W/o Mr Towfiq H Chinoy	1	36,580
Executive	1	1,860
Public sector companies & corporation		
Banks,Development Finance Institutions, Non-banking Finance Institutions, Insurance companies Modarbas and Mutual Funds	32	4,697,835
Shareholders holding 10% or more voting interest (name wise details)		
The BOC Group plc., U.K.	1	15,023,232

Group Photograph of Participants of Introductory Session of Sitesafe

A manager engaging an employee in a safety talk (leadsafe) during sitesafe (Nov 2005)

Form of Proxy

The Secretary
BOC Pakistan Limited
P O Box 4845
West Wharf
Karachi - 74000

Dear Sir,

I/We ____

of ____

a member(s) of BOC PAKISTAN LIMITED (Folio No/CDC Account and Participant's ID

Numbers ____

hereby appoint ____

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 30th day of April 2007 and at every adjournment thereof.

As witness my/our hand this the ________________________day of ________________________ 2007

Rs Five
Revenue
Stamp

____

Signature of Member(s)
(The signature should agree with the specimen signature registered with the Company)

(please turn over)

Form of Proxy

Notes:

A member entitled to attend a General Meeting is entitled to appoint a proxy to attend, speak and vote in his place at the Meeting. No person shall act as a proxy (except for a corporation) unless he is entitled to be present and vote in his own right.

The instrument appointing a proxy should be signed by the member or by his attorney, duly authorised in writing. If the member is a corporation, its common seal (if any) should be affixed to the instrument.

The instrument appointing a proxy, together with the Power of Attorney (if any) under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office of the Company at least 48 hours before the time appointed for holding the Meeting.

CDC Account Holders will further have to follow the undermentioned 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 National Identity Card (NIC) 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 NIC numbers shall be mentioned on the form.

iii) Attested copies of NIC 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 NIC 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.

BOC SAFETY WEEK AT BOC PAKISTAN

Various glimpses of safety week at BOC Pakistan

BOC Pakistan Limited

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Dockyard Road
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Karachi-74000
Pakistan
www.bocpakistan.com

A member of The BOC Group plc., U.K.

The BOC Group plc., U.K. is now a part of
The Linde Group

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