

→ Linde Pakistan Limited (Formerly BOC Pakistan Ltd.)

Passion to Excel.

Linde Pakistan Annual Report 2011.

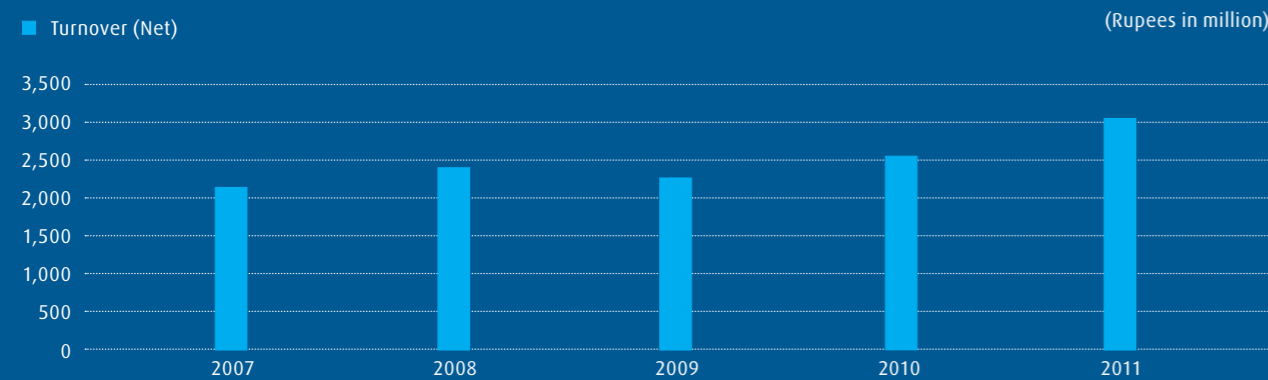


THE LINDE GROUP

Linde

Year at a Glance.

	2011	2010
Rupees in '000		
Net sales	3,044,800	2,530,022
Cost of sales	(2,275,591)	(1,843,248)
Gross profit	769,209	686,774
Distribution and marketing expenses	(211,490)	(195,134)
Administrative expenses	(171,376)	(149,054)
Other operating expenses	(40,554)	(52,576)
Other operating income	58,850	123,214
Operating profit before reorganization / restructuring cost	404,639	413,224
Reorganization / restructuring cost	-	(36,000)
Operating profit after reorganization / restructuring cost	404,639	377,224
Finance costs	(1,916)	(2,198)
Profit before taxation	402,723	375,026
Taxation	(139,848)	(131,201)
Profit for the year	262,875	243,825
Earnings per share - basic and diluted (Rupees)	10.50	9.74
Number of permanent employees at year end	262	272



Passion to excel.

Passion to excel is at the heart of our motivation and is driven by our vision of being the “leading global gases and engineering group admired for its people who provide innovative solutions that make a difference to the world.”

We are passionate about serving our customers with high quality products, services and innovative solutions and relentlessly pursue new ways to add value for our customers. As a dedicated partner to Pakistan’s major industries and hospitals, we are passionate about building enduring relationships.

We are committed to the safety of people and the environments that we operate in and continuously strive for excellence in our processes and performance. We empower our people to achieve ever higher standards of performance through enriched collaboration and we celebrate their successes.

We are passionate about excellence in all our roles; as a key supplier to our customers, as an employer and as a member of the communities that we operate in – and that drives us to be truly leading.

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Our Vision.

Linde Pakistan Limited (LPL) will be the leading industrial gases and hospital care Company, admired for its people, who provide innovative solutions that make a difference to the community.



Our Mission.

To engage effectively, responsibly, and profitably in the industrial gases, healthcare and welding markets, LPL 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: Passion to Excel, Innovating for Customers, Empowering People and Thriving through Diversity.

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 existing customers. This is underpinned by the development and provision of new products and services to its customers, offering real value in price, quality, safety & environmental impact.

Board of Directors.



Towfiq Habib Chinoy
Director

Siew Yap Wong
Director

Muhammad Ashraf Bawany
Deputy Managing Director

Manzoor Ahmed
Director

Bernd Hugo Eulitz
Director



Munnawar Hamid – OBE
Chairman

Yousuf Husain Mirza
Chief Executive &
Managing Director

Sanaullah Qureshi
Director

Humayun Bashir
Director

Directors' Profiles.

Munnawar Hamid, OBE Chairman

Mr Munnawar Hamid is the former Chairman and Chief Executive of the ICI Group in Pakistan, and was with the Group since his graduation from the Universities of Punjab (Government College Lahore) and Cambridge (Gonville & Caius College) and subsequently Advanced Management Training at INSEAD. He retired in 2003 after nearly 35 years association with ICI including a concluding year as Advisor to the Group CEO in London. He was, also formerly, the founding Chairman of the Intellectual Property Organization Pakistan, (the apex body governing intellectual property rights in Pakistan) and the Pak-Britain Business Forum, as well as Chairman of International General Insurance (IGI) Ltd, Pakistan PTA Ltd (now Lotte PTA), the President of the Overseas Investors Chamber of Commerce and Industry, and Chairman of the Duke of Edinburgh Award in Pakistan. He has also served on the Boards of the Civil Aviation Authority, Port Qasim Authority, the Public Procurement Regulatory Authority and the Policy Board of the Securities & Exchange Commission of the Government of Pakistan; as well as of Standard Chartered Bank, United Bank, the Union Bank and the Oil & Gas Development Corporation. He has been involved in high-level government consultative bodies including the Government's Economic Advisory Board between 1999-2002, and has chaired the Prime Minister's Committee on Chemical Industry in Pakistan and other committees between 1996/1998. Mr Munnawar Hamid was appointed OBE by Her Majesty the Queen in October 1997.

In addition to being the Chairman of Linde Pakistan Limited since January 2002, he also holds office in the following organizations:

Silkbank Limited	Chairman
Human Resource and Compensation Committee of the Board, Silkbank Limited	Chairman
Huntsman TE, Singapore	Advisor/Consultant
The Aga Khan University	Trustee
The Aga Khan University Provident Fund	Trustee
The Aga Khan University Gratuity Fund	Trustee
English Speaking Union of Pakistan	Vice President
The Oxford & Cambridge Trust, Karachi	Trustee

Yousuf Husain Mirza Chief Executive

Mr. Yousuf H. Mirza has been the Chief Executive Officer and Managing Director of Linde Pakistan since 27 October, 2010. Mr. Mirza has a long and illustrious association with The Linde Group and before being appointed as MD of the Pakistan business, he held a number of prominent positions within the Group in various countries of the South East Asian region.

He joined Linde Pakistan in 1992 as a Mechanical Engineer fresh from NED University and became the Plant Manager of LPL's Port Qasim plant in 1998, a position he held till 2002. During the last 8 years Mr. Mirza has held senior leadership positions at Linde subsidiaries in Philippines and Malaysia and was the Head of SHEQ, South & East Asia providing leadership in delivering Safety, Health, Environment and Quality agenda across 11 countries. Mr. Mirza returned to LPL as Vice President-Gases in April 2010, responsible for Operations, Distribution & CES, SHEQ, Procurement, Marketing and Tonnage Sales. Mr. Mirza has also completed his Masters of Business Administration from the Institute of Business Administration (IBA), Karachi along with numerous professional training courses at prestigious institutes such as Nanyang Technological University, Singapore; University of Surrey; INSEAD School of Business, and Said Business School and University of Oxford.

He also holds office in the following company:

BOC Pakistan (Private) Limited	Director
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Muhammad Ashraf Bawany Director/Deputy Managing Director

Mr. Muhammad Ashraf Bawany is Deputy Managing Director and Chief Financial Officer as well as the Company Secretary of Linde Pakistan Limited and has been associated with the Company for more than 25 years in various leadership roles. He has been responsible for successfully executing several local and regional initiatives and in recognition of his exemplary performance has been declared "Team Champion" in addition to several other significant local and regional awards. Mr. Bawany takes keen interest in the promotion of education, trade and industry and strongly advocates for this cause through various platforms of professional, corporate and trade bodies in the country. He has also been the President of Institute of Cost & Management Accountants of Pakistan (ICMAP), Pakistan Institute of Public Finance Accountants (PIPFA) and Memon Professional Forum (MPF). Mr Bawany is a Certified Director from Pakistan Institute of Corporate Governance. In addition to being a fellow member of the Institute of Cost & Management Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan, he is also a law graduate.

Mr. Bawany also holds the following offices:

National Clearing Company of Pakistan Limited	Director
BOC Pakistan (Private) Limited	Director
Welfare Committee of Tabba Heart Institute, Aziz Tabba Foundation and Aziz Tabba Kidney Center	Member
National Council/Committees/Foundation – ICMAP	Member
All Pakistan Memon Federation – Education Board	Member
Strategic Advisory Board – Memon Professional Forum	Member

Sanaullah Qureshi Director

Mr. Sanaullah Qureshi has been associated with Linde Pakistan Limited as a Director since 31 January 1996. Mr. Qureshi qualified as a Chartered Accountant from Scotland and joined ICI Pakistan Limited in 1962. He has worked in various leadership capacities at ICI including General Manager and Director-in-charge of Finance and Human Resources. He retired as Deputy Chairman of ICI Pakistan in 1993 and joined as CEO of Forbes Forbes Campbell & Co. Ltd, an established group in shipping, trading and manufacturing activities. After retiring from Forbes in 1995 Mr. Qureshi is now acting in an advisory capacity to Captain-PQ Chemical Industries Private Limited. He was also formerly the President of the Management Association of Pakistan. He was also the Chairman of Gillette Pakistan Limited and non-executive Director of Faysal Bank Limited, Sui Southern Gas Company Limited and Atlas Bank Limited.

Currently he holds office in the following companies:

Atlas Honda Limited	Director
ICI Pakistan Staff Pension Fund	Trustee
MYK Associates (Pvt) Ltd	Director

Towfiq Habib Chinoy Director

Mr. Towfiq Habib Chinoy has been associated with Linde Pakistan Limited as a Director since 30 January 2002. Having completed his Higher National Certificate in Mechanical Engineering from Luton and South Bedfordshire College of Engineering (UK), Mr. Chinoy undertook his engineering apprenticeship at Vauxhall Opel Motors now General Motors (UK). He joined International Industries Limited (IIL) in 1964 and was appointed Managing Director in 1970. He was the driving force behind the growth of IIL as Pakistan's largest pipe and tube manufacturing unit in Pakistan. He is also the CEO/ MD of International Steels Limited (ISL), a subsidiary of IIL. Mr. Chinoy has served as a member of prestigious organizations such as the Engineering Development Board, the Advisory Board of Ports and Shipping Sector, Ministry of Communications and as a Director on the Board of Port Qasim Authority, National Refinery Ltd and Pakistan Business Council.

Currently he also holds office in the following organizations:

International Steels Ltd.	Managing Director
Jubilee General Insurance Co. Ltd.	Chairman
Jubilee Life Insurance Co Ltd.	Director
Pakistan Cables Limited	Chairman
IGI Investment Bank Limited	Director
Packages Limited	Chairman

HBL Asset Management Ltd.	Director
Pakistan Centre for Philanthropy	Director
Mohatta Palace Gallery Trust	Trustee

Manzoor Ahmed Director

Mr. Manzoor Ahmed joined Linde Pakistan Limited as a Director on July 14, 2010. He is Chief Operating Officer and currently managing investment portfolio of NIT worth over Rs. 75 bn. He has experience of over 22 years of the Mutual Fund industry. He is M.B.A. and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III. Mr. Ahmed has attended various training courses organized locally and internationally. Mr. Ahmed is a Certified Director from Pakistan Institute of Corporate Governance.

He represents NITL as a Nominee Director on the Board of Directors of following companies:

Soneri Bank Limited	Director
Millat Tractors Limited	Director
Service Industries Limited	Director
Mari Gas Co Limited	Director
Lucky Cement Limited	Director
General Tyre and Rubber Co. Limited	Director
Nishat (Chunian) Limited	Director
Bannu Woollen Mills Limited	Director

Humayun Bashir Director

Mr. Humayun Bashir joined the Linde Pakistan Board of Directors on 3 October 2011 and is a certified Director under the IFC/Pakistan Institute of Corporate Governance BDS program. Mr. Humayun Bashir has been with IBM for 34 years and is presently serving as the CEO/Country General Manager of IBM Pakistan. He has held various leadership positions in Sales, Marketing, Channel Operations, Direct Marketing and Services and has also spent two years with IBM's Middle East operations based in Dubai. He holds an Engineering Degree and received training in business administration, marketing and communications at different IBM centers in Europe and the US, besides courses at IBA Karachi, Insead France, La Hulpe Belgium and Armonk USA.

Currently he holds office in the following corporate and trade bodies:

IBM Pakistan	Country General Manager
Silk Bank Limited	Director
Overseas Investors Chamber of Commerce & Industry, Karachi	President

Bernd Hugo Eulitz Director

Mr. Bernd Eulitz is The Linde Group's Regional Business Unit Head for South & East Asia based in Singapore and overseeing Linde's fast growing businesses in 11 countries in Asia. He joined the Linde Pakistan Board of Directors on 10 February 2012. Bernd has spent 4 years at Air Liquide GmbH in key engineering and logistics roles and another 4 years in consulting work at A.T. Kearney, Germany, working with key clients in the construction, recycling, telecommunications and chemicals sectors. He joined Linde AG in 2004 as Head of Sales where he was responsible for sales and gas applications technology in the East Germany region. During 4 years at Linde AG, he was responsible for the significant growth of the East German business. In April 2008, Bernd was appointed Chief Executive Officer of PanGas AG, The Linde Group's unit in Switzerland. In October 2011, Bernd moved to Singapore to take up his new appointment as Regional Business Unit Head for South & East Asia. Bernd has a Master's degree in Process Engineering from the University of Karlsruhe, Germany.

He also serves on the Board of the following companies:

Linde Gas Asia Pte Ltd.	Director
Linde Malaysia Holdings Bhd	Director
Linde Gas Singapore Pte Ltd.	Director

Siew Yap Wong Director

Mr. Siew Yap Wong joined the Linde Pakistan Board of Directors on 10 February 2012 after being appointed the Cluster Head of Malaysia and Pakistan, responsible for the business for both countries. He is currently the Managing Director of Linde Malaysia Holdings Bhd group of companies. He started his career with Linde Malaysia in 1982 in welding operations and has held various strategic positions covering planning, sales, business, marketing and strategic development. Mr. Wong holds an engineering degree from the University of Southampton, an MSc. in Welding Technology from Cranfield Institute of Technology, an MBA from the Cranfield School of Management and a Certified Diploma in Accounting & Finance from ACCA. He is also a member of the Institution of Engineers, Malaysia and a Senior Member of the Welding Institute, United Kingdom.

Mr. Wong also sits on the board of the following companies:

Linde Malaysia Holdings Berhad	Managing Director
Linde Malaysia Sdn Bhd	Managing Director
Linde Welding Products Sdn Bhd	Managing Director
Eastern Oxygen Industries Sdn Bhd	Managing Director
Linde Industrial Gases (Malaysia) Sdn Bhd	Director
Industrial Gases Solutions Sdn Bhd	Chairman
Kulim Industrial Gases Sdn Bhd	Chairman
Dayamox Sdn Bhd	Managing Director
Linde Gas Products Malaysia Sdn Bhd	Director
Linde Engineering Sdn Bhd	Director

Company Information.

Board of Directors

Munnawar Hamid – OBE	Chairman	
Yousuf Husain Mirza	Chief Executive & Managing Director	
Muhammad Ashraf Bawany	Deputy Managing Director & Chief Financial Officer	
Sanaullah Qureshi	Director	
Towfiq Habib Chinoy	Director	
Sanjiv Lamba	Director	(Resigned on 10-02-2012)
Lee Bon Hian	Director	(Resigned on 10-02-2012)
Manzoor Ahmed	Director	
Humayun Bashir	Director	
Bernd Hugo Eulitz	Director	(Appointed on 10-02-2012)
Siew Yap Wong	Director	(Appointed on 10-02-2012)

Company Secretary & Deputy Managing Director

Muhammad Ashraf Bawany

Board Audit Committee

Sanaullah Qureshi	Chairman	Non-Executive Director	
Sanjiv Lamba	Member	Non-Executive Director	(Resigned on 10-02-2012)
Lee Bon Hian	Member	Non-Executive Director	(Resigned on 10-02-2012)
Humayun Bashir	Member	Non-Executive Director	
Bernd Hugo Eulitz	Member	Non-Executive Director	(Appointed on 10-02-2012)
Siew Yap Wong	Member	Non-Executive Director	(Appointed on 10-02-2012)

Jamal A Qureshi	Secretary	Assistant Company Secretary & Legal Manager
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Board Remuneration and Appointments Committee

Towfiq Habib Chinoy	Chairman	Non-Executive Director	
Sanjiv Lamba	Member	Non-Executive Director	(Resigned on 10-02-2012)
Lee Bon Hian	Member	Non-Executive Director	(Resigned on 10-02-2012)
Bernd Hugo Eulitz	Member	Non-Executive Director	(Appointed on 10-02-2012)
Siew Yap Wong	Member	Non-Executive Director	(Appointed on 10-02-2012)
Manzoor Ahmed	Member	Non-Executive Director	(Appointed on 10-02-2012)

Muhammad Salim Sheikh	Secretary	Head of HR
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Bankers

HSBC Bank Middle East Limited
Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
Barclays Bank PLC
MCB Bank Limited
National Bank of Pakistan Limited
Meezan Bank Limited

Auditors

KPMG Taseer Hadi & Co.

Legal Advisor

Ayesha Hamid of Hamid Law Associates

Registered Office

West Wharf, Dockyard Road, Karachi-74000

Share Registrar

Central Depository Company of Pakistan Limited

Website

www.linde.pk & www.linde.com

Principal Board Committees.

The Board has established the following committees. The brief terms of references of the committees are as follows:

Board Audit Committees (BAC)

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

BAC comprises of four Non-Executive Directors. The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and representative of External Auditors attend the meeting by invitation. The Committee also privately meets with the External Auditors and Head of Internal Audit and other members of the internal audit function, at least once in a year. During the financial year ended 31 December 2011, four meetings of the BAC were held. The present members of BAC are as follows:

- Mr Sanaullah Qureshi (Chairman)
- Mr Humayun Bashir
- Mr Bernd Hugo Eulitz
- Mr Siew Yap Wong

The Secretary of the Committee is Mr Jamal A Qureshi, Assistant Company Secretary/Legal Manager.

Remuneration & Appointments Committee (R&AC)

R&AC assists the Board in the effective discharge of its responsibilities in matters relating to appointments of senior executives and their remunerations including performance review, succession planning and career development.

R&AC consists of four Non-Executive Directors and the names of the present members are as follows:

- Mr Towfiq Habib Chinoy (Chairman)
- Mr Manzoor Ahmed
- Mr Bernd Hugo Eulitz
- Mr Siew Yap Wong

Three meetings of the Committee were held during the financial year ended 31 December 2011. The Secretary of the Committee is Mr Muhammad Salim Sheikh, Head of HR.

Share Transfer Committee

The Share Transfer Committee consists of the following two Executive Directors:

- Mr Yousuf Husain Mirza
- Mr Muhammad Ashraf Bawany

This Committee approves registrations, transfers and transmission of shares. Resolutions passed by the Shares Transfer Committee are subsequently placed at Board meetings for ratification.

Country Leadership Team (CLT).



Yousuf Husain Mirza
Chief Executive &
Managing Director



Muhammad Ashraf Bawany
Deputy Managing Director



Zubair Ahmad
Sales Manager North



Farried Aman Shaikh
Marketing Manager



Arshad Manzoor
Cluster IS Manager
Bangladesh & Pakistan



Muhammad Salim Sheikh
Head of HR



Zubair Siddiqui
Head of Operations



Ali Ahmad
Sales Manager South



Ahmad Raza
Distribution & CES Manager



Rizwan Shoukat
SHEQ Manager



Statement of Ethics & Business Practices Policy Summary.

The objective of Linde Pakistan Limited (LPL), is to engage efficiently, responsibly and profitably in the gases, healthcare and welding businesses.

In doing so, the Corporation recognises 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 must avoid conflicts of interest between their private financial activities and their professional role in the conduct of Company business.

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

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

The Company does not support any political party nor contributes funds to groups whose activities promote party interests. The Company will promote its legitimate business interests through trade associations.

LPL is committed to provide products, which consistently offer value in terms of price and quality. These products are safe for their intended use, to satisfy customer needs and expectations.

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

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

LPL 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.



Mr M Ashraf Bawany, Deputy Managing Director (2nd from left) emphasizing the need for ethical business practices at a corporate workshop

Business Divisions, Products & Services.

The BOC Group Limited, U.K., the majority shareholder of Linde Pakistan Limited (Formerly BOC Pakistan Limited), is a wholly owned subsidiary of Linde AG, Germany. Accordingly, Linde AG is the ultimate parent company of Linde Pakistan Limited. The Linde Group is a world-leading gases and engineering company with approximately 50,500 employees working in more than 100 countries worldwide. In the 2011 financial year, it achieved sales of EUR 13.787 billion. The strategy of The Linde Group is geared towards long-term profitable growth and focuses on the expansion of its international business with forward-looking products and services.

Linde acts responsibly towards its shareholders, business partners, employees, society and the environment – in every one of its business areas, regions and locations across the globe. Linde is committed to technologies and products that unite the goals of customer value and sustainable development.

For more information, see The Linde Group online at www.linde.com

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The ever-changing requirements of customers are the driving force behind the development of all our products, technologies and support services. Through our people, we play a full and active role in communities around us 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 community is to build a successful business.

Industrial gases

Bulk Gases:

- Liquid Oxygen
- Liquid Nitrogen
- Liquid Argon
- Pipeline Hydrogen
- Liquid Carbon Dioxide
- Industrial Pipelines

PGP – Gases:

- Aviation Oxygen
- Compressed Nitrogen
- Compressed Argon
- Compressed Air
- Compressed Hydrogen
- Dissolved Acetylene

PGP – Speciality Gases:

- High Purity Gases
- Research Grade Gases
- Gaseous Chemicals
- Calibration Mixtures
- Argon Mixtures
- Welding Gas Mixtures
- Sterilization Gases
- Propane
- Helium
- Dry Ice

Hospital Care

Medical Gases:

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

Medical Equipment

- Oxygen Concentrator
- Suction Oxygen Therapy Products
- Flowmeters, Injector, Suction Units, Terminal Units

Medical Gases Pipeline Design, Installation & Service

Welding & Others

Welding Consumables:

- Welding Electrodes
- MIG Welding Wires

Welding Machines:

- Automatic
- Semi-automatic
- Manual

Welding Accessories:

- Regulators
- Cutting Torches
- Welding Torches
- Cutting Machines
- Gas Control Equipment
- Safety Equipment

PGP – Others:

- Calcium Carbide



Safety Health, Environment, Quality & Security (SHEQ).

At The Linde Group, we do not want to harm people or the environment

The Linde Group is committed to safety, health, environment and quality. We develop and promote technologies, products and services that are environmentally sustainable. We strive to create a safe working environment for our people, our customers and the communities in which we operate.

Linde Pakistan's SHEQ agenda is at the heart of all our business activities and we invest considerably in continually improving not just process and equipment safety and procedures but also training employees to act safely. We also place a high priority on corporate social responsibility and continue to play an active role in the local community by engaging not just our employees but also their families in our initiatives. Daily safety meetings at all sites, Hazard Identification program, and LeadSafe are programs that engage employees in leading safety. Activities that were carried out in 2011 to promote and reinforce SHEQ have been highlighted below:

SHEQ DAY 2011

To reinforce the criticality of personal responsibility for safety, on 3rd November 2011, Linde Pakistan celebrated the SHEQ Day across all sites in the country. The theme of the event was "SHEQ - It's About Us" and the focus was on strengthening behavioral safety and encouraging interdependent behavior among all Linde employees. The event was sponsored by the Country Head, Mr Yousuf H. Mirza, and the Country Leadership Team. The full-day celebration included not only Linde Pakistan employees but also their family members through SHEQ Poster and SHEQ Poem competitions among other interactive activities. The day closed with an oath-taking ceremony where all participants collectively swore to their personal accountability for SHEQ not just at work but in all areas of their lives. Mr. Wichit Sophitanontrat, Head of SHEQ-RBU South & East Asia, was also present at the Lahore site as an indication of the importance that The Linde Group places on safety.

ACTSAFE Sustainability Review

The ACTSAFE program focuses on behavioral safety of employees and the Sustainability Review evaluates the effectiveness of the program after specified periods. The review was carried out at our Lahore site by the Linde Regional Behavioral SHEQ Manager, Mr Fawzy Din, and the site was awarded 5 stars for 96% compliance. The Linde Group's Head of Behavioral SHEQ, Mr. Russell Day, wrote in his congratulatory message that "(the) review was one of the best follow-up reports on ActSafe I have seen to date".

The ACTSAFE Driver Behavior program was launched at our Port Qasim site to create personal accountability for safety and to ensure that our drivers understand that they are responsible not just for their own safety but also for the safety of their passengers, other motorists, pedestrians and the environment around them.

Environment Excellence Award by NFEH (National Forum for Environment & Health)

The award recognized the outstanding contributions of all Linde employees across our multiple sites who strive to improve energy efficiency at our plants and offices, reduce wastages and recycle products in an effort to protect and preserve the environment.

LPL completed one year without MIR

Linde Pakistan through its SHEQ agenda strives aggressively to reduce any safety incident arising in the course of business activities. This is possible by not just focusing on our processes, equipments and people but also by planning and preparing for risks that may arise from circumstances outside our control. Our proactive approach to reducing risk and making the environment where we operate safer has resulted in us completing an entire year without any major incident.

ISO Certification of CO₂ Port Qasim

The Linde Pakistan CO₂ at Port Qasim plant has officially obtained ISO 9001:2008 certifications which recognizes that the policies, practices and procedures of our corporation ensure consistent quality in the products and services we provide to our customers.

STEER Rollout - Multan & Taxila

STEER is a program that focuses on improving driver safety and identifying the risks that are faced by the transport personnel and successfully mitigating them through improved trainings and processes. The STEER Rollout was attended by the management teams as well as by the drivers and decantors and focused on creating a feeling of ownership across the company for keeping the transport staff safe.





Corporate Social Responsibility.

Linde Pakistan Limited contributes to various charities under its HELP Programme which focuses on priority areas such as Healthcare, Education, Local community development and Protecting the environment. Under this programme we HELP in leading efforts to bring about a better tomorrow.

Linde Pakistan Limited is committed to serving the Healthcare sector. We understand that our supplies of Medical Oxygen are critical for sustaining patient life and therefore ensured that despite worsening power issues, product shortages and floods we continued to serve our customers and their patients unflinchingly. In addition we also donate to multiple charities every year so as to improve the quality of life in the communities that we operate in. In 2011 LPL supported Aga Khan Hospital & Medical College, the premier medical institution of the country, provide better service to its patients through a three year sponsorship commitment. Under this agreement more than PKR 1 million has already been donated. In addition to this LPL's commitment to healthcare has extended to contributions to Kharadar General Hospital for underprivileged citizens.

We believe that skill enhancement is the only sustainable way to develop communities and therefore contribute our expertise and experience to educate not just our customers but also partner with other organizations to reach more people. In an effort to develop the skills of the local welding community and to improve standards of welder safety, LPL has sponsored the local SOS Technical Training Institute with not just welding and safety equipment but also by ensuring that our welding experts are available to train their staff and students. We have also donated monetarily and in kind to the institute this year as part of a multi-year support strategy.

We take all possible operational measures to ensure that all our employees as well as the communities that we operate in remain safe. Environmental protection is a high priority for us and as such we are continuously striving to ensure that our production processes are eco-friendly and efficient. We are constantly trying to improve our energy efficiency at both our production facilities and our offices and reduce waste by reusing or recycling.



High Performance Organization (HPO).

As Linde Pakistan Limited, our transformation into a High Performance Organization continued with increased zeal. The efforts of our people striving for excellence in all aspects of work, be it processes, customer relationships or execution, drove us closer to our vision of being "The leading global industrial gases and engineering group, admired for our people who provide innovative solutions that make a difference to the world".

Our Annual Conference held in 2011 brought together people from all hierarchies and functions and provided a platform to acknowledge past performance while laying the roadmap for future performance. The conference resulted in an across the board passion to perform that is exemplified by our financial and operational results. Quarterly communication sessions were also held across all the sites of the company to sustain employee engagement.

We, at Linde Pakistan Limited, understand the effectiveness of combining the quality and rigor of Six Sigma with the passion to be a High Performance Organization to sustainably achieve effective change management. Lean Six Sigma (LSS) is the methodology that we have implemented to define and sustainably deliver projects. Through support from our Regional Six Sigma team, multiple trainings have already been arranged and projects have already been identified and are under execution.

As in previous years, all cross-functional HPO initiatives were centrally recorded, tracked and managed resulting in disciplined execution and committed results. Six Sigma training has been imparted to key employees who will lead critical HPO projects and deliver sustainable benefits.

To achieve our vision, we have made HPO a way of life – constantly looking for opportunities to improve efficiency, taking the lead in making those improvements and always ensuring that safety is a pre-requisite.

Business.

Linde Pakistan Limited (LPL) proudly serves more than 6,300 customers from diverse industrial and healthcare sectors. We act as strategic solution providers to our customers, providing value through our innovative products and services and using best operating practices from across The Linde Group.

LPL business portfolio is strategically divided into four parts which are Tonnage, Bulk, Packaged Gas Products (PGP) and Healthcare.

Tonnage Business

Tonnage customers are provided with the product through pipeline supply schemes and on-site production units. In addition to normal business activities, we ensure logistical and production capability to support extra demand due to turnaround at customer end.

Bulk

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

PGP

Packaged Gases and Products (PGP) cover a wide range of products which include; compressed industrial gases, speciality gases, welding consumables and equipments.

PGP is characterized by a diversified portfolio of customers nationwide; from quality control labs to pharmaceutical companies and from ship-breaking to construction Industry.

Healthcare

For decades, LPL has been the most trusted and reliable partner with hospitals, across the country. The healthcare portfolio includes a variety of products including Medical Gases such as Medical Oxygen - liquid and compressed, Nitrous Oxide and Special Medical Mixtures and Medical Equipments such as Concentrators and Flowmeters etc. LPL also provides the design, installation and maintenance of central medical gases pipeline systems.



Human Resources.

Thriving through diversity is one of Linde's core values. We at Linde Pakistan believe that diversity results in enriched collaboration and enhanced solutions and are committed to maintaining a workplace free from any discrimination based on race, creed, culture, religion, gender, age or marital status. We can proudly claim that we provide a platform for our employees to unleash their full potential in their current roles and develop their skills for future leadership roles.

Our People Agenda

During 2011 an e-learning initiative was launched across our multiple locations to engage all employees. This initiative, eCube (Employee Engagement Exercises), focused on personal development by sharing and testing General and Linde-specific knowledge and inviting and rewarding employee contributions. In order to deliver on the Company's ambitious growth targets, all sales and customer services employees received Linde Pro (Professional Sales Training Modules) training, provided by Regionally Certified Linde Pro Trainers. The objective was to prepare the sales team for the challenges of the market place. Our sales team are an invaluable asset for us and we invest significantly in developing them to further create differentiation and brand equity in the market.



Focused Customer Service:

In-house trainings were provided at Karachi and Lahore to our Customer Services, Customer Engineering Services and sales personnel. These trainings were designed to re-emphasize that customer focus is at the heart of the Linde values and re-affirmed our commitment to serve customers in ways to delight them.

Annual Sales Conference: The Linde Pakistan Annual Sales Conference was attended by all sales personnel from across our multiple locations. We col The Linde Pakistan Annual Sales Conference was attended by all sales personnel from across our multiple locations. We collaborated with the leading HR consultancy, NarejoHR, to ensure that the Conference delivered maximum benefit to all participants and served as a forum to highlight challenges faced by the teams and devise solutions to overcome them in order to achieve our ambitious growth targets.

Change Management Workshop:

To improve decision making by key personnel, even in uncertain situations, a Change Management workshop was conducted, facilitated by a regional Certified Change Management Trainer who had conducted similar workshops at other Linde companies within the South East Asia region. The workshop enabled managers to proactively lead and manage our transformation into a High Performance Organization.

SAP Human Resources:

After the successful launch of SAP HR phase 1, substantial work was done during the year on the phase 2 implementation which is to be launched in March 2012. As a result of this all employees will be connected within the Linde World and this would leverage the synergy of The Linde Group for customer benefit. Employee data and record management will be online and accessible, resulting in time and cost-efficiency.

Rewarding Excellence:

Linde Pakistan's high performers were acknowledged and rewarded for their contributions to the company and their demonstration of Linde Values at the country and the regional level at the Excellence Award Ceremonies which were held at Bhurban in Pakistan and Bali in Indonesia respectively. Our Operations, Distribution & CES teams won a Regional Excellence Award despite stiff competition from 10 other countries.

Internal Audit.

At Linde Pakistan Limited, the internal control system is monitored and supported by the regional Internal Audit Department, which is an integral part of The Linde Group Internal Audit function.

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

To maintain the highest level of independence, the Internal Audit of the company has a functional reporting relationship to the Board Audit Committee (BAC) as well as the direct reporting line to The Linde Group Head of Internal Audit.

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

The work of Internal Audit is focused on areas of material risks to the company, determined on the basis of risk based planning approach. Further, globally identified high value reviews also form part of audit plan to assist management in implementing global best practices.



Group photo taken on the occasion of 38th Board Audit Committee Meeting, held in Karachi on 11 August 2011. Right to left: Lee Bon Hian, Andreas C.Bieringer, Sanaullah Qureshi, Lubna Shahzadi, Yousuf Husain Mirza, M.Ashraf Bawany and Jamal A Qureshi



A view of the Directors of Linde Pakistan Limited (LPL) during the 62nd Annual General Meeting



LPL shareholders during the Annual General Meeting



Mr Munnawar Hamid – OBE, Chairman LPL, responding to a shareholder's query



An LPL shareholder raising a query at the Annual General Meeting



Mr M Ashraf Bawany, Deputy Managing Director – LPL, attending to shareholder's query

Notice of Annual General Meeting.

Notice is hereby given that the Sixty-third Annual General Meeting of LINDE PAKISTAN LIMITED (formerly BOC Pakistan Limited) will be held on Wednesday, 25th day of April 2012 at 9:30 a.m. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi to transact the following business:

1. To receive and consider the Financial Statements of the Company for the year ended 31 December 2011 and Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to authorise the payment of final dividend of Rs 5.00 per ordinary share of Rs 10/= each for the year ended 31 December 2011 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 11 April 2012.
3. To appoint the Auditors of the Company and to fix their remuneration.

By Order of the Board

M Ashraf Bawany
Deputy Managing Director

Karachi: 27 February 2012

NOTES:

1. Transport will be provided to members of the Company from the Parking Area of the Karachi Stock Exchange at Railway premises, Tower and departure will be at 8:45 a.m. sharp on 25 April 2012.
2. The Share Transfer Books of the Company will be closed from 12 April to 25 April 2012 (both days inclusive).
3. A member entitled to attend, speak and vote at the Annual General Meeting may appoint a proxy to attend and vote on his/her behalf and a proxy so appointed shall have the same rights in respect of speaking and voting at the meeting as are available to a Member. Proxies in order to be effective must be received at the Registered Office of the Company not later than 48 hours before the time of the meeting. The proxy must be a member of the Company, except that a Corporation being a member of the Company may appoint as its proxy one of the officers or some other person though not a member of the Company.
4. Members are requested to immediately notify any change in their address or bank mandate as registered to the Company's Share Registrar, Central Depository Company of Pakistan Limited, Shares Registrar Department, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahrah-e-Faisal, Karachi-74400.
5. CDC Account Holders will further have to follow the under mentioned guidelines as laid down in Circular 1, dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan:
 - A. For Attending the Meeting:
 - i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
 - ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For Appointing Proxies:

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



(Left to Right) Mr Munnawar Hamid – OBE Chairman, Mr Sanjiv Lamba Member Executive Board of The Linde Group and Mr Sanaullah Qureshi Chairman Board Audit Committee at the Annual General Meeting

Shareholders' Information.

Stock Exchange Listing

Linde Pakistan Limited (formerly BOC Pakistan Limited) is a public limited company and its shares are traded on all three stock exchanges of Pakistan.

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

Market Capitalization and Market Price of Linde Share

As at 31 December 2011, the market capitalization of Linde Pakistan share stood at Rs 2.53 billion with a market value of Rs 101 per share and breakup value of Rs 63.17 per share.

The 10.87% increase in the value of the shares compared to last year reflects the confidence of our shareholders on the healthy performance and steady progress of the Company.

Market Price of Company Share

Highest price per share during the year	Rs	105.16
Lowest price per share during the year	Rs	85.10
Closing price per share at year-end	Rs	101.00

Financial Calendar

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

Financial results during the year 2012 will be announced as per the following tentative schedule:

1 st quarter ending 31 March 2012	4 th week of April 2012
2 nd quarter ending 30 June 2012	2 nd week of August 2012
3 rd quarter ending 30 September 2012	4 th week of October 2012
Year ending 31 December 2012	4 th week of February 2013

Announcements of the Financial Results that were made during the year 2011 are as follows:

1 st quarter ended 31 March 2011	22 April 2011
2 nd quarter ended 30 June 2011	12 August 2011
3 rd quarter ended 30 September 2011	25 October 2011
Year ended 31 December 2011	27 February 2012

Investor Relations Contact

Wakil Ahmed Khan
Assistant Manager – Corporate Services
Phone +92.21.32316914, Fax +92.21.32312968
wakil.khan@linde.com

Enquiries concerning lost share certificates, dividend payments, change of addresses, verification of transfer deeds and share transfers may be addressed to our Share Registrar at:

Central Depository Company of Pakistan Limited
CDC House, 99-B, Block 'B', S.M.C.H.S.
Main Shahrah-e-Faisal, Karachi – 74400
Phone +92.21.111 111 500, Fax +92.21.34326031
Timings 9:00 am to 1:00 pm and
from 2:30 pm to 4:30 pm (Monday to Friday)
info@cdcpak.com

Public Information

Financial analysts, stock brokers and interested investors desiring financial statements of the Company may visit our website at www.linde.pk



Cake cutting ceremony at the employee event.



I am taking the Lead.

Rebranding.

On 19th September 2011, the Company rebranded to become Linde Pakistan Limited. The rebranding activities took place across our multiple sites and involved all employees. A press conference and a customer event was also held on the 19th to share our excitement with our external stakeholders. Keynote speakers for the event included Dr. Tilo Klinner, the German Consul General, Mr. Lee Bon Hian, former Head of Cluster Countries-RSE and Mr. Yousuf Husain Mirza.



Dr. Tilo Klinner-Consul General of the Federal Republic of Germany in Karachi (3rd from left) was a keynote speaker at the Brand Launch Ceremony.



Welcome to a Blue World – We are Linde

Ten Year Financial Review.

Rupees in '000

	2002	2003	2004
Operating Results			
Sales	1,358,961	1,386,235	1,521,649
Gross Profit	609,787	585,113	679,848
Profit from Operations	407,565	437,480	444,374
Profit before Taxation	368,904	403,593	429,823
Taxation	(67,193)	(39,628)	(97,784)
Profit after Taxation	301,711	363,965	332,039
Dividends	425,658	300,464	325,503
Capital Employed			
Paid-up Capital	250,387	250,387	250,387
Reserves and Unappropriated Profits	510,492	661,628	768,319
Shareholders' Fund	760,879	912,015	1,018,706
Deferred Liabilities	237,159	215,738	245,944
Long-term Liabilities & Borrowings (net of cash)	183,347	61,969	15,970
	1,181,385	1,189,722	1,280,620
Represented by:			
Non - Current Assets	1,306,711	1,292,781	1,367,864
Working Capital	(125,326)	(103,059)	(87,244)
	1,181,385	1,189,722	1,280,620
Statistics			
Expenditure on Fixed Assets	17,260	109,304	201,122
Annual Depreciation & Amortisation	125,008	122,496	126,441
Earnings per share-Rupees	12.05	14.54	13.26
Dividend per share-Rupees (Note 1)	17.00	12.00	13.00
Dividend Cover - Times (Note 1)	0.71x	1.21x	1.02x
Net Asset Backing per share-Rupees	30.39	36.42	40.69
Return on average Shareholders' Fund (based on profit after tax)	33.68%	43.51%	34.40%
Dividend on average Shareholders' Fund (Note 1)	47.51%	35.92%	33.72%
Return on average Capital Employed (based on profit before financial charges & tax)	32.06%	36.90%	35.98%
Price/Earning Ratio	9.44	10.39	11.16
Dividend Yield ratio (Note 1)	14.95%	7.95%	8.79%
Dividend Payout ratio (Note 1)	141.08%	82.55%	98.03%
Fixed Assets/Turnover Ratio	1.05	1.09	1.13
Debt/Equity Ratio	40:60	23:77	16:84
Current ratio	1.43	1.38	0.96
Interest Cover - Times	10.54x	12.91x	30.54x
Debtors turnover Ratio	19.13	19.07	18.36
Gross Profit Ratio (as percentage of Turnover)	44.87%	42.21%	44.68%
Market Value per Share at year end - Rupees	113.75	151.00	147.95

	2005	15 months ended 31 December 2006 (Restated)	2007	2008	2009	2010	2011
	1,752,399	2,299,531	2,174,515	2,453,341	2,307,741	2,530,022	3,044,800
	735,383	910,212	934,021	835,647	710,989	686,774	769,209
	518,285	667,598	685,866	550,395	491,609*	413,224*	404,639
	502,159	598,037	682,370	547,693	374,284	375,026	402,723
	(132,235)	(130,073)	(223,321)	(145,587)	(122,672)	(131,201)	(139,848)
	369,924	467,964	459,049	402,106	251,612	243,825	262,875
	300,464	375,581	325,503	325,503	225,349	150,232	175,271
	250,387	250,387	250,387	250,387	250,387	250,387	250,387
	812,740	1,094,681	1,175,745	1,257,040	1,202,319	1,240,743	1,331,291
	1,063,127	1,345,068	1,426,132	1,507,427	1,452,706	1,491,130	1,581,678
	249,857	278,811	277,175	229,124	202,034	195,281	167,315
	(68,937)	(188,117)	(442,534)	(221,477)	(384,745)	(355,569)	204,329
	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842	1,953,322
	1,321,234	1,313,880	1,190,726	1,380,166	1,276,004	1,342,471	2,075,442
	(77,187)	121,882	70,047	134,908	(6,009)	(11,629)	(122,120)
	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842	1,953,322
	69,321	89,435	66,561	417,354	123,421	311,453	991,470
	138,780	144,801	139,319	148,817	171,647	177,492	204,304
	14.77	18.69	18.33	16.06	10.05	9.74	10.50
	12.00	15.00	13.00	13.00	9.00	6.00	7.00
	1.23x	1.25x	1.41x	1.24x	1.12x	1.62x	1.50x
	42.46	53.72	56.96	60.20	58.02	59.55	63.17
	35.54%	38.86%	33.13%	27.41%	17.00%	16.57%	17.11%
	28.87%	31.19%	23.49%	22.19%	15.23%	10.21%	11.41%
	41.06%	45.60%	50.87%	39.66%	27.03%	29.01%	24.64%
	10.66	7.55	13.78	7.03	12.73	9.36	9.62
	7.62%	10.63%	5.14%	11.52%	7.03%	6.59%	6.93%
	81.22%	80.26%	70.91%	80.95%	89.55%	61.61%	66.67%
	1.37	1.75	1.83	1.78	1.81	1.88	1.47
	9:91	1:99	0:100	0:100	0:100	0:100	11:89
	1.21	1.88	2.31	2.01	1.91	1.81	1.00
	32.14x	48.23x	196.19x	203.70x	177.13x	171.62x	211.19x
	16.87	15.92	14.57	17.15	14.86	15.72	18.71
	41.96%	39.58%	42.95%	34.06%	30.81%	27.14%	25.26%
	157.55	141.15	252.70	112.82	127.95	91.10	101.00

Note 1 Includes proposed final dividend declared subsequent to the year - end
* Profit from operations represent operating profit before reorganisation / restructuring cost

Profit and Loss Account.

Vertical and Horizontal Analysis.

	2011	2010	2009	2008	2007	15 months ended 31 December 2006 (Restated)
Rupees in '000						
Net sales	3,044,800	2,530,022	2,307,741	2,453,341	2,174,515	2,299,531
Cost of sales	(2,275,591)	(1,843,248)	(1,596,752)	(1,617,694)	(1,240,494)	(1,389,319)
Gross profit	769,209	686,774	710,989	835,647	934,021	910,212
Distribution and marketing expenses	(211,490)	(195,134)	(152,785)	(158,681)	(146,869)	(172,164)
Administrative expenses	(171,376)	(149,054)	(132,727)	(130,094)	(118,702)	(134,459)
Other operating expenses	(40,554)	(52,576)	(99,612)	(54,948)	(58,485)	(49,191)
Other operating income	58,850	123,214	165,744	58,471	75,901	113,200
Operating profit before Reorganization / restructuring cost	404,639	413,224	491,609	550,395	685,866	667,598
Reorganization / restructuring cost	-	(36,000)	(115,200)	-	-	(56,900)
Operating profit after Reorganization / restructuring cost	404,639	377,224	376,409	550,395	685,866	610,698
Finance costs	(1,916)	(2,198)	(2,125)	(2,702)	(3,496)	(12,661)
Profit before tax	402,723	375,026	374,284	547,693	682,370	598,037
Taxation	(139,848)	(131,201)	(122,672)	(145,587)	(223,321)	(130,073)
Profit for the year	262,875	243,825	251,612	402,106	459,049	467,964
Vertical Analysis						
	Percentage of Sales					
Net sales	100	100	100	100	100	100
Cost of sales	(75)	(73)	(69)	(66)	(57)	(60)
Gross profit	25	27	31	34	43	40
Distribution and marketing expenses	(7)	(8)	(7)	(6)	(7)	(7)
Administrative expenses	(6)	(6)	(6)	(5)	(5)	(6)
Other operating expenses	(1)	(2)	(4)	(2)	(3)	(2)
Other operating income	2	5	7	2	3	5
Operating profit before Reorganization / restructuring cost	13	16	21	23	31	30
Reorganization / restructuring cost	0	(1)	(5)	0	0	(2)
Operating profit after Reorganization / restructuring cost	13	15	16	23	31	28
Finance costs	0	0	0	0	0	(1)
Profit before tax	13	15	16	23	31	27
Taxation	(5)	(5)	(5)	(6)	(10)	(6)
Profit for the year	8	10	11	17	21	21
Horizontal Analysis						
	Percentage increase / (decrease) over preceding year					
Net sales	20	10	(6)	13	(5)	
Cost of sales	23	15	(1)	30	(11)	
Gross profit	12	(3)	(15)	(11)	3	
Distribution and marketing expenses	8	28	(4)	8	(15)	
Administrative expenses	15	12	2	10	(12)	
Other operating expenses	(23)	(47)	81	(6)	19	
Other operating income	(52)	(26)	183	(23)	(33)	
Operating profit before Reorganization / restructuring cost	(2)	(16)	(11)	(20)	3	
Reorganization / restructuring cost	(100)	(69)	100	0	(100)	
Operating profit after Reorganization / restructuring cost	7	0	(32)	(20)	12	
Finance costs	(13)	3	(21)	(23)	(72)	
Profit before tax	7	0	(32)	(20)	14	
Taxation	7	7	(16)	(35)	72	
Profit for the year	8	(3)	(37)	(12)	(2)	

Balance Sheet.

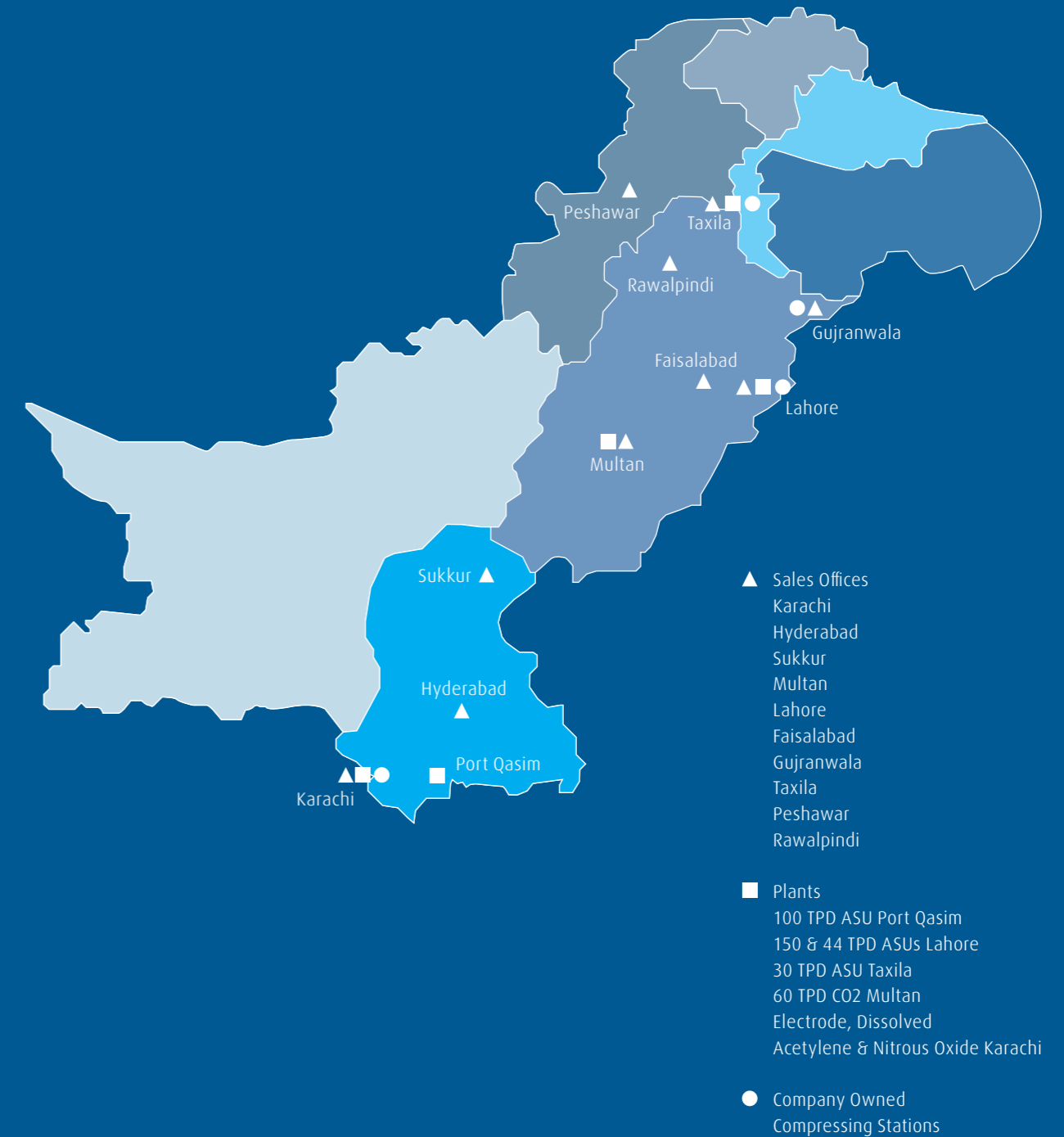
Vertical and Horizontal Analysis.

	2011	2010	2009	2008	2007	2006 (Restated)
Rupees in '000						
Equity and Liabilities						
Total equity	1,581,678	1,491,130	1,452,706	1,507,427	1,426,132	1,345,068
Total non-current liabilities	497,195	317,776	317,599	342,125	381,556	373,949
Total current liabilities	695,060	578,329	545,644	462,748	471,324	458,755
Total equity and liabilities	2,773,933	2,387,235	2,315,949	2,312,300	2,279,012	2,177,772
Assets						
Total non-current assets	2,075,442	1,342,471	1,276,004	1,380,166	1,190,726	1,313,880
Total current assets	698,491	1,044,764	1,039,945	932,134	1,088,286	863,892
Total assets	2,773,933	2,387,235	2,315,949	2,312,300	2,279,012	2,177,772
Vertical Analysis						
	Percentage of Balance Sheet Total					
Equity and Liabilities						
Total equity	57	63	63	65	62	62
Total non-current liabilities	18	13	14	15	17	17
Total current liabilities	25	24	23	20	21	21
Total equity and liabilities	100	100	100	100	100	100
Assets						
Total non-current assets	75	56	55	60	52	60
Total current assets	25	44	45	40	48	40
Total assets	100	100	100	100	100	100
Horizontal Analysis						
	Percentage increase / (decrease) over preceding year					
Equity and Liabilities						
Total equity	6	3	(4)	6	6	
Total non-current liabilities	56	0	(7)	(10)	2	
Total current liabilities	20	6	18	(2)	3	
Total equity and liabilities	16	3	0	1	5	
Assets						
Total non-current assets	55	5	(8)	16	(9)	
Total current assets	(33)	0	12	(14)	26	
Total assets	16	3	0	1	5	

Business Locations.

Registered Office/ Head Office	Karachi	P.O.Box 4845, West Wharf Tel: 021-32313361 (9 Lines) Fax: 021-32312968	
North Western Region	Lahore	P.O.Box 205 Shalamar Link Road, Mughalpura Tel: 042-36824091 (4 Lines) Fax: 042-36817573	ASU Plant and Nitrous Oxide Plant
		Plot No. 705, Sundar Industrial Estate	ASU Plant
	Multan	Adjacent to PFL Khanewal Road Tel: 061-6562201 (2 Lines) 061-6001360 Fax: 061-6778401	Carbon Dioxide Plant
	Mehmood Kot	Adjacent to PARCO Mid Country Refinery, Mehmood Kot Qasba Gujrat, Muzaffargarh Tel: 066-2290751 & 2290484-85 Fax: 066-2290752	Nitrogen Plant
	Faisalabad	Altaf Ganj Chowk Near Usman Flour Mills Jhang Road Tel: 041-2653463 & 2650564	Sales Depot
	Wah Cantonment	Kabul Road Tel: 051-4545359	Acetylene Plant
	Taxila	Adjacent to HMC No.2 Tel: 051-4560600 051-4560701-05 Fax: 051-4560700	ASU Plant
	Rawalpindi	2 nd Floor, Jahangir Multiplex Peshawar Road	Sales Depot
	Hasanabdal	Adjacent to Air Weapon Complex Abbotabad Road Tel: 0572-520017 Ext. 104 0572-522428 Ext. 104	Hydrogen Plant
Southern Region	Karachi	P.O.Box 4845, West Wharf Tel: 021-32313361 (9 Lines) Fax: 021-32312968	Acetylene Plant Nitrous Oxide Plant Speciality Gases
	Port Qasim	Plot EZ/1/P-5(SP-1), Eastern Zone Tel: 021-34740058 & 34740060 Fax: 021-34740059	ASU Plant Hydrogen Plant Carbon Dioxide Plant
	Sukkur	A-15, Airport Road Near Bhatti Hospital Tel: 071-5630871	Sales Depot

Key Facilities Around Pakistan.



Directors' Report.

The Directors of your Company take pleasure in presenting the Annual Report together with the Company's audited financial statements for the year ended 31 December 2011.

National Economy

FY11 started with an expectation of further progress on the modest recovery experienced in 2010, with a GDP growth target of 4.5%. Unfortunately the devastating floods of 2010 and 2011 posed a major hurdle to the achievement of this target and a growth of only 2.4% was achievable.

The country continues to face the risk of macroeconomic instability emanating from general fiscal weakness, and specifically as a result of the slow progress in implementing tax reforms, decreasing FDI, acute energy shortages, galloping inflation, a growing political instability and deteriorating law & order situation. Consequently, despite the current account ending in a surplus mainly due to higher foreign remittances, the overall budgetary deficit was 6.6% of GDP compared to a target of 4.4%.

In terms of sectoral performance, the services sector supported growth significantly and grew by 4.1%, the agriculture sector posted real growth of only 1.2 % whereas the manufacturing sector suffered a serious setback.

Company Performance

Your Directors are pleased to report that despite the challenges of the year, your Company maintained a positive growth trend throughout the year. This was achieved through several cost management and productivity initiatives, optimum pricing in spite of stiff competition, and operational efficiencies coupled with higher production of ASU products (Oxygen and Nitrogen) to meet increasing demand. Improved working capital, better recoveries and reduction in aging receivables also helped to improve the Company's financial performance.

In addition to the above, increase in turnover for hard goods, improved Carbon Dioxide (CO2) prices, higher demand from the ship breaking sector and a broadening of customer base in the healthcare segment have contributed to a strong growth in turnover of 22.8% compared to the same period last year finishing the year with gross sales of Rs 3.5 billion. Consequently, earnings before Interest and Tax (EBIT) stood at Rs 404.6 million, showing an improvement of 7.3% over the last year, and a profit after tax of Rs 262.9 million to give an EPS of Rs 10.5 which is 7.8% higher than the previous year. Excluding the net favourable impact of one-offs of Rs 66 million in the prior year, this level of profitability is a 30% improvement over 2010.



Contributing to Lahore's development with high quality products and welding solutions

Sales

Industrial and Medical Gases

The Company registered a 22.8% growth in sales of these products and increased market share compared to 2010, despite the severe energy crisis across the country which negatively impacted some of the key customer segments. This was possible through better product management, improved internal efficiencies, and customer focus and service.

The Company achieved a successful turnaround of the CO2 business by effectively establishing a second source of supply of the gas from Port Qasim in addition to Multan and thus strengthening its reputation as a highly reliable supplier in the market. In addition, launch of Dry Ice as a new product played an integral part in creating value for the business.

In the Healthcare sector, demand for Medical gases remained strong and your Company recorded a very healthy sales growth in this sector as well compared to the previous year. Other sectors which showed equally strong demand for Oxygen & Nitrogen included Ship breaking, Chemical & Glass sector and a special effort was also made to increase sales of Argon and other Specialty gases.

Welding & Others

Despite poor activity in the manufacturing sector the Company achieved growth in the welding business, mainly on account of strong demand for electrodes. Locally manufactured electrodes registered a growth of 15% over last year mainly due to an expansion of customer base which also complemented sales of welding consumables. The Company also significantly increased its reach in the Carbide market by selling further down the value chain, and increased market share.



Sundar ASU Plant nearing completion

Engineering Operations

During 2011, all Linde plants operated efficiently and improved production, despite the adverse energy situation, as a result of which all tonnage (pipeline) customers were supplied throughout the year without any interruption. Safety as a policy remained in focus and a top priority at all Company operations.

With renewed focus on productivity and efficiency improvement in the manufacture of Packaged Gases and Products (PGP) and Electrodes, steady growth was achieved in both segments.

Projects

In 2010 the Company announced the setting up Pakistan's largest merchant Air Separation Plant (ASU) in Lahore, capable of producing upto 150 Tons of Oxygen, Nitrogen and Argon per day. This investment valued at around PKR 2 billion will replace the aging existing plant at Lahore but is in addition to the operations at Taxila and Port Qasim which will continue to develop and improve. In 2011 the financing arrangements for the project were completed, land was acquired at Sundar Industrial Estate, Lahore, and civil work begun at the site. Construction is now well underway and on plan and the plant is expected to be commissioned in the first half of 2012. The stable power supply available in the Sunder Estate and the improved technological efficiency of the new plant will not only enable the Company to service its existing customers more efficiently, but will provide additional capacity to capture future growth in the Northern region merchant market.



Long-term financing agreement being signed between Meezan Bank Limited and Linde Pakistan for Lahore ASU

Cash Flow Management

The Company continued to manage its cash resources very efficiently.

Working capital remained under sharp focus and despite significant increase in turnover, debtors and inventories were reduced considerably over previous year, and as a result total net cash generated from operations during the year was Rs 569 million. A total outflow of Rs 1,122 million, including a net Rs 958 million on investing activities and approximately Rs 164 million on account of dividend payments, was supported by inflow of Rs 569 million internal cash, an opening balance of Rs 478 and Rs 200 million of the long-term project finance leaving a closing balance for the year of Rs 126 million approximately. It is noteworthy that the highly efficient cash management, together of course with higher profitability during the year, necessitated a utilization of only Rs 200 million from the long-term financing of Rs 1.3 billion arranged for the Lahore project despite a significant capital expenditure of a total of Rs 991 million during the year.

Financial Risk Management

Overall risk exposure associated with the Company's financial assets and liabilities is very limited. The Company believes that it is not exposed to any major concentration of credit risk, exposure to which is managed through application of credit limits to its customers. The Company manages its exposure to financial risks as explained in note 35 to the financial statements.

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 50.

Information Systems (IS)

During 2011, IS has contributed significantly to the business. This includes the implementation of TeleCredit in SAP as a part of Axon Customer Relationship Management (CRM) for improved customer focus, and the in-house development of Decision Support Systems (DSS) for effective demand and supply planning management of Bulk products.

As part of global alignment, migration of all in-country and WAN links to the global leader AT&T has resulted in a harmonized connectivity landscape.

An IS Survey conducted during Q1, at the Linde group level, concluded that Pakistan has been the best performer in Asia during the year.

Safety, Health, Environment, Quality & Security (SHEQ)

Your Company continues to attach utmost importance to Safety, Health, Environment and Quality (SHEQ) as a fundamental policy to ensure a sustainable business. We are pleased to report that your Company continues to proactively manage risks, and no major safety incidents were reported in the year. The Company was also recognized for excellence in environment management in 2011 by the National Forum for Environment & Health (NFEH).

Linde Pakistan Limited – A High Performance Organization (HPO)

With the brand change to Linde Pakistan a new zeal and passion was experienced throughout the organization and our journey of transformation into a High Performance Organization continued with great energy, driven by the vision of being "The leading global industrial gases and engineering group, admired for its people who provide innovative solutions that make a difference to the world".

The HPO programme is a step by step programme launched throughout The Linde Group in 2009, as a result of which local initiatives supported by regional and global input ensure that a culture of relentless self-improvement permeates throughout the organization. As an organization that is well on its way in the journey of transformation towards becoming a High Performer. Linde Pakistan challenges every single employee, rewards exceptional performance and its actions exemplify its belief in the key principles for an HPO:

"I am at the Heart of Change"

It believes that its people are key to it becoming a High Performing Organization. Linde Pakistan focuses on cross-functional and cross-hierarchical skill development while also emphasizing employee empowerment to ensure that all team-members are both eager and prepared to lead the Company's journey towards becoming an HPO. It ensures that all its High Performers are rewarded for their initiative and contributions.

"Journey of Transformation"

An HPO is a paradigm shift that requires every employee to commit himself/herself to performance. At the Company's Annual Conference in 2011 it not only reviewed the progress that had already been made but also jointly created a road-map for where it wanted to see itself over the next years — i.e. to be truly leading.

"We are organized and equipped"

As in previous years, all cross-functional HPO initiatives were centrally recorded, tracked and managed resulting in a disciplined execution and achievement of committed results. Six Sigma training has been imparted to key employees who will lead critical HPO projects and expected to deliver sustainable benefits.

Human Resources

Linde Pakistan continues to provide guidance, enabling policies, initiatives and a set of corporate values to support its people and enable high performance. Internal and external trainings were organized as usual during the year to enhance management talent and capabilities, and Rewards and Recognition programs continue to be in place to promote excellence in the delivery of business goals.

Industrial Relations

Industrial relations remained harmonious throughout 2011. In June 2011 the South and North unions submitted Charters Of Demands for bilateral negotiations, in response to which the management has also submitted its charter of demands aimed at higher productivity, safety and operational cost efficiency. Bilateral negotiations have not yet concluded but good working relations continue between the unions and the management, and it is expected that amicable settlements will be reached with both the unions within the first quarter of 2012.

Corporate Social Responsibility

Linde Pakistan contributes to various charities under its HELP Programme which focuses on priority areas such as Healthcare, Education, Local community development and Protecting the environment. Under this programme we HELP to bring about a better tomorrow.

Linde Pakistan has supported the Aga Khan Hospital & Medical College, the premier medical institution of the country, to provide better service to its patients through a three-year commitment for patient welfare. Under this agreement more than PKR 1 million has already been donated. In addition to this Linde Pakistan's commitment to healthcare includes contributions to the Kharadar General Hospital Karachi for underprivileged citizens.

In an effort to develop the skills of the local welding community and to improve standards of welder safety, both very relevant to the business of the Company, Linde Pakistan has sponsored training at the local SOS Technical Training Institute and provides, in addition to welding and safety equipment, welding experts to train staff and students at the Institute. Approximately Rs 0.43 million have been donated to the institute this year as part of a multi-year support programme.

The Company continues to take all possible operational measures to ensure that all its employees as well as the communities it operates in, remain safe. Environmental protection is a high priority and as such the Company is continuously striving to ensure that its production processes are eco-friendly and efficient. The Company constantly endeavours to improve energy efficiency and reduce waste through reuse and recycling at both its production facilities as well as its offices.

Awards

Environment Excellence Awards

The Directors are pleased to report that the SHEQ Team of your Company has received the Environment Excellence Award, in recognition of its excellent environment management system and performance, from the National Forum for Environment and Health (NFEH) in July 2011.

The Annual Environment Excellence Awards are designed to recognize and promote organizations which make an outstanding contribution to sustainable development in the country.



Mr Rizwan Shoukat SHEQ Manager, Linde Pakistan, receiving the Annual Environment Excellence Award from Senator Rukhsana Zubairi

Asia-One Excellence Awards

The Operations and Distribution North Team of the Company won the Linde Business Excellence Award for Customer Focus for the year 2011 at a ceremony held in Bali, Indonesia. The Award was won for maintaining Nitrogen Supply to PARCO under extremely trying conditions during the devastating floods in 2010.



Mr Sanjiv Lamba, Member of the Executive Board of The Linde Group presents the RSE Excellence Award to members of Operations and Distribution team of the Company

RSE Finance Superheroes and Country Excellence Awards

The Company's Finance & Control (FiCO) team has been recognized as one of the best in region and some of its high performing members were also awarded individual Superhero Trophies on being declared

"Mr Dependable", "You're a Star" and "Unsung Hero" respectively in recognition of their distinctive services in 2011. Mr M Ashraf Bawany as Project Manager of a Regional Treasury Project of the Linde Group, which resulted in significant process optimization and excellence also won a trophy for his contributions to and leadership of the Project.

The Directors of your Company are pleased to record their appreciation and congratulations to all the recipients of these awards in recognition of their contributions to the various Country and Group level projects and operations.



Mr M Ashraf Bawany, Deputy Managing Director & Chief Financial Officer of Linde Pakistan (6th from right) standing with the winners of Asia One Excellence Awards 2011

Distribution of Dividends and Appropriation of Profits

Linde Pakistan continues to remain in reinvestment phase and is actively considering many options and opportunities for growth and new business development which may require higher capex outlay. This investment mode is likely to continue for the next 2-3 years and would require considerable conservation of cash as well as appropriate and prudent leveraging by the Company. Given this background, the Directors recommend a final cash dividend of Rs 5.00 (50%) per ordinary share of Rs 10 each, making a total dividend for the year of Rs 7.00 (70%), which represents a 66.7% payout of earnings.

The appropriations approved by the Directors are, therefore, as follows: (Rupees in '000)

Un-appropriated profit as at 31 December 2010	201,176
Final dividend for the year ended 31 December 2010 at Rs 4.50 per share	(112,674)
Transfer to General Reserve	(88,502)
Net Profit after taxation for the year 2011	262,875
Net Actuarial losses recognized in other comprehensive income	(8,050)
Disposable profit for appropriation	254,825
Interim dividend at Rs 2.00 per share paid in September 2011	(50,077)
Un-appropriated profit carried forward	204,748
Subsequent Effects:	
Proposed final dividend at Rs 5.00 per share	125,194
Transfer to General Reserve	79,554
	204,748
Total dividend per share for the year Rs 7.00	175,271
EPS – for the year 2011 Rs 10.50(2010: Rs 9.74)	

Post Balance Sheet Events

There has been no significant event since 31 December 2011 to date, except the declaration of final dividend which is subject to the approval of the Members at the 63rd Annual General Meeting to be held on 25 April 2012. The effect of such dividend shall be reflected in the next year's financial statements.

Board of Directors

The following changes have taken place in the Board of your Company since the last Annual Report 2010:

Mr Ashley David Mills, a nominee of The BOC Group Limited, U.K. on the Board of the Company, resigned as director with effect from 23 September 2011 on his appointment to a global role in Linde AG, Germany. The directors would like to express their appreciation for the valuable contributions made by Mr Mills during his tenure as director of the Company.

Mr Humayun Bashir, Country General Manager IBM Pakistan, was appointed as Director on the Board of the Company with effect from 03 October 2011 in place of Mr Ashley David Mills. Mr Humayun Bashir brings with him years of diversified experience of sales, technology services, the financial sector and general management.

Subsequent to the year-end, two Directors representing the Group's shareholding in Linde Pakistan, namely Mr Sanjiv Lamba and Mr Lee Bon Hian, resigned as Directors of the Company with effect from 10 February 2012. The resignation of Mr Sanjiv Lamba was due to his appointment as Member of the Executive Board of Linde AG, Germany and the consequent very significant expansion in the scope of his new responsibilities at the global level. The resignation of Mr Lee Bon Hian was also due to his changed role and consequent responsibilities within the South & East Asia Region of The Linde Group.

The Board would like to place on record its appreciation for both Mr Sanjiv Lamba and Mr Lee Bon Hian for their significant and very valuable contributions to the development of the Company and wishes both of them success in their new roles and responsibilities.

Mr Bernd Hugo Eulitz, Regional Business Unit Head for the South & East Asia Region of Linde Group was appointed Director in place Mr Sanjiv Lamba, while Mr Wong Siew Yap, Cluster Head of Malaysia & Pakistan replaced Mr Lee Bon Hian as Director with effect from 10 February 2012.

The Board welcomes the newly appointed directors and looks forward to receiving their experienced and expert guidance and support in the development of The Linde Group in Pakistan.

Two Executive Directors of the Company viz Mr Yousuf Husain Mirza and Mr M Ashraf Bawany completed certification under "The Corporate Governance Leadership Skills/Board Development Series" programme from the Pakistan Institute of Corporate Governance (PICG) in compliance with the requirements of the Listing Regulations. In addition, Mr Humayun Bashir is also certified from the PICG.

Chief Executive

Mr Yousuf Husain Mirza, who was appointed on 27 October 2010 for a period of 3-year, continues to act as Chief Executive and Managing Director of the Company.



Board meeting in progress

Holding Company

The Company's holding company is The BOC Group Limited, which is incorporated in the U. K. The BOC Group Limited is a wholly owned subsidiary of Linde AG, which is incorporated in Germany. As such, Linde AG is the ultimate parent company of Linde Pakistan Limited.

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending 31 December 2012, at a fee to be mutually agreed.

Corporate and Financial Reporting Framework

In compliance with the Code of Corporate Governance, we give below statements on Corporate and Financial Reporting 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, changes in equity and comprehensive income.
- b) Proper books of account of the Company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, and requirements of Companies Ordinance, 1984 have been followed in preparation of the annual financial statements.
- e) The Company maintains sound internal control system which gives reasonable assurance against any material misstatement or loss, and has been effectively implemented and monitored. 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 34 to this annual report.

- i) Information about outstanding taxes and levies is given in the notes to the financial statements.
- j) The value of net asset available for benefits in the staff retirement funds as per their respective financial statements is as follows:

Name of Funds	Un-audited	Audited
Staff Provident Fund-	219 million as at 31 July 2011	
Employees' Gratuity Fund	116 million as at 31 December 2011	103 million as at 31 December 2010
Management Staff Pension Fund	66 million as at 31 December 2011	61 million as at 31 December 2010
Management Staff Defined Contribution Pension Fund	97 million as at 31 December 2011	83 million as at 31 December 2010

The audit of these funds for the year is in progress.

- k) During the year, six meetings of the Board of Directors were held. Attendance by each Director was as follows:

Names of Directors	Number of Board Meetings Attended
1. Mr Munnawar Hamid OBE Chairman and Non-Executive Director	06
2. Mr Yousuf Husain Mirza Chief Executive Officer	06
3. Mr Sanaullah Qureshi Non-Executive Director	06
4. Mr Towfiq Habib Chinoy Non-Executive Director	05
5. Mr Sanjiv Lamba Non-Executive Director	01
6. Mr Ashley David Mills* Non-Executive Director	04
7. Mr Lee Bon Hian Non-Executive Director	06
8. Mr Manzoor Ahmed Non-Executive Director	04
9. Mr Muhammad Ashraf Bawany** Company Secretary & Deputy Managing Director	05
10. Mr Humayun Bashir*** Non-Executive Director	01

*Resigned on 23 September 2011

**Elected as director on 30 January 2011

***Joined the Board on 03 October 2011

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 03 non-executive directors including its Chairman. During the year 4 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 good governance. It comprises 03 members, all of whom are non-executive directors including the Chairman of the Committee.
- iii) A Share Transfer Committee of the Board, comprising two members, was set up in August 2011 in order to facilitate share transfers and transmissions and issuance of duplicate share certificates including without limiting the generality of the foregoing transfers to and from the Central Depository Company of Pakistan Limited.

m) The pattern of shareholding together with additional information thereon is given on pages 95 and 96.

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 17. The statement is regularly circulated within the Company since 2002. The directors and employees are also aware of the Code of Ethics that was launched in July 2011 by the Company's ultimate parent company, Linde AG, Germany. The additional Code of Ethics further reinforces all the principles contained in the "Statement of Ethics and Business Practices".

Future Prospects & Challenges

Despite modest economic growth forecast for 2012, Linde Pakistan remains committed to growing at a faster pace than the market and continuing to increase productivity. Linde Pakistan is fully alive to the political and economic challenges facing the country both at the local and international levels and is focused on initiating growth and cost reduction initiatives to mitigate the consequent business risks. With key projects already on the verge of completion your Company is ideally poised to capture future opportunities which materialize in Pakistan's industrial and healthcare businesses.

,Investment in Pakistan's largest ASU facility and further investment in storage and distribution assets are clearly indicative of Linde Pakistan's commitment to maintaining its current position as the leading gases and welding solutions provider in Pakistan and reflects its commitment to grow by serving its customers with reliable and high quality solutions.

Despite energy shortages that face Pakistan, your Company will focus on ways to enhance technology, improve efficiencies and reduce wastages in its operations. This ensures that Linde Pakistan will always be able to provide reliable, environmentally-friendly and cost-effective solutions.

Through the ultimate parent company - The Linde Group - the Company expects to leverage innovative and cutting-edge technological solutions to offer customers and an emphasis on applications development will allow it to partner with customers to improve their productivity and processes. The Linde Group's focus on key global growth areas of Healthcare and Clean energy ensures that Linde Pakistan Limited will always have global support to capitalize on local opportunities in these segments.


As a result of all the above actions the Company expects to continue its strong growth in 2012 and beyond.

Acknowledgement

Your Board would like to take this opportunity to express its appreciation and gratitude to all its customers, suppliers, contractors, service providers and shareholders for their continued valuable support in managing the business. The Board also acknowledges and thanks the management and employees of the Company for their hard work and dedication shown throughout the year particularly in the face of the prevalent difficult economic conditions.

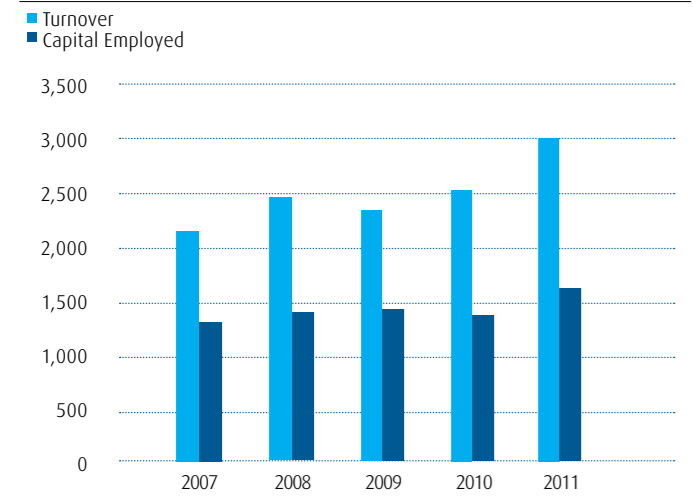
On behalf of the Board

Karachi
27 February 2012

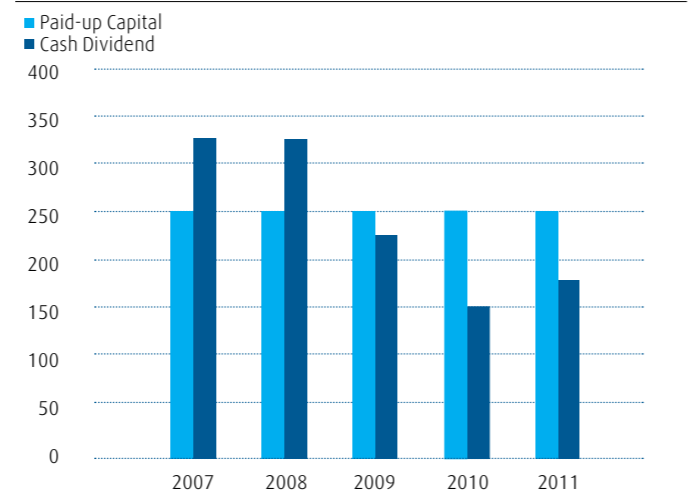

Munnawar Hamid -OBE
Chairman

Key Financial Data.

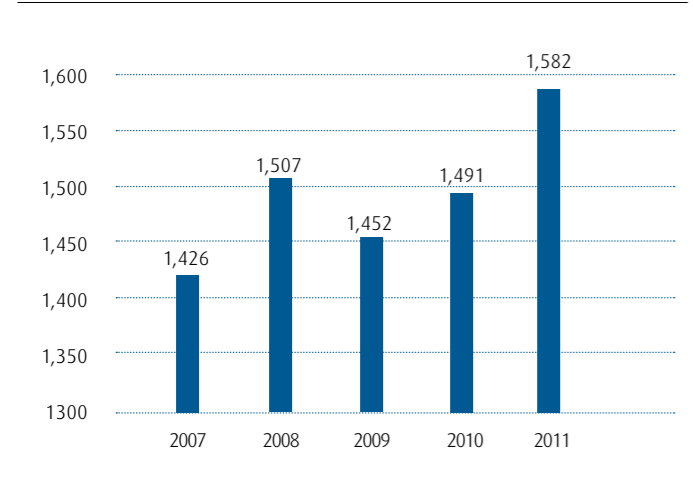
Turnover (Net) and Average Capital Employed (Rs in million)



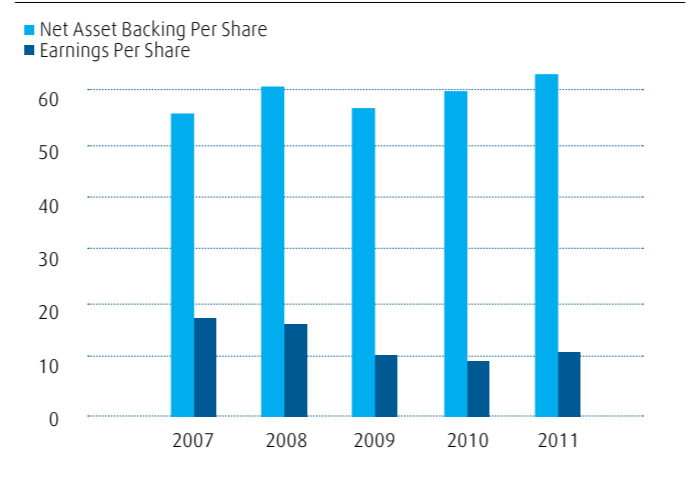
Paid-up Capital and Cash Dividend (Rs in million)



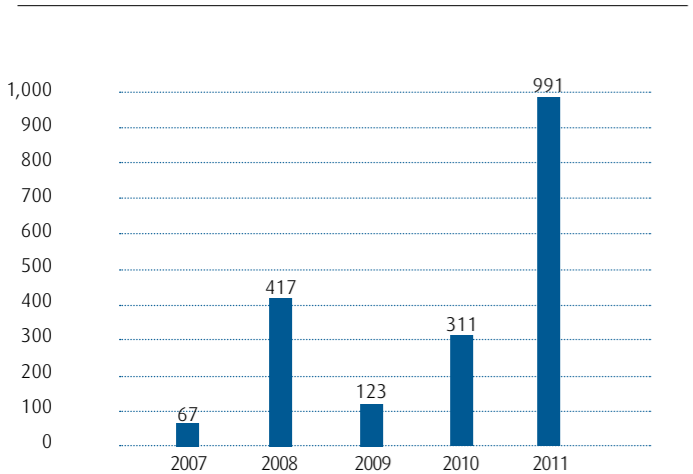
Shareholders' Fund (Rs in million)



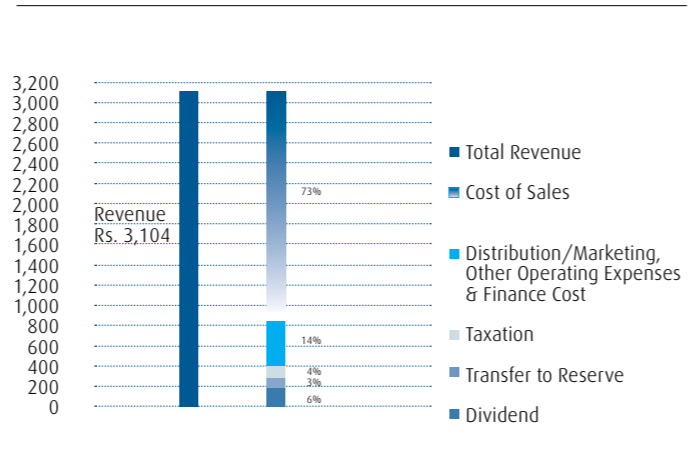
Break up Value and EPS (Rupees)



Capital Expenditure (Rs in million)



Application of Revenue 2011 (Rs in million)



Linde installed a 10 KL tank for bulk liquid medical oxygen at Sheikh Zayed Medical College and Hospital, Rahim Yar Khan



Expansion at a major customer site to capitalize growth in secondary cutting segment

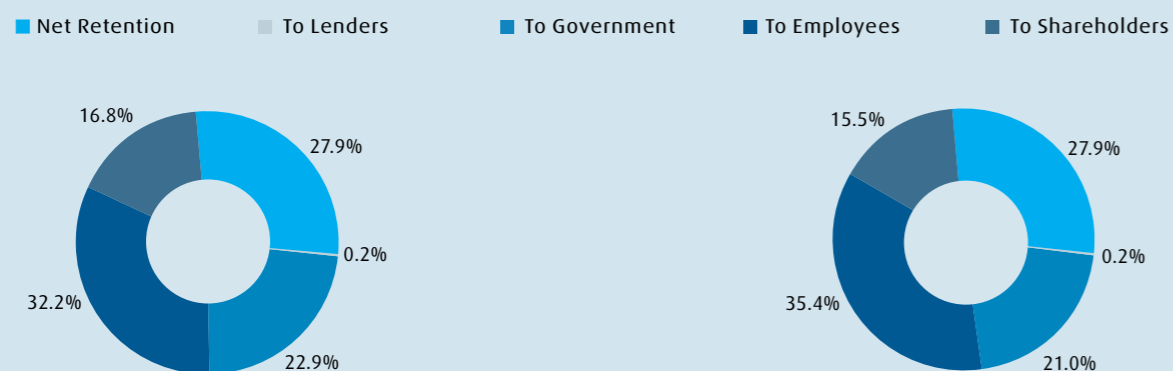
Statement of Value Added by Linde Pakistan during 2011.

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

	2011	2010
Rupees in '000		
Wealth Generated		
Total Revenue (net of sales tax)	3,103,650	2,653,236
Bought-in-material & services	(2,057,275)	(1,681,443)
	1,046,375	971,793
Wealth Distributed		
To Employees		
Salaries, wages and benefits	337,321	308,310
Reorganization / restructuring cost	-	36,000
	337,321	344,310
To Government		
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	239,959	203,968
To Providers of Capital		
Cash Dividends to Shareholders *	175,271	150,232
Finance cost	1,916	2,198
Retained in the Business		
For replacement of fixed assets:		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	291,908	271,085
	1,046,375	971,793

*Includes proposed final dividend declared subsequent to year end

Wealth Generated and Distributed 2011



Statement of Compliance with the Code of Corporate Governance for the year ended 31 December 2011.

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:

- The Board of Directors of the Company comprises 9 (nine) directors. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non-executive directors, out of whom 5 are independent directors including one director representing a financial institution (NITL), and the remaining two executive directors are the deputy managing director and the chief executive.
- The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
- 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.
- During the year, a casual vacancy occurred in the Board on 23 September 2011 and the same was filled up within the prescribed period. The Company has filed necessary returns in this regards.
- The Board of Directors of the Company in its meeting held on 20th September 2011 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 Ethics that was launched in July 2011 by the Company's ultimate parent company, Linde AG, Germany. The additional Code of Ethics further reinforces all the principles contained in the "Statement of Ethics and Business Practices". All directors, managerial, supervisory and secretarial staff have completed the e-training of the Code of Ethics. Compliance with the Code of Ethics is now an integral part of the terms of offer of employment for all the new hires of the Company. It is mandatory for all new employees to complete the e-training of the Code of Ethics and strictly abide by it.
- 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 determination of annual remuneration and terms & conditions of employment of the CEO, as recommended by the Remuneration & Appointments Committee, have been taken by the Board.

8. During the year six meetings of the Board were held which were presided over by the Chairman. Of these, 4 meetings were held for consideration and approval of the financial statements as well as annual business plans of the Company following the best practices of Corporate Governance. 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. However, an orientation session was arranged for Mr Humayun Bashir, a PICG certified director, appointed on the Board during the year to acquaint him with the business objectives and affairs of the Company. Additionally, two directors, Mr Yousuf Husain Mirza and Mr M Ashraf Bawany, also completed a certification under the Director Training/Education Programme offered by Pakistan Institute of Corporate Governance. With this, a total number of certified directors on the Board of the Company stand 3.

10. No new appointments of Company Secretary, CFO and Head of Internal Audit have been made during the year. The Board, however, has approved their annual remuneration and terms and conditions of employment, as recommended by the Remuneration & Appointments Committee of the Board.

11. The directors' report for the year ended 31 December 2011 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.

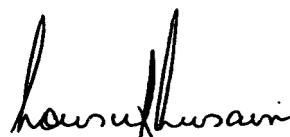
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board Audit Committee has been in existence since May 2002. It comprises three members, all of whom are non-executive directors including the Chairman of the Committee.
16. The meetings of the Board Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company 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. The related party transactions have been placed before the Audit Committee and approved by the Board of Directors along with pricing methods for such transactions.

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



Yousuf Husain Mirza
Chief Executive



Munnawar Hamid – OBE
Chairman

Karachi:
27 February 2012



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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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 **Linde Pakistan Limited** (Formerly BOC Pakistan Limited) ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad 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 are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, Listing Regulations of the stock exchanges where the Company is listed, require the Company to place before the Board of Directors for their consideration and approval related party transactions, distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended 31 December 2011.

Date: 27 February 2012

Karachi



KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2
Beaumont Road
Karachi, 75530 Pakistan

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Linde Pakistan Limited (Formerly BOC Pakistan Limited)** ("the Company") as at 31 December 2011 and the related profit and loss account, cash flow statement, statement of changes in equity and statement of comprehensive income together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the 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 year was for the purpose of the Company's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement, statement of changes in equity and statement of comprehensive income together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and



KPMG Taseer Hadi & Co.

respectively give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of the profit, its cash flows, changes in equity and total comprehensive income for the year 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.

Date: 27 February 2012

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

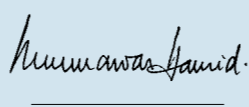
Profit and Loss Account.

For the year ended 31 December 2011.

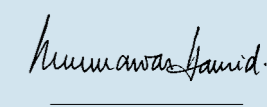
	Note	2011	2010
Rupees in '000			
Gross sales	5	3,476,567	2,830,592
Trade discount and sales tax	5	(431,767)	(300,570)
Net sales		3,044,800	2,530,022
Cost of sales	6	(2,275,591)	(1,843,248)
Gross profit		769,209	686,774
Distribution and marketing expenses	7	(211,490)	(195,134)
Administrative expenses	8	(171,376)	(149,054)
Other operating expenses	9	(40,554)	(52,576)
Other operating income	10	58,850	123,214
Operating profit before reorganization / restructuring cost		404,639	413,224
Reorganization / restructuring cost		-	(36,000)
Operating profit after reorganization / restructuring cost		404,639	377,224
Finance costs	11	(1,916)	(2,198)
Profit before taxation		402,723	375,026
Taxation	12	(139,848)	(131,201)
Profit for the year		262,875	243,825
Earnings per share in Rupees - basic and diluted	13	10.50	9.74

The annexed notes 1 to 42 form an integral part of these financial statements.


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman

Balance Sheet.

As at 31 December 2011.

	Note	2011	2010
Rupees in '000			
Assets			
Non-current assets			
Property, plant and equipment	14	2,035,575	1,249,277
Net investment in finance lease	15	12,495	81,288
Long term loans	16	1,010	677
Long term deposits		26,362	11,229
		2,075,442	1,342,471
Current assets			
Stores and spares	17	108,272	100,785
Stock-in-trade	18	155,061	184,455
Current maturity of net investment in finance lease	15	72,302	65,022
Trade debts	19	156,553	168,854
Loans and advances	20	8,300	7,716
Deposits and prepayments	21	30,948	12,837
Other receivables	22	41,504	27,031
Cash and bank balances	23	125,551	478,064
		698,491	1,044,764
Total assets		2,773,933	2,387,235
Equity and Liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital	24	250,387	250,387
Reserves		1,126,543	1,039,567
Unappropriated profit		204,748	201,176
		1,581,678	1,491,130
Non-current liabilities			
Long term financing	26	200,000	-
Long term deposits	27	129,880	122,495
Deferred liabilities	28	167,315	195,281
		497,195	317,776
Current liabilities			
Trade and other payables	30	614,006	536,202
Provision for taxation - net		81,054	42,127
		695,060	578,329
Total equity and liabilities		2,773,933	2,387,235
Contingencies and commitments	31		

The annexed notes 1 to 42 form an integral part of these financial statements.

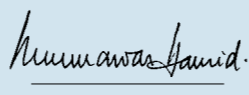
Cash Flow Statement.

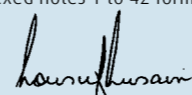
For the year ended 31 December 2011.


	Note	2011	2010
Rupees in '000			
Cash flow from operating activities			
Cash generated from operations	32	634,381	597,379
Reorganization / restructuring cost paid		-	(121,046)
Finance costs paid		(1,916)	(2,198)
Income tax paid		(122,467)	(116,207)
Post retirement medical benefits paid		(1,408)	(265)
Long term loans and deposits		(15,466)	(65)
Long term deposits		7,385	6,930
Net investment in finance lease		68,793	67,544
Net cash from operating activities		569,302	432,072
Cash flow from investing activities			
Acquisition of property, plant and equipment		(991,470)	(311,453)
Proceeds from disposal of operating assets		6,577	2,367
Interest received on balances with banks		22,568	43,503
Interest received on investment in finance lease		4,105	9,843
Net cash used in investing activities		(958,220)	(255,740)
Cash flow from financing activities			
Long term financing		200,000	-
Dividends paid		(163,595)	(198,578)
Net cash from / (used in) financing activities		36,405	(198,578)
Net (decrease) in cash and cash equivalents		(352,513)	(22,246)
Cash and cash equivalents at beginning of the year		478,064	500,310
Cash and cash equivalents at end of the year	23	125,551	478,064

The annexed notes 1 to 42 form an integral part of these financial statements.


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman

Statement of Changes in Equity.

For the year ended 31 December 2011.

Rupees in '000	Issued, subscribed and paid-up capital	Reserves		Unappropriated profit	Total
		Hedging reserve (Note 25)	General reserve		
Balance as at 1 January 2010	250,387	-	1,006,653	195,666	1,452,706
Total comprehensive income for the year					
Profit for the year	-	-	-	243,825	243,825
Other comprehensive income for the year	-	-	-	(5,091)	(5,091)
	-	-	-	238,734	238,734
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended					
31 December 2009 - Rs. 6.50 per share	-	-	-	(162,752)	(162,752)
Interim dividend for the year ended					
31 December 2010 - Rs. 1.50 per share	-	-	-	(37,558)	(37,558)
	-	-	-	(200,310)	(200,310)
Transfer to general reserve	-	-	32,914	(32,914)	-
Balance as at 31 December 2010	250,387	-	1,039,567	201,176	1,491,130
Total comprehensive income for the year					
Profit for the year	-	-	-	262,875	262,875
Other comprehensive income for the year	-	(1,526)	-	(8,050)	(9,576)
	-	(1,526)	-	254,825	253,299
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended					
31 December 2010 - Rs. 4.50 per share	-	-	-	(112,674)	(112,674)
Interim dividend for the year ended					
31 December 2011 - Rs. 2.00 per share	-	-	-	(50,077)	(50,077)
	-	-	-	(162,751)	(162,751)
Transfer to general reserve	-	-	88,502	(88,502)	-
Balance as at 31 December 2011	250,387	(1,526)	1,128,069	204,748	1,581,678

The annexed notes 1 to 42 form an integral part of these financial statements.

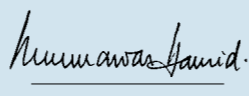
Statement of Comprehensive Income.

For the year ended 31 December 2011.

	2011	2010
Rupees in '000		
Profit for the year	262,875	243,825
Other comprehensive income		
Actuarial losses on defined benefit plans	(12,385)	(7,833)
Loss on derivative financial instruments	(2,348)	-
Tax effect	5,157	2,742
	(9,576)	(5,091)
Total comprehensive income for the year	253,299	238,734

The annexed notes 1 to 42 form an integral part of these financial statements.


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman

Notes to the Financial Statements.

For the year ended 31 December 2011.

1. Legal status and operations

Linde Pakistan Limited [formerly BOC Pakistan Limited] ("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.

During the year, name of the Company has been changed to Linde Pakistan Limited, with effect from 14 September 2011, to reflect its association more clearly with The Linde Group and to leverage the Group's strong international reputation as a world leading gases company.

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

The Company is a subsidiary of The BOC Group Limited whereas its ultimate parent company is Linde AG, Germany.

A company namely BOC Pakistan (Private) Limited ("BOCPL") was incorporated as a subsidiary on 22 December 2011. The Company and two of its directors had undertaken to subscribe for the shares of BOCPL. However, no subscription money was paid till 31 December 2011 and no activities were carried out by BOCPL. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (7) of section 237 of the Companies Ordinance, 1984 requiring consolidation of subsidiary in the preparation of financial statements for the year ended 31 December 2011.

2. Basis of preparation

2.1 Statement of compliance

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about judgements made by the management in the application of approved accounting standards, as applicable in Pakistan,

that have significant effect on the financial statements, and estimates that have a significant risk of resulting in a material adjustment in the subsequent years are disclosed in note 39 to these financial statements.

3. Standards, amendments and interpretations

3.1 Standards, amendments and interpretations to the published approved accounting standards that are effective in the current accounting period

Following standards, interpretations and amendments became effective during the year. However, these amendments to IFRS and interpretations did not have any material effect on the Company's financial statements.

- IAS 24 Related Party Disclosures (revised 2009)
- Amendments to IFRIC 14: The Limit on Defined Benefit Assets, Minimum Funding Requirements and their Interaction
- Amendments to IFRS 7: Disclosures – Transfers of Financial Assets
- Amendments to IFRS 1: Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters

Improvements to IFRSs 2010

- IFRS 1 First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS 3 Business Combinations
- IFRS 7: Financial Instruments – Disclosures
- IAS 1 Presentation of Financial Statements
- Amendments to IAS 27 Consolidated and Separate Financial Statements
- IAS 34 Interim Financial Reporting
- IFRIC 13 Customer Loyalty Programmes

3.2 Standards, amendments and interpretations to approved accounting standards that are issued but not yet effective

The following standards, amendments and interpretations of approved accounting standards are effective for annual accounting periods beginning on or after 1 January 2012.

- Amendments to IAS 12 - Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income
- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement
- IAS 19 Employee Benefits (amended 2011)
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)

These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than increase in disclosures in certain cases.

4. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented in these financial statements.

4.1 Property, plant and equipment

Operating fixed assets

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

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

Subsequent costs

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

Depreciation

Depreciation is based on the cost of an asset less its residual value. Depreciation is recognised in profit and loss on a straight-line basis over the estimated useful life of an item of property, plant and equipment. Freehold land is not depreciated.

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Gains and losses on disposal

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

Capital work in progress

Capital work in progress is stated at cost and 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 asset category as and when assets are available for intended use.

4.2 Embedded finance lease

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

4.3 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 cost is stated at cost less accumulated amortization and impairment losses, if any, and is amortised on a straight-line basis over its estimated useful life.

4.4 Impairment

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax 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 asset's carrying amount exceeds its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment losses are recognised in the profit and loss account.

4.5 Stores and spares

Stores and spares are stated at cost determined using moving average method. Provision is made for slow moving and obsolete items, if any. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock-in-trade

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

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

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

4.7 Trade debts and other receivables

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

4.8 Cash and cash equivalents

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

4.9 Financial assets and liabilities

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

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

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset the recognised amounts and the Company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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

4.10 Staff retirement benefits

Defined benefit plans

The Company operates:

- i) an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company;
- ii) an approved defined benefit pension scheme for certain management staff. The scheme provides for pension to employees and their wives for life and to specified number of children upto a given age. This pension scheme had been curtailed with effect from 1 October 2006. Members in service were given an option to opt for either defined benefit or defined contribution scheme. No new members have been inducted in this scheme since then. The members in this scheme are 25.

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.

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

The present value of the defined benefit obligation under the medical scheme as at 31 December 2011 aggregates to Rs. 5,071 thousand (2010: Rs. 6,334 thousand). The entire balance relates to 3 retirees who opted to continue with the scheme for which equivalent amount of book reserve existed at the balance sheet date.

The latest valuations of the above schemes were carried out as of 31 December 2011, using the "Projected Unit Credit Method".

Actuarial gains / losses are recognised in other comprehensive income in the period of occurrence.

Defined contribution plans

The Company operates:

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

4.11 Compensated absences

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

4.12 Long term incentive plan

The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become entitled to payment subject to

satisfactory fulfilment of certain performance conditions. The accrued liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salary expense in profit or loss.

4.13 Taxation

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

Current

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

Deferred

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

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilized.

Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.14 Trade and other payables

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

4.15 Provisions

A provision is 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.

4.16 Foreign currency transactions

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

4.17 Derivative financial instruments - hedge accounting

During the year, the State Bank of Pakistan vide F.E. Circular No. 2 of 2011 restored the forward cover facility against import letters of credit which were temporarily suspended since 2008.

The Company has entered into derivative financial instruments to hedge its foreign currency risk exposures which are reported at fair value as disclosed in note 35.3(i) of these financial statements.

When a derivative is designated as the hedging instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, the effective portion of changes in the fair value of the derivative is recognised in

other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

4.18 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. 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.

i) Revenue from sale of goods is measured net of sales tax, returns, trade discounts and volume rebates, and is recognised when significant risks and rewards of ownership are transferred to the buyer, that is, when deliveries are made and recovery of the consideration is probable.

ii) Rental and other service income is recognised in profit and loss account on accrual basis.

iii) Return on bank deposits is recognised on time proportion using the effective rate of return.

4.19 Finance lease income

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

4.20 Operating segments

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

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets and liabilities, such as, cash and bank balances and related income and expenses, and income tax assets and liabilities. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment.

4.21 Dividend and appropriation to reserves

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

5. Segment information

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

Industrial, medical and other gases

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

This segment also covers the supply of associated medical equipment.

Welding and others

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

5.1 Segment results are as follows:

	2011			2010		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Rupees in '000						
Gross sales	2,616,079	860,488	3,476,567	2,298,007	532,585	2,830,592
Less:						
Trade discount	74,990	-	74,990	21,995	-	21,995
Sales tax	234,943	121,834	356,777	205,577	72,998	278,575
	309,933	121,834	431,767	227,572	72,998	300,570
Net sales	2,306,146	738,654	3,044,800	2,070,435	459,587	2,530,022
Less:						
Cost of sales	1,607,863	667,728	2,275,591	1,433,082	410,166	1,843,248
Distribution and marketing expenses	191,990	19,500	211,490	181,092	14,042	195,134
Administrative expenses	155,575	15,801	171,376	138,328	10,726	149,054
	1,955,428	703,029	2,658,457	1,752,502	434,934	2,187,436
Segment result	350,718	35,625	386,343	317,933	24,653	342,586
Unallocated corporate expenses:						
- Other operating expenses			(40,554)			(52,576)
- Other operating income			58,850			123,214
Operating profit before reorganization / restructuring cost			404,639			413,224
Reorganization / restructuring cost			-			(36,000)
Operating profit after reorganization / restructuring cost			404,639			377,224
Finance costs			(1,916)			(2,198)
Income tax			(139,848)			(131,201)
Profit for the year			262,875			243,825

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

5.3 Gross sales amounting to Rs. 508,856 thousand (2010: Rs. 468,107 thousand) are generated from a customer which comprises more than 10% of the Company's revenue. Total revenue of the Company is generated from customers within Pakistan.

5.4 The segment assets and liabilities at 31 December 2011 and capital expenditure for the year then ended are as follows:

	2011			2010		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Rupees in '000						
Segment assets	2,416,379	118,870	2,535,249	1,709,233	140,448	1,849,681
Unallocated assets			238,684			537,554
Total assets			2,773,933			2,387,235
Segment liabilities	178,783	15,154	193,937	127,545	44,937	172,482
Unallocated liabilities			998,318			723,623
Total liabilities			1,192,255			896,105
Capital expenditure	991,470	-	991,470	311,453	-	311,453

5.5 All non-current assets of the Company as at 31 December 2011 were located within Pakistan.

6. Cost of sales

		2011	2010
Rupees in '000	Note		
Fuel and power		644,447	609,981
Raw materials consumed		350,577	263,283
Third party manufacturing charges		16,717	19,128
Depreciation	14.4	188,826	165,129
Salaries, allowances and other benefits	6.1	149,854	135,403
Transportation expenses		181,867	141,423
Repairs and maintenance		41,538	52,608
Consumable spares		34,924	35,995
Insurance		20,041	18,609
Travelling and conveyance		17,255	15,989
Safety and security expenses		9,598	14,051
Rent, rates and taxes		3,123	3,924
Staff training, development and other expenses		3,044	3,392
Other expenses		5,830	4,344
Cost of goods manufactured		1,667,641	1,483,259
Opening stock of finished goods		97,429	108,401
Purchase of finished goods		602,122	347,226
Write down of inventory to net realisable value		1,154	1,791
Closing stock of finished goods		(92,755)	(97,429)
		2,275,591	1,843,248

6.1 Salaries, allowances and other benefits include Rs. 8,053 thousand (2010: Rs. 6,657 thousand) in respect of staff retirement benefits.

7. Distribution and marketing expenses

		2011	2010
Rupees in '000	Note		
Salaries, allowances and other benefits	7.1	122,444	119,997
Technical assistance fee		31,533	28,687
Travelling and conveyance		23,038	16,404
Depreciation	14.4	4,528	3,458
Provision for doubtful debts		-	5,300
Communications and stationery		10,586	5,523
Repairs and maintenance		3,260	3,324
Safety and security expenses		1,542	2,733
Office light		2,400	3,073
Rent, rates and taxes		2,490	1,903
Advertising and sales promotion		6,609	1,336
Staff training, development and other expenses		1,854	2,509
Other expenses		1,206	887
		211,490	195,134

7.1 Salaries, allowances and other benefits include Rs. 8,838 thousand (2010: Rs. 7,455 thousand) in respect of staff retirement benefits.

8. Administrative expenses

		2011	2010
Rupees in '000	Note		
Salaries, allowances and other benefits	8.1	94,643	83,678
Travelling and conveyance		18,087	13,847
Systems support and shared services		12,478	9,267
Communications and stationery		8,915	8,773
Depreciation	14.4	10,950	8,905
Repairs and maintenance		6,687	6,574
Office light		5,908	6,002
Directors' fee and remuneration		4,620	2,662
Safety and security expenses		2,368	2,285
Insurance		656	1,349
Rent, rates and taxes		539	491
Staff training, development and other expenses		2,598	3,727
Other expenses		2,927	1,494
		171,376	149,054

8.1 Salaries, allowances and other benefits include Rs. 9,467 thousand (2010: Rs. 7,122 thousand) in respect of staff retirement benefits.

9. Other operating expenses

		2011	2010
Rupees in '000	Note		
Workers' Profits Participation Fund		21,635	20,141
Workers' Welfare Fund		8,219	7,654
Legal and professional charges		7,735	8,391
Exchange loss - net		480	6,649
Auditors' remuneration	9.1	1,440	1,430
Donations	9.2	1,045	5,811
Others		-	2,500
		40,554	52,576

9.1 Auditors' remuneration

	2011	2010
Rupees in '000		
Audit fee	700	700
Audit of provident, gratuity, pension and workers' profits participation fund and fee for special certifications	430	430
Fee for review of half yearly financial statements	220	220
Out-of-pocket expenses	90	80
	1,440	1,430

9.2 Donations include the following:

- Welding equipment and related accessories amounting to Rs. 427 thousand (2010: Nil) to SOS Technical Training Institute, Karachi. Mr. Sanaullah Qureshi, Non-Executive Director, is Chairman of SOS Technical Training Institute Committee.
- An amount of Rs. 400 thousand (2010: Rs. 300 thousand) was paid to Agha Khan Hospital and Medical College Foundation, Karachi. Mr. Munnawar Hamid OBE, Chairman, is a trustee of the Agha Khan University.

10. Other operating income

	2011	2010
Rupees in '000		
Mark-up income on savings and deposit accounts	20,724	42,540
Income on investment in finance lease	4,105	9,843
Liabilities no more payable written back	18,375	7,827
Reversal of provision for doubtful debts	8,650	-
Gain on disposal of property, plant and equipment	5,709	2,352
Insurance claim / others	1,287	60,652
	58,850	123,214

11. Finance costs

	2011	2010
Rupees in '000		
Bank charges	1,080	1,233
Guarantee commission and service charges	596	768
Mark-up on short term running finances	140	117
Interest on Workers' Profits Participation Fund	100	80
	1,916	2,198

12. Taxation

	2011	2010
Rupees in '000		
Current		
- for the year	161,394	131,037
- for prior years	-	4,430
Deferred	(21,546)	(4,266)
	139,848	131,201

12.1 Relationship between tax expense and accounting profit

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

	2011	2010
Rupees in '000		
Profit before taxation	402,723	375,026
Tax at the applicable tax rate of 35% (2010: 35%)	140,953	131,259
Tax effect of non-deductible expenses	6,327	5,599
Effect of tax under final tax regime	(6,262)	(8,848)
Effect of prior years	-	4,430
Others	(1,170)	(1,239)
	139,848	131,201

12.2 The returns of total income for and upto the tax year 2011 have been filed by the Company and the said returns, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 ("the Ordinance"), have been taken to be the deemed assessment orders passed by the concerned Commissioner on the day the said returns were furnished. However, the Commissioner may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

13. Earnings per share – basic and diluted

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

	2011	2010
Rupees in '000		
Profit for the year	262,875	243,825
Number of ordinary shares in '000	25,039	25,039
Earnings per share in Rupees - basic and diluted	10.50	9.74

14. Property, plant and equipment

		2011	2010
Rupees in '000	Note		
Operating assets	14.1	1,092,612	1,063,832
Capital work in progress	14.5	942,963	185,445
		2,035,575	1,249,277

14.1 Operating assets

		Buildings on					Plant and machinery	Vehicles	Furniture and fittings	Office equipments	Total
		Freehold land	Leasehold land	freehold land	leasehold land	customers' land					
Rupees in '000											
As at 1 January 2010:											
Cost		351	10,526	9,341	50,663	19,640	2,196,707	48,152	18,059	57,568	2,411,007
Accumulated depreciation		-	(4,746)	(7,254)	(24,674)	(8,459)	(1,263,272)	(28,692)	(11,867)	(41,321)	(1,390,285)
Net book value		351	5,780	2,087	25,989	11,181	933,435	19,460	6,192	16,247	1,020,722
Additions including transfers		42,720	-	-	11,702	509	145,646	6,550	1,771	11,719	220,617
Disposals:											
- Cost		-	-	-	-	-	(5)	(8,176)	(235)	(3,641)	(12,057)
- Accumulated depreciation		-	-	-	-	-	5	8,176	235	3,626	12,042
		-	-	-	-	-	-	-	(15)	(15)	
Depreciation		-	(856)	(302)	(2,707)	(961)	(156,915)	(7,624)	(909)	(7,218)	(177,492)
Net book value as at 31 December 2010		43,071	4,924	1,785	34,984	10,729	922,166	18,386	7,054	20,733	1,063,832
14.5		-	-	-	22,164	-	165,391	32,061	5,189	9,147	233,952
Disposals:	14.3										
- Cost		-	-	-	-	-	(5,358)	(6,218)	(3,545)	-	(15,121)
- Accumulated depreciation		-	-	-	-	-	5,358	5,350	3,545	-	14,253
		-	-	-	-	-	-	(868)	-	-	(868)
Write offs:											
- Cost		-	-	-	-	-	(20,463)	-	-	-	(20,463)
- Accumulated depreciation		-	-	-	-	-	20,463	-	-	-	20,463
		-	-	-	-	-	-	-	-	-	-
Depreciation	14.4	-	(856)	(267)	(3,204)	(970)	(179,818)	(9,169)	(1,275)	(8,745)	(204,304)
Net book value as at 31 December 2011		43,071	4,068	1,518	53,944	9,759	907,739	40,410	10,968	21,135	1,092,612
As at 31 December 2010:											
Cost		43,071	10,526	9,341	62,365	20,149	2,342,348	46,526	19,595	65,646	2,619,567
Accumulated depreciation		-	(5,602)	(7,556)	(27,381)	(9,420)	(1,420,182)	(28,140)	(12,541)	(44,913)	(1,555,735)
Net book value		43,071	4,924	1,785	34,984	10,729	922,166	18,386	7,054	20,733	1,063,832
Annual rate of depreciation (%)		-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10	20 to 33.33	
As at 31 December 2011:											
Cost		43,071	10,526	9,341	84,529	20,149	2,481,918	72,369	21,239	74,793	2,817,935
Accumulated depreciation		-	(6,458)	(7,823)	(30,585)	(10,390)	(1,574,179)	(31,959)	(10,271)	(53,658)	(1,725,323)
Net book value		43,071	4,068	1,518	53,944	9,759	907,739	40,410	10,968	21,135	1,092,612
Annual rate of depreciation (%)		-	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10	20 to 33.33	

14.2 As at 31 December 2011, plant and machinery included cylinders and Vacuum Insulated Equipments held by third parties, having cost and net book values as follows:

	Cost		Net book value	
	2011	2010	2011	2010
Rupees in '000				
Cylinders	66,266	78,367	34,824	27,035
Vacuum Insulated Equipments	341,141	292,634	190,899	155,607
	407,407	371,001	225,723	182,642

14.3 The details of operating assets disposed off during the year are as follows:

	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
Rupees in '000						
Motor vehicle	1,859	(991)	868	930	Company policy	Mr. Ashraf Bawany
Other assets having book value of less than Rs. 50,000 each	13,262	(13,262)	-	5,647	Quotations/ Company policy	Various
	15,121	(14,253)	868	6,577		

14.4 Depreciation has been allocated as follows:

	2011	2010
Rupees in '000		
Cost of sales	188,826	165,129
Distribution and marketing expenses	4,528	3,458
Administrative expenses	10,950	8,905
	204,304	177,492

14.5 Capital work in progress

	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings and office equipments	Total
Rupees in '000					
As at 1 January 2010	12,683	22,198	5,695	3,150	43,726
Additions during the year	60,410	227,418	6,729	16,896	311,453
Transfers during the year	(54,931)	(94,763)	(6,550)	(13,490)	(169,734)
As at 31 December 2010	18,162	154,853	5,874	6,556	185,445
Additions during the year	15,221	930,931	30,294	15,024	991,470
Transfers during the year	(22,164)	(165,391)	(32,061)	(14,336)	(233,952)
As at 31 December 2011	11,219	920,393	4,107	7,244	942,963

Capital work in progress for plant and machinery as at 31 December 2011 includes cost amounting to Rs. 794,245 thousand (2010: Rs. 102,340 thousand) in relation to the ASU Lahore project. This also includes financing costs capitalized to the extent of Rs. 2,103 thousand (2010: Nil) as at 31 December 2011.

15. Net investment in finance lease

	2011		
	Minimum lease payments	Finance income for future periods	Principal outstanding
Rupees in '000			
Not later than one year	74,054	1,752	72,302
Later than one year and not later than five years	12,547	52	12,495
	86,601	1,804	84,797
	2010		
	Minimum lease payments	Finance income for future periods	Principal outstanding
Rupees in '000			
Not later than one year	69,127	4,105	65,022
Later than one year and not later than five years	83,093	1,805	81,288
	152,220	5,910	146,310

16. Long term loans - secured, considered good

		2011	2010
Rupees in '000	Note		
Loans to employees		5,074	4,128
Recoverable within one year shown under current assets	20	(4,064)	(3,451)
		1,010	677

16.1 Reconciliation of the carrying amount of loans

	2011	2010
Rupees in '000		
Balance at beginning of the year	4,128	4,406
Disbursements	6,393	4,749
Repayments	(5,447)	(5,027)
Balance at end of the year	5,074	4,128

16.2 These include interest free transport loans and Company loans given to employees (other than executives) in accordance with the terms of employment. These loans are secured against retirement benefits of the employees.

17. Stores and spares

	2011	2010
Rupees in '000		
Stores	2,626	2,479
Spares	172,490	156,054
In transit	12,765	13,211
	187,881	171,744
Provision against slow moving stores and spares	(79,609)	(70,959)
	108,272	100,785

18. Stock-in-trade

	2011	2010
Rupees in '000		
Raw and packing materials	47,766	63,659
In transit	14,540	23,367
	62,306	87,026
Finished goods		
- in hand	81,320	75,461
- in transit	11,435	21,968
	92,755	97,429
	155,061	184,455

18.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 16,300 thousand (2010: Rs. 15,772 thousand) as at 31 December 2011.

- 18.2 Raw and packing materials and finished goods include inventories with a value of Rs. 3,713 thousand (2010: Rs. 12,157 thousand) which are held by a third party.

19. Trade debts - unsecured

		2011	2010
Rupees in '000	Note		
Considered good	19.1	156,553	168,854
Considered doubtful		13,423	22,721
		169,976	191,575
Provision for doubtful debts		(13,423)	(22,721)
		156,553	168,854

- 19.1 These include balances due from related parties amounting to Rs. 1,300 thousand (2010: Rs. 475 thousand) as at 31 December 2011.

20. Loans and advances - considered good

		2011	2010
Rupees in '000	Note		
Loans to employees - secured	16	4,064	3,451
Advances			
- employees		1,243	373
- suppliers		2,993	3,892
		8,300	7,716

21. Deposits and prepayments

		2011	2010
Rupees in '000			
Security deposits		1,964	2,089
Other deposits		18,806	9,440
Prepayments		10,178	1,308
		30,948	12,837

22. Other receivables

		2011	2010
Rupees in '000			
Mark-up income accrued on savings and deposit accounts		124	1,968
Receivable from related parties		5,075	2,779
Receivable from staff retirement benefit funds		22,463	19,626
Sales tax refundable		12,170	1,736
Others		1,672	922
		41,504	27,031

23. Cash and bank balances

	2011	2010
Rupees in '000		
Cash in hand	619	1,949
Cash with banks:		
- current and savings accounts	124,932	126,115
- deposit accounts	-	350,000
	125,551	478,064

24. Issued, subscribed and paid-up share capital

	2011	2010		2011	2010
Number of shares			Rupees in '000		
Authorised capital:					
40,000,000	40,000,000	Ordinary shares of Rs. 10 each	400,000	400,000	
Issued, subscribed and paid-up capital:					
452,955	452,955	Ordinary shares of Rs. 10 each			
		fully paid in cash	4,530	4,530	
672,045	672,045	Ordinary shares of Rs. 10 each			
		issued for consideration other			
		than cash	6,720	6,720	
23,913,720	23,913,720	Ordinary shares of Rs. 10 each			
		issued as fully paid bonus shares	239,137	239,137	
25,038,720	25,038,720		250,387	250,387	

At 31 December 2011 and 2010, The BOC Group Limited - U.K., held 15,023,232 ordinary shares of Rs. 10 each of the Company, whose parent company is Linde AG, Germany.

25. Hedging reserve

During the year, the Company entered into various foreign exchange forward contracts to hedge its exposure to variability in cash flows on import letters of credit. As at 31 December 2011, the Company had forward exchange contract to purchase Euros 199 thousand (2010: Rs Nil) and having maturity date matching the anticipated payment date of the commitment. The fair value changes of such contracts, as at 31 December 2011 amounted to Rs 2,348 thousand (2010: Nil).

26. Long term financing

During the year, the Company entered into a long term Islamic financing arrangement with a bank for an amount of Rs. 1.3 billion for the set up of the new Air Separation Unit (ASU) in Lahore. The loan is repayable in ten half yearly instalments over a period of five years beginning May 2014. One-third portion of the borrowing is fixed whereas, the remaining two-third of the financing amount is based on Karachi Interbank Offer Rate (KIBOR). The facility is secured against the present and future assets specific to the above mentioned Project.

27. Long term deposits

	2011	2010
Rupees in '000		
Against cylinders	118,674	111,539
Others	11,206	10,956
	129,880	122,495

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

28. Deferred liabilities

	Note	2011	2010
Rupees in '000			
Deferred taxation	28.1	162,244	188,947
Post retirement medical benefits	33.1	5,071	6,334
		167,315	195,281

28.1 Deferred taxation

	2011	2010
Rupees in '000		
Taxable temporary differences:		
Accelerated tax depreciation	181,922	182,801
Net investment in finance lease	29,679	51,207
Actuarial gain on pension fund	10,639	11,036
Actuarial gain on post retirement medical benefits	1,195	934
Deductible temporary differences:		
Slow moving stores and spares and stock-in-trade	(33,568)	(30,356)
Post retirement medical benefits	(2,970)	(3,151)
Actuarial loss on gratuity	(6,943)	(2,744)
Doubtful receivables and other provisions	(17,710)	(20,780)
	162,244	188,947

29. Short term borrowings - secured

The Company has arrangement for short-term running finance facilities from certain banks. The overall facility for these running finances under mark up arrangements and short -term revolving credit amounts to Rs. 279,000 thousand (2010: Rs.100,000 thousand).

The rate of mark-up in the running finance facilities ranges from 1 month KIBOR + 1% to 3 months KIBOR + 1% (2010: ranging from 1 month KIBOR + 1% to 3 months KIBOR + 1%) per annum. The arrangements are secured by way of first pari passu charge against hypothecation of stock in trade and trade debts.

The facilities for opening letters of credit and issuing guarantees as at 31 December 2011 amounted to Rs. 539,000 thousand (2010: Rs. 399,000 thousand) of which the amount remaining unutilised as at the year end was Rs. 231,366 thousand (2010: Rs. 160,192 thousand).

30. Trade and other payables

	2011	2010
Rupees in '000		
Creditors	193,937	172,483
Accrued liabilities	248,580	201,400
Advances from customers	26,455	27,206
Technical assistance fee	31,533	28,687
Workers' Profits Participation Fund	2,150	1,145
Workers' Welfare Fund	21,816	20,830
Unclaimed dividends	15,474	16,318
Vendor / customer claims	22,820	21,936
Mark-up payable	2,103	-
Other payables	49,138	46,197
	614,006	536,202

31. Contingencies and commitments

Contingencies

31.1 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the Lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at 31 December 2011 amounted to Rs. 32,330 thousand (2010: Rs. 30,429 thousand).

Commitments

31.2 Capital commitments outstanding as at 31 December 2011 amounted to Rs. 261,398 thousand (2010: Rs. 560,187 thousand).

31.3 Commitments under letters of credit for inventory items as at 31 December 2011 amounted to Rs. 48,623 thousand (2010: Rs. 37,475 thousand).

32. Cash generated from operations

	Note	2011	2010
Rupees in '000			
Profit before taxation		402,723	375,026
Adjustments for:			
Depreciation		204,304	177,492
Gain on disposal of property, plant and equipment		(5,709)	(2,352)
Mark-up income from savings and deposit accounts		(20,724)	(42,540)
Income on investment on finance lease		(4,105)	(9,843)
Finance costs		1,916	2,198
Post retirement medical benefits		891	752
Working capital changes	32.1	55,085	96,646
		634,381	597,379

32.1 Working capital changes

	2011	2010
Rupees in '000		
(Increase) / decrease in current assets:		
Stores and spares	(7,487)	(11,812)
Stock-in-trade	29,394	(17,654)
Net investment in finance lease	(7,280)	7,313
Trade debts	12,301	(15,824)
Loans and advances	(584)	6,130
Deposits and prepayments	(18,111)	(1,436)
Other receivables	(17,451)	(2,808)
	(9,218)	(36,091)
Increase / (decrease) in current liabilities:		
Trade and other payables	64,303	132,737
	55,085	96,646

33. Staff retirement benefits

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2011. The projected unit credit method using the following significant assumptions, has been used for the actuarial valuation:

	Pension Fund	Gratuity Fund	Medical Scheme
(Percent % per annum)			
Rate of discount	13.00	13.00	13.00
Expected rate of return on investments	13.00	13.00	-
Expected rate of increase in post retirement benefits	11.00	-	-
Expected rate of increase in future salaries	-	13.00	-
Medical cost escalation rate	-	-	10.00

33.1 The amounts recognised in balance sheet are as follows:

				2011
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Rupees in '000				
Present value of defined benefit obligation	51,135	125,333	5,071	181,539
Fair value of plan assets	(66,087)	(116,331)	-	(182,418)
(Asset) / liability in balance sheet	(14,952)	9,002	5,071	(879)
Present value of defined benefit obligation - beginning of the year	48,504	98,366	6,334	153,204
Current service cost	-	7,495	-	7,495
Interest cost	6,799	14,273	891	21,963
Actuarial losses / (gains) on obligations	(776)	11,988	(746)	10,466
Benefits paid	(3,392)	(6,789)	(1,408)	(11,589)
Present value of defined benefit obligation - closing date	51,135	125,333	5,071	181,539
Fair value of plan assets - beginning of the year	(62,554)	(101,676)	-	(164,230)
Expected return on plan assets	(8,836)	(14,721)	-	(23,557)
Actuarial losses	1,910	9	-	1,919
Benefits paid	3,393	6,789	-	10,182
Contribution to fund	-	(6,732)	-	(6,732)
Fair value of plan assets - closing date	(66,087)	(116,331)	-	(182,418)
				2011
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Rupees in '000				
The following amounts have been charged in the profit and loss account in respect of these benefits:				
Current service cost	-	7,495	-	7,495
Interest cost	6,799	14,273	891	21,963
Expected return on plan assets	(8,836)	(14,721)	-	(23,557)
	(2,037)	7,047	891	5,901
Actual return on plan assets	6,926	14,712	-	21,638
Expected contributions to funds in the following year	(1,944)	10,210	639	8,905
Expected benefit payments to retirees in the following year	3,573	12,434	305	16,312
Accumulated actuarial (gains) / losses recognised in equity	(30,399)	19,837	(3,414)	(13,976)

	2011	
Percent %		
Composition of plan assets used by the fund		
Equity	2.00	6.00
Debt instruments	97.00	93.50
Others	1.00	0.50
Percent % per annum		
Expected return on plan assets used by the fund		
Expected return on equity	14.50	14.50
Expected return on debt instruments	13.00	13.00
Expected return on others	9.50	9.50

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2010 using the projected unit credit method. The following significant assumptions, were used for the actuarial valuation:

	2010		
	Pension Fund	Gratuity Fund	Medical Scheme
Percent % per annum			
Rate of discount	14.50	14.50	14.50
Expected rate of return on investments	14.50	14.50	-
Expected rate of increase in post retirement benefits	12.50	-	-
Expected rate of increase in future salaries	-	14.50	-
Medical cost escalation rate	-	-	11.50

The amounts recognised in balance sheet are as follows:

	2010			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Rupees in '000				
Present value of defined benefit obligation	48,504	98,366	6,334	153,204
Fair value of plan assets	(62,554)	(101,676)	-	(164,230)
(Asset) / liability in balance sheet	(14,050)	(3,310)	6,334	(11,026)
Present value of defined benefit obligation - beginning of the year	44,119	86,042	6,079	136,240
Current service cost	-	5,858	-	5,858
Interest cost	5,445	11,123	752	17,320
Actuarial losses / (gains) on obligations	2,140	1,202	(232)	3,110
Benefits paid	(3,200)	(5,859)	(265)	(9,324)
Present value of defined benefit obligation - Closing date	48,504	98,366	6,334	153,204

	2010			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Rupees in '000				
Fair value of plan assets - beginning of the year	(60,702)	(92,612)	-	(153,314)
Expected return on plan assets	(7,559)	(11,910)	-	(19,469)
Actuarial losses	2,507	2,216	-	4,723
Benefits paid	3,200	5,859	-	9,059
Contribution to fund	-	(5,229)	-	(5,229)
Fair value of plan assets - closing date	(62,554)	(101,676)	-	(164,230)

	2010			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Rupees in '000				
The following amounts have been charged in the profit and loss account in respect of these benefits:				
Current service cost	-	5,858	-	5,858
Interest cost	5,445	11,123	752	17,320
Expected return on plan assets	(7,559)	(11,910)	-	(19,469)
	(2,114)	5,071	752	3,709
Actual return on plan assets	5,052	9,694	-	14,746
Expected contributions to funds in the following year	(2,037)	7,048	891	5,902
Expected benefit payments to retirees in the following year	3,225	7,352	377	10,954
Accumulated actuarial (gains) / losses recognised in equity	(31,533)	7,840	(2,668)	(26,361)

	2010	
Percent %		
Composition of plan assets used by the fund		
Equity	2.00	5.00
Debt instruments	94.00	93.00
Others	4.00	2.00
Percent % per annum		
Expected return on plan assets used by the fund		
Expected return on equity	16.00	16.00
Expected return on debt instruments	14.50	14.50
Expected return on others	11.00	11.00

33.2 Historical information:

	2011	2010	2009	2008	2007
Rupees in '000					
Present value of the defined benefit obligation	181,539	153,204	136,240	143,870	192,930
Fair value of plan assets	(182,418)	(164,230)	(153,314)	(149,997)	(173,362)
(Surplus) / deficit in the plan	(879)	(11,026)	(17,074)	(6,127)	19,568
Experience (gain) / loss arising on plan liabilities	11,470	2,664	(11,784)	(7,000)	(2,394)
Experience gain / (loss) arising on plan assets	(1,919)	(4,723)	(1,823)	(1,637)	10,288

34. Remuneration of chief executive, directors and executives

		2011		2010	
	Note	Chief Executive	Executives	Chief Executive	Executives
Rupees in '000					
Managerial remuneration		9,662	62,477	9,521	50,529
Bonus, house rent, utilities, etc.	34.3	3,999	55,146	10,077	42,125
Company's contribution to staff retirement benefits		2,414	20,161	2,292	13,825
Ex-gratia to outgoing chief executive		-	-	19,360	-
Compensated absences		-	799	-	678
Medical and others		157	3,875	287	1,943
		16,232	142,458	41,537	109,100
Number of persons (including those who worked part of the year)		1	59	2	52

34.1 The Chief Executive and certain executives of the Company are provided with free use of cars as per terms of employment.

34.2 Aggregate amount charged in the financial statements for fee to four directors was Rs. 528 thousand (2010: four directors - Rs. 256 thousand).

34.3 This includes amount of Rs. Nil thousand and Rs. 3,641 thousand (2010: Rs. 716 thousand and Rs. 302 thousand), paid in cash during the year to the Chief Executive and other Executives (including an outgoing executive), respectively, on account of a long term incentive plan payable upon completion of qualifying period of service and subject to satisfactory fulfilment of certain performance conditions over such qualifying period, and is based on share value of the ultimate parent company. The accrued liability in respect of this benefit amounted to Rs. 11,047 thousand (2010: Rs. 9,470 thousand).

34.4 Remuneration paid to Non-executive directors are as follows:

	2011	2010
Rupees in '000		
Remuneration to Chairman of the Board of Directors	3,300	1,920
Remuneration to Chairman of Board Audit Committee	792	486
	4,092	2,406

35. Financial risk management

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

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

35.1 Credit risk

Credit risk represents the risk of financial 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. 363,516 thousand (2010: Rs. 699,044 thousand), the financial assets which are subject to credit risk amount to Rs. 232,891 thousand (2010: Rs. 214,884 thousand) and the details are as follows:

		2011	2010
Rupees in '000	Note		
Loans to employees	35.1.1	5,074	4,128
Deposits		47,004	22,703
Trade debts	35.1.2	156,553	168,854
Other receivables		29,334	25,295
Cash and bank balances		125,551	478,064
		363,516	699,044

35.1.1 These loans are secured against retirement benefits of the employees.

35.1.2 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. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due up to 90 days do not require any impairment.

According to the age analysis, trade debts include balances which are due by not later than 90 days valuing Rs. 39,396 thousand (2010: Rs. 54,117 thousand). Trade debts due by more than 90 days amounted to Rs. 13,730 thousand (2010: Rs. 4,788 thousand), net of impairment, as at 31 December 2011.

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

	2011	2010
Rupees in '000		
Opening balance	22,721	18,028
(Reversal) of provision / provision for the year	(8,650)	5,300
Written off during the year	(648)	(607)
Closing balance	13,423	22,721

35.2 Liquidity risk

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

	2011		2010	
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year
Rupees in '000				
Long term financing	-	200,000	-	-
Long term deposits	-	129,880	-	122,495
Trade and other payables	539,611	-	458,360	-
	539,611	329,880	458,360	122,495

35.3 Market risk

i) Foreign exchange risk

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

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

The significant currency exposure at year end was as follows:

	2011					2010
	CHF	Euro	USD	SGD	GBP	Total
Equivalent Rupees in '000						
Financial Assets						
Investment in finance lease	-	-	-	-	84,797	84,797
Other receivables	-	-	-	3,812	-	3,812
	-	-	-	3,812	84,797	88,609
Financial Liabilities						
Trade and other payables	(1,680)	(35,788)	(62,407)	-	(572)	(100,447)
Net exposure	(1,680)	(35,788)	(62,407)	3,812	84,225	(11,838)

	2010					2010
	CHF	Euro	USD	SGD	GBP	Total
Equivalent Rupees in '000						
Financial Assets						
Investment in finance lease	-	-	-	-	146,310	146,310
Other receivables	-	-	-	2,779	-	2,779
	-	-	-	2,779	146,310	149,089
Financial Liabilities						
Trade and other payables	-	(8,858)	(64,462)	(7,991)	(32,515)	(113,826)
Net exposure	-	(8,858)	(64,462)	(5,212)	113,795	35,263

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

	Average rate for the year		Reporting date spot rate	
	2011	2010	2011	2010
Swiss Franc (CHF)	98.45	-	95.82	-
Euro (EUR)	121.12	112.95	116.46	115.00
US Dollar (USD)	86.61	85.12	89.88	85.66
Singapore Dollar (SGD)	69.10	62.50	69.32	66.50
Pound Sterling (GBP)	139.03	131.55	139.59	134.00

Sensitivity Analysis

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

	Effect on profit and loss (net of tax)	
	2011	2010
Rupees in '000		
Swiss Franc (CHF)	(109)	-
Euro (EUR)	(2,326)	(576)
US Dollar (USD)	(4,056)	(4,190)
Singapore Dollar (SGD)	248	(339)
Pound Sterling (GBP)	5,475	7,397
	(768)	2,292

A 10 percent appreciation of Pak Rupee against the above currencies at 31 December would have had the equal but opposite effect on the amounts shown above, on the basis that all other variables remain constant.

ii) Interest rate risk

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

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

The long term financing has been arranged in a manner so that one-third of the financing has a fixed rate. The residual risk of variation in profit rates is monitored closely by the company. All related finance cost has been capitalised as disclosed in note 14.5.

iii) Price risk

Price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Company is not exposed to price risk.

35.4 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 arm's length transaction.

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

36. Capital management

The Company's objectives when managing capital are:

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

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

The Company is not subject to externally imposed capital requirements.

37. Transactions and balances with related parties

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

37.1 Transactions with related parties are summarised as follows:

		2011	2010
Rupees in '000			
Nature of relationship	Nature of transactions		
The BOC Group Limited (Parent)	Technical assistance fee	31,533	28,687
	Final Dividend	67,605	97,651
	Interim Dividend	30,046	22,535
Linde AG (Ultimate Parent)	Information systems support / maintenance	11,442	9,267
Associated Companies	Purchase of plant and machinery, plant, spares, welding equipments and electrodes, gases and gas cylinders	28,814	49,857
	Remote operating charges	5,554	-
	Shared service centre charges	1,037	-
	Staff related cost recharged by Group companies	10,711	21,766
	Staff related cost recharged to Group companies	13,231	8,497
Related entities by virtue of common directorship	Sale of goods	18,894	12,729
	Insurance premium	-	370
Staff Retirement Benefits	Contributions to Staff Provident Fund	10,341	8,777
	Contributions to Management Staff Defined Contribution Pension Fund	10,116	8,748
	Contributions to Management Staff Pension Fund	(2,037)	(2,114)
	Contributions to Pakistan Employees' Gratuity Fund	7,047	5,071
Meeting fee to Directors and remuneration to Non-Executive Directors		4,620	2,662

	2011	2010
Rupees in '000		
Actuarial gain / (loss) recognised during the period in the Statement of Comprehensive Income on account of:		
- Management Staff Pension Fund	(1,134)	4,647
- Pakistan Employees' Gratuity Fund	(11,997)	3,418

37.2 Balances with related parties are summarised as follows:

	2011	2010
Rupees in '000		
Receivable from associates in respect of trade debts	1,300	475
Receivable from associates in respect of other receivables	3,812	2,779
Payable to holding company / associate in respect of trade and other payables	(52,366)	(59,939)
Payable to Staff Provident Fund	(1,824)	(1,536)
Receivable from Management Staff Defined Contribution Pension Fund	7,511	2,266
Receivable from Management Staff Pension Fund	14,952	14,050
Receivable from Employees Gratuity Fund	(9,002)	3,310

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

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

The related party balances as at 31 December 2011 are included in trade debts, other receivables and trade and other payables, respectively.

38. Production capacity

	Unit of quantity	Number of shifts	Capacity		Actual production*		Remarks
			2011	2010	2011	2010	
Oxygen/Nitrogen	Cubic meters	Triple shift	52,248,000	52,248,000	45,233,125	44,749,272	-
Hydrogen	Cubic meters	Triple shift	3,434,000	3,434,000	2,097,252	2,198,185	Dedicated supply scheme
Dissolved acetylene	Cubic meters	Single shift	278,667	278,667	136,417	126,218	Production is demand driven
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	18,168,221	19,025,542	Production is demand driven
Welding electrodes	Metric tons	Triple shift	2,400	2,400	-	-	Note 38.1
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	8,473	8,763	Seasonal demand variation

* Net of normal losses

38.1 Since May 16, 2009, the Company has suspended in house production of welding electrodes and the production activity has been out-sourced to third party manufacturers.

39. Accounting estimates and judgements

Income taxes

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

Provision for slow and non-moving stock

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

Staff retirement benefits

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

Property, plant and equipment

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

Trade debts and other receivables

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

Impairment of assets

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

40. Date of authorization

These financial statements were authorized for issue on 27 February 2012 by the Board of Directors of the Company.

41. Corresponding figures

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

42. Non adjusting events after the balance sheet date

The Board of Directors in its meeting held on 27 February 2012 (i) approved the transfer of Rs. 79,554 thousand from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 5 per share for the year ended 31 December 2011, amounting to Rs. 125,194 thousand for approval of the members at the Annual General Meeting to be held on 25 April 2012.

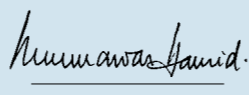
Pattern of Shareholdings. As at 31 December 2011.

Number of Shareholders	Shareholdings		Total Number of Shares Held	
	From	To		
484	1	-	100	22,258
484	101	-	500	153,797
279	501	-	1,000	229,146
406	1,001	-	5,000	993,451
99	5,001	-	10,000	699,701
39	10,001	-	15,000	482,928
35	15,001	-	20,000	616,132
15	20,001	-	25,000	343,837
14	25,001	-	30,000	378,948
7	30,001	-	35,000	232,767
9	35,001	-	40,000	342,051
5	40,001	-	45,000	214,464
2	45,001	-	50,000	94,883
1	50,001	-	55,000	50,052
1	75,001	-	80,000	78,787
3	80,001	-	85,000	250,739
1	90,001	-	95,000	92,020
1	100,001	-	105,000	101,200
2	155,001	-	160,000	316,000
1	210,001	-	215,000	212,923
1	250,001	-	255,000	252,689
1	280,001	-	285,000	280,099
1	305,001	-	310,000	308,400
1	395,001	-	400,000	400,000
1	515,001	-	520,000	515,585
1	965,001	-	970,000	967,341
1	1,390,001	-	1,395,000	1,392,791
1	15,015,001	-	15,020,000	15,015,731
1896				25,038,720

Shareholders' Category	Number of Shareholders	Number of Shares Held	Percentage
Charitable Trusts	6	100,234	0.40
Financial Institutions	7	889,706	3.55
Individuals	1,811	4,566,076	18.24
Insurance Companies	5	1,744,291	6.97
Investment Companies	2	400,300	1.60
Joint Stock Companies	26	426,827	1.70
Modarabas	1	50,052	0.20
Mutual Funds	2	984,624	3.93
Associated Company and its nominees *	5	15,023,232	60.00
Others	31	853,378	3.41
	1,896	25,038,720	100.00

* Represents the 60% shareholding of The BOC Group Limited, U.K. and includes The BOC Group Limited nominee shareholders. Other foreign shareholding in the Company is about 1.78%


Yousuf Husain Mirza
Chief Executive


Munnawar Hamid OBE
Chairman

Pattern of Shareholdings.

As at 31 December 2011 Additional Information.

Shareholders' Category	Number of Shareholders	Number of Shares Held
Associated Companies, undertakings and related parties (name wise details)		
The BOC Group Limited, U.K. and its nominees	1	15,023,232
NIT & ICP (name wise details)		
National Bank of Pakistan, Trustee Department	1	967,341
Investment Corporation of Pakistan	1	300
Directors, CEO and their spouse and minor children (name wise details)		
Mr Towfiq Habib Chinoy	1	17,500
Mr Humayun Bashir	1	500
Mrs Zeenat T Chinoy W/o Mr Towfiq H Chinoy	1	21,580
Public sector companies & corporation		
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance companies, Modarabas and Mutual Funds	8	648,215
Shareholders holding 10% or more voting interest (name wise details)		
The BOC Group Limited, U.K.	1	15,023,232

Form of Proxy.

Annual General Meeting.

I/We _____
of _____ in the district
of _____ being a Member of **Linde Pakistan Limited**,
hereby appoint _____
of _____
as my/our proxy, and failing him/her, _____
of _____

another Member of the Company to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the

25th day of April 2012 and at any adjournment thereof.

As witness my/our hand/seal this _____ day of _____ 2012.

Signed by the said _____

In the presence of _____

1. Signature _____ 2. Signature _____
Name _____ Name _____
Address _____ Address _____
CNIC or Passport No. _____ CNIC or Passport No. _____

Folio / CDC Account No.

Signature on
Revenue Stamp of
Rs 10/-

Important

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

For CDC Account Holders/Corporate Entities

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

- (i) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- (iii) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- (iv) 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.

