

**CONDENSED INTERIM FINANCIAL INFORMATION  
(UNAUDITED)**

**SECOND QUARTER & HALF YEAR ENDED**

**30 JUNE 2016**



**Linde Pakistan Limited**



## 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.

The Company will be recognized by the communities 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 and 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.

# Company information

## Board of Directors

Munnawar Hamid – OBE	Non-Executive Chairman
Muhammad Ashraf Bawany	Chief Executive & Managing Director
Atif Riaz Bokhari	Non-Executive Director
Humayun Bashir	Independent Director
Shahid Hafiz Kardar	Independent Director
Khaleeq Kayani	Non-Executive Director
Andrew James Cook	Non-Executive Director
Ganapathy Subramanian NarayanaSwamy	Non-Executive Director
Muhammad Samiullah Siddiqui	Executive Director

## Chief Financial Officer

Muhammad Samiullah Siddiqui

## Company Secretary

Mazhar Iqbal

## Board Audit Committee

Humayun Bashir	Chairman	Independent Director
Atif Riaz Bokhari	Member	Non-Executive Director
Shahid Hafiz Kardar	Member	Independent Director
Andrew James Cook	Member	Non-Executive Director
Ganapathy Subramanian NarayanaSwamy	Member	Non-Executive Director
Mazhar Iqbal	Secretary	Manager Finance & Company Secretary

## Board Human Resource & Remuneration Committee

Munnawar Hamid – OBE	Chairman	Non-Executive Director
Muhammad Ashraf Bawany	Member	Chief Executive & Managing Director
Khaleeq Kayani	Member	Non-Executive Director
Andrew James Cook	Member	Non-Executive Director
Ganapathy Subramanian NarayanaSwamy	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of HR

## Share Transfer Committee

Muhammad Ashraf Bawany	Chairman	Chief Executive & Managing Director
Muhammad Samiullah Siddiqui	Member	Executive Director
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

## Bankers

Standard Chartered Bank (Pakistan) Limited  
Deutsche Bank AG  
HBL Bank Limited  
Citibank NA  
MCB Bank Limited  
National Bank of Pakistan Limited  
Meezan Bank Limited

## Share Registrar

Central Depository Company of Pakistan Limited

## Auditors

KPMG Taseer Hadi & Co.

## Legal advisor

Ayesha Hamid of Hamid Law Associates

## Registered office

West Wharf, Dockyard Road, Karachi-74000

## Website

www.linde.pk  
www.linde.com

## Directors' Review

I am pleased to present the Directors' Review together with the Condensed Interim Financial Information of your Company for the half year ended 30 June 2016. The accompanying financial statements were subject to a limited scope review by the statutory auditors as required under the code of corporate governance.

During the Financial Year 2016 (FY 2016), Pakistan's economy showed noteworthy improvements and continued to maintain its growth momentum. Real Gross Domestic Product (GDP) grew by an 8 year high of 4.7% compared to 4.0% in FY15, average CPI inflation gradually descended to 2.9% compared to 4.5% last year, and the Current Account deficit remained almost at the same level as in the last financial year. Despite a decline in exports, foreign exchange reserves showed stable growth owing to a robust increase in workers' remittances, lower oil import bills and satisfactory capital inflows. On the domestic front, the economy also witnessed a rise in revenues which supported higher development spending without breaching the fiscal deficit target levels. This improvement led the State Bank of Pakistan (SBP) to further reduce the policy rate by 75bps in FY16, which now stands at 5.75%. The industrial sector recorded an exceptional growth of 6.8% against a target of 6.4%, which is an all-time high in eight years off setting to some extent a significant setback in the agriculture sector on account of lower cotton production.

Pakistan's economic growth is set to increase further in FY17 supported by a growing Public Sector Development Programme (PSDP) and the CPEC, an improved energy availability to industry, a healthy private sector credit uptake and hopefully an improving law and order situation. However, adverse supply shocks, a continued declining trend in commodity prices, an inadequate infrastructure and any setback in the security situation may hamper economic growth. Improved prospects for the economy are therefore dependent upon diligent and sustained implementation of ongoing reforms to alleviate power shortages, expand fiscal space, improve governance and foster a favorable business environment.

During the period under review, your Company achieved a turnover of Rs 1.99 billion slightly higher than last year, despite prices remaining under pressure particularly as a result of decreased energy costs, production challenges in oxygen and nitrogen, and market challenges due to an influx of smuggled Chinese electrodes. Gross profit and gross profit ratio have also increased to Rs. 442 million and 22% respectively which together with additional cost efficiencies, has resulted in a 10% increase in operating profit compared to last year despite a significant expenditure on the overhaul of the Air Separation Unit (ASU) plants. The financing cost for the period also reduced by 19% over the corresponding period last year, which enabled the Company to register an after tax profit of Rs. 99 million and an EPS of Rs. 3.96, registering a growth of 98% over last year, which even after excluding the one off impact of restructuring costs last year remains at a strong 27%.

Your directors are confident that the company will continue its efforts to maintain this encouraging performance through the remaining part of the year.

On behalf of the Board

Karachi:  
22 August 2016



**Munnawar Hamid OBE**  
Chairman

## ڈائریکٹرز کا جائزہ،

میں بمسرت ڈائریکٹرز کے جائزے کے ساتھ 30 جون 2016 کو ختم ہونے والی ششماہی کیلئے آپ کی کمپنی کی عبوری مالیاتی تفصیلات کا خلاصہ پیش کرتا ہوں۔ کمپنی کے قانونی آڈیٹرز ملحقہ مالی تفصیلات کا کوڈ آف کارپوریشن گورننس کے تحت درکار محدود جائزہ کر چکے ہیں۔

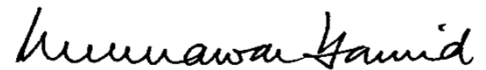
مالیاتی سال 2016 (FY 2016) کے دوران، پاکستانی معیشت میں قابل ذکر بہتری نظر آئی اور مسلسل بہتری کی رفتار برقرار رہی۔ ریٹیل گراس ڈومیسٹک پروڈکٹ (GDP) میں مالیاتی سال 2015 کے 4.0% کے مقابلے میں 4.7% کا اضافہ ہوا جو 8 سالوں میں دیکھا گیا بہترین اضافہ ہے، اوسط CPI افراط زر گذشتہ سال کے 4.5% کے مقابلے میں بتدریج کم ہو کر 2.9% ہو گئی اور کرنٹ اکاؤنٹ کا خسارہ تقریباً گذشتہ مالیاتی سال کی سطح پر رہا۔ برآمدات میں کمی کے باوجود، زر مبادلہ کے ذخائر میں مستحکم بہتری دیکھنے میں آئی جس کی وجہ ملازمین کی ترسیل زر میں صحت مند اضافہ، آئل کی درآمد پر کم خرچ اور سرمائے کا اطمینان بخش بہاؤ رہا۔ ملکی سطح پر بھی معیشت میں آمدنی میں اضافہ دیکھنے میں آیا جس سے مالیاتی خسارے کی سطح کے ہدف میں رخنہ ڈالنے کے بغیر ملکی ترقی پر زیادہ سرمایہ لگایا گیا۔ اس بہتری کی وجہ سے اسٹیٹ بینک آف پاکستان (SBP) نے مالیاتی سال 2016 میں پالیسی کی شرح 75bps تک مزید کم کر دی، جو اس وقت 5.75% ہے۔ صنعتی شعبے میں 6.4% کے ہدف کے مقابلے میں 6.8% کا غیر معمولی اضافہ ہوا، جو گذشتہ 8 سالوں میں سب سے زیادہ ہے جس نے زرعی شعبے میں کپاس کی کم پیداوار کی وجہ سے آنے والی کمی کا کسی حد تک مداوا کیا ہے۔

مالی سال 2017 میں پاکستان کی معاشی ترقی کا مزید فروغ متوقع ہے جو بڑھتے ہوئے پبلک سیکٹرز ڈولپمنٹ پروگرام (PSDP) اور پاک چین معاشی راہداری (CPEC)، صنعتی حوالے سے توانائی کی بہتر دستیابی، نئی شعبوں کی جانب سے قرضہ جات کا حصول اور امن و امان کی امید افزا اور بہتر صورت حال کے باعث ممکن ہوگا۔ تاہم رسد کے حوالے سے برعکس صورت حال، ایشیائے صرف کی قیمتوں میں مسلسل کمی کے رجحان، غیر موزوں اور ناقابل بنیادی ڈھانچہ اور کیوریٹو رینی صورت حال کی بہتری میں کوئی بھی رکاوٹ معاشی ترقی کی راہ میں حائل ہو سکتی ہے۔ تاہم معاشی ترقی میں بہتر امکانات کا دار و مدار زیر عمل موجودہ اصلاحات کو برقرار رکھنے اور ان پر توجہ کے ساتھ عمل درآمد پر منحصر ہے، تاکہ توانائی میں کمی پر قابو پایا جاسکے، مالی نجائش میں اضافے، حکومتی نظم و ضبط میں بہتری اور موزوں کاروباری ماحول کو پروان چڑھایا جائے۔

زیر جائزہ مدت کے دوران توانائی کے نرخوں میں کمی کے باعث کمپنی کی مصنوعات کی قیمتوں پر دباؤ، آکسیجن اور نائٹروجن کی پیداوار میں مشکلات اور غیر قانونی طور پر چین سے ایکٹیو ڈی ڈرامہ کے باوجود آپ کی کمپنی 1.99 بلین روپے کا ٹرن اوور حاصل کرنے میں کامیاب رہی جو گذشتہ سال اسی ششماہی کے مقابلے میں کسی حد تک زائد ہے۔ مجموعی منافع اور منافع کی مجموعی شرح میں بھی بالترتیب 442 ملین روپے 22 فیصد کا اضافہ ہوا جو اخراجات میں کمی کے اضافی اقدامات کے ساتھ ملکر آپریٹنگ منافع میں گذشتہ ششماہی کے مقابلے میں 10 فیصد اضافے کا باعث بنا۔ یہ اضافہ ایگزیکٹو سٹریٹجی یونٹ پائپس کی مرمت پر خاطر خواہ اخراجات کے باوجود حاصل ہوا۔ اس مدت کی مالیاتی لاگت گذشتہ سال کے مقابلے میں 19 فیصد تک کم ہوئی جس کے باعث کمپنی نے 99 ملین روپے کا بعد از ٹیکس منافع اور 3.96 روپے کا EPS حاصل کیا جو گذشتہ سال کے مقابلے میں 98% فیصد زائد ہے۔ واضح رہے کہ گذشتہ سال تنظیم نو کے اخراجات کے اثرات ہانے کے باوجود بھی آپریٹنگ منافع میں کچھلی ششماہی کے مقابلے میں 27 فیصد کا مستحکم اضافہ ہوا۔

آپ کے ڈائریکٹرز پر اعتماد ہیں کہ کمپنی سال کے ابقیہ حصے میں بھی اسی حوصلہ افزا کارکردگی کو برقرار رکھنے کی کوششوں کو جاری رکھے گی۔

منجانب بورڈ



منور حمید (اوبی ای)

چیئرمین

کراچی

22 اگست 2016



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

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Internet v

## Independent Auditors' Report to the Members on Review of Condensed Interim Financial Information

### *Introduction*

We have reviewed the accompanying condensed interim balance sheet of **Linde Pakistan Limited** ("the Company") as at 30 June 2016, the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "condensed interim financial information"). Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### *Other matter*

The figures for the quarters ended 30 June 2016 and 30 June 2015 in the condensed interim profit and loss account and condensed interim statement of comprehensive income have not been reviewed and we do not express a conclusion on them.

Date: 22 August 2016

Karachi

**KPMG Taseer Hadi & Co.**  
Chartered Accountants  
Moneeza Usman Butt

KPMG Taseer Hadi & Co., a Partnership firm registered in Pakistan and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Linde Pakistan Limited  
Condensed Interim Profit and Loss Account (*Unaudited*)

<i>Rupees in '000</i>	Note	For the half year ended		For the second quarter ended	
		30 Jun. 2016	30 Jun. 2015	30 Jun. 2016	30 Jun. 2015
Gross sales	5	2,268,183	2,254,347	1,129,484	1,122,196
Trade discount and sales tax	5	(273,791)	(262,866)	(136,611)	(130,931)
<b>Net sales</b>		<b>1,994,392</b>	<b>1,991,481</b>	<b>992,873</b>	<b>991,265</b>
Cost of sales	5	(1,551,977)	(1,575,292)	(770,644)	(786,475)
<b>Gross profit</b>		<b>442,415</b>	<b>416,189</b>	<b>222,229</b>	<b>204,790</b>
Distribution and marketing expenses	5	(129,294)	(122,377)	(63,913)	(54,327)
Administrative expenses	5	(117,662)	(117,203)	(62,100)	(60,905)
Other operating expenses		(13,418)	(10,928)	(6,986)	(4,769)
		(260,374)	(250,508)	(132,999)	(120,001)
<b>Operating profit before other income</b>		<b>182,041</b>	<b>165,681</b>	<b>89,230</b>	<b>84,789</b>
Other income		5,259	9,597	4,700	886
<b>Operating profit before reorganisation / restructuring cost</b>		<b>187,300</b>	<b>175,278</b>	<b>93,930</b>	<b>85,675</b>
Reorganisation / restructuring cost		-	(38,500)	-	(38,500)
<b>Operating profit after reorganisation / restructuring cost</b>		<b>187,300</b>	<b>136,778</b>	<b>93,930</b>	<b>47,175</b>
Finance costs		(54,951)	(67,701)	(24,660)	(30,864)
<b>Profit before taxation</b>		<b>132,349</b>	<b>69,077</b>	<b>69,270</b>	<b>16,311</b>
Taxation	6	(33,299)	(19,048)	(18,155)	(4,059)
<b>Profit for the period</b>		<b>99,050</b>	<b>50,029</b>	<b>51,115</b>	<b>12,252</b>
----- (Rupees) -----					
Earnings per share - basic and diluted		3.96	2.00	2.05	0.49

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Muhammad Ashraf Bawany  
Chief Executive



Munnawar Hamid OBE  
Chairman

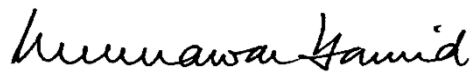
Linde Pakistan Limited  
Condensed Interim Statement of Comprehensive Income (Unaudited)

<i>Rupees in '000</i>	For the half year ended		For the second quarter ended	
	30 Jun. 2016	30 Jun. 2015	30 Jun. 2016	30 Jun. 2015
Profit for the period	99,050	50,029	51,115	12,252
<b><i>Other comprehensive income</i></b>				
<i>Items that will never be reclassified to profit and loss account</i>				
Net re-measurement on defined benefit plans	6,797	1,413	33,757	32,021
Tax thereon	(2,107)	(452)	(10,465)	(10,553)
	4,690	961	23,292	21,468
<i>Items that will be reclassified subsequently to profit and loss account</i>				
Derivative financial instruments	257	-	-	-
Tax thereon	(82)	-	-	-
	175	-	-	-
<b>Total comprehensive income for the period</b>	<b>103,915</b>	<b>50,990</b>	<b>74,407</b>	<b>33,720</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



**Muhammad Ashraf Bawany**  
Chief Executive



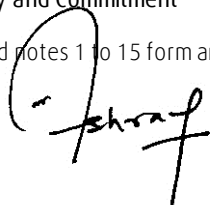
**Munnawar Hamid OBE**  
Chairman



Linde Pakistan Limited  
Condensed Interim Balance Sheet

<i>Rupees in '000</i>	Note	As at 30 Jun. 2016 (Unaudited)	As at 31 Dec. 2015 (Audited)
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	7	3,115,112	3,120,315
Intangible assets		18,488	20,781
Investment in subsidiary		10	10
Long term deposits		55,142	51,910
		<u>3,188,752</u>	<u>3,193,016</u>
<b>Current assets</b>			
Stores and spares		99,794	109,167
Stock-in-trade	8	265,891	299,169
Trade debts		456,295	439,332
Loans and advances		34,339	19,950
Deposits and prepayments		85,371	75,582
Other receivables		56,869	78,401
Taxation - net		392,399	348,842
Cash and bank balances		96,358	94,026
		<u>1,487,316</u>	<u>1,464,469</u>
<b>Total assets</b>		<u><u>4,676,068</u></u>	<u><u>4,657,485</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
<i>Authorised:</i>			
40,000,000 (2015: 40,000,000) Ordinary shares of Rs. 10 each		<u>400,000</u>	<u>400,000</u>
<i>Issued, subscribed and paid-up:</i>			
25,038,720 (2015: 25,038,720) Ordinary shares of Rs. 10 each		250,387	250,387
Reserves		1,375,413	1,359,029
Unappropriated profit		103,740	110,104
		<u>1,479,153</u>	<u>1,469,133</u>
		1,729,540	1,719,520
<b>Non-current liabilities</b>			
Long term financing		655,000	1,040,000
Long term deposits		160,366	155,769
Deferred liabilities		398,918	391,024
		1,214,284	1,586,793
<b>Current liabilities</b>			
Trade and other payables		1,212,244	1,081,172
Current maturity of long term financing		520,000	270,000
		<u>1,732,244</u>	<u>1,351,172</u>
<b>Total equity and liabilities</b>		<u><u>4,676,068</u></u>	<u><u>4,657,485</u></u>
Contingency and Commitment	9		

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



**Muhammad Ashraf Bawany**  
Chief Executive



**Munnawar Hamid OBE**  
Chairman

Linde Pakistan Limited  
Condensed Interim Cash Flow Statement (*Unaudited*)

<i>Rupees in '000</i>	Note	For the half year ended	
		30 Jun. 2016	30 Jun. 2015
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	10	518,490	256,277
Finance costs paid		(58,817)	(73,630)
Income tax paid		(73,516)	(65,628)
Post retirement medical benefits paid		(86)	(126)
Long term loans and deposits		(3,232)	-
Long term deposits		4,597	10,558
Net cash generated from operating activities		387,436	127,451
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(161,224)	(117,918)
Proceeds from disposal of operating assets		2,714	2,566
Interest received on balances with banks		-	1,397
Net cash used in investing activities		(158,510)	(113,955)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of long term financing		(135,000)	(50,000)
Dividends paid		(91,594)	(80,108)
Net cash used in financing activities		(226,594)	(130,108)
Net increase / (decrease) in cash and cash equivalents		2,332	(116,612)
Cash and cash equivalents at beginning of the year		94,026	(35,581)
Cash and cash equivalents at end of the period	11	96,358	(152,193)

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Muhammad Ashraf Bawany  
Chief Executive



Munnawar Hamid OBE  
Chairman

Linde Pakistan Limited  
Condensed Interim Statement of Changes in Equity (Unaudited)

	For the half year ended 30 June 2016				Total
	Share capital Issued, subscribed and paid-up	Reserves Hedging reserve	General reserve	Unappropriated profit	
<i>Rupees in '000</i>					
Balance as at 1 January 2015	250,387	-	1,348,427	92,153	1,690,967
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	50,029	50,029
Other comprehensive income for the period	-	-	-	961	961
	-	-	-	50,990	50,990
<b>Transactions with owners of the Company recognised directly in equity - distribution</b>					
Final dividend for the year ended 31 December 2014 - Rs. 3.25 per share	-	-	-	(81,376)	(81,376)
Transfer to general reserve	-	-	10,777	(10,777)	-
<b>Balance as at 30 June 2015</b>	<b>250,387</b>	<b>-</b>	<b>1,359,204</b>	<b>50,990</b>	<b>1,660,581</b>
Balance as at 1 January 2016	250,387	(175)	1,359,204	110,104	1,719,520
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	99,050	99,050
Other comprehensive income for the period	-	175	-	4,690	4,865
	-	175	-	103,740	103,915
<b>Transactions with owners of the Company recognised directly in equity - distribution</b>					
Final dividend for the year ended 31 December 2015 - Rs. 3.75 per share	-	-	-	(93,895)	(93,895)
Transfer to general reserve	-	-	16,209	(16,209)	-
<b>Balance as at 30 June 2016</b>	<b>250,387</b>	<b>-</b>	<b>1,375,413</b>	<b>103,740</b>	<b>1,729,540</b>

The annexed notes 1 to 15 form an integral part of these condensed interim financial information.



Muhammad Ashraf Bawany  
Chief Executive



Munnawar Hamid OBE  
Chairman

## Linde Pakistan Limited

### Notes to the Condensed Interim Financial Information (*Unaudited*)

For the six months period ended 30 June 2016

#### 1. LEGAL STATUS AND OPERATIONS

Linde 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 Pakistan Stock Exchange Limited. The address of its registered office is West Wharf, Dockyard Road, Karachi, Pakistan.

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

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

The Company owns a wholly owned subsidiary, BOC Pakistan (Private) Limited ("BOCPL"), which has not carried out any business activities during the year. Accordingly, exemption has been granted by the Securities and Exchange Commission of Pakistan ("SECP") from the application of sub-section (1) to (7) of section 237 of the Companies Ordinance, 1984 requiring consolidation of subsidiary in the preparation of financial statements for the year ending 31 December 2016 and all interim periods within the aforementioned year.

#### 2. BASIS OF PREPARATION

This condensed interim financial information of the Company for the half year ended 30 June 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial information of the Company does not include all of the information required for full annual financial statements and should be read in conjunction with the audited annual financial statements of the Company as at and for the year ended 31 December 2015.

This condensed interim financial information is presented in Pak Rupee which is also the Company's functional currency and all financial information presented has been rounded off to the nearest thousand.

#### 3. SIGNIFICANT ACCOUNTING POLICIES

3.1 The accounting policies adopted by the Company in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual audited financial statements of the Company as at and for the year ended 31 December 2015.

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

#### 4. ACCOUNTING ESTIMATES, JUDGMENTS, FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

In preparing these condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgements made by management in the preparation of this condensed interim financial information are the same as those that were applied to the audited annual financial statements of the Company as at and for the year ended 31 December 2015.

The Company's financial risk management objectives and policies are consistent with those disclosed in the audited annual financial statements of the Company as at and for the year ended 31 December 2015. The Company has established control framework with respect to the measurements of fair values. Management uses observable inputs / data as far as possible to determine fair values of assets and liabilities, where ever required or permitted under accounting standards. At reporting date management considers fair values of financial assets and liabilities not measured at fair values approximate their carrying amounts.

#### 5. SEGMENT RESULTS

Rupees in '000	For the half year ended						For the second quarter ended					
	30 June. 2016			30 June. 2015			30 June. 2016			30 June. 2015		
	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
	(Rupees in '000)											
Gross sales	1,875,859	392,324	2,268,183	1,842,025	412,322	2,254,347	952,247	177,237	1,129,484	928,973	193,223	1,122,196
Less:												
Trade discount	1,606	-	1,606	1,992	-	1,992	1,370	-	1,370	993	-	993
Sales tax	216,883	55,302	272,185	201,427	59,447	260,874	110,614	24,627	135,241	101,324	28,614	129,938
Net sales	1,657,370	337,022	1,994,392	1,638,606	352,875	1,991,481	840,263	152,610	992,873	826,656	164,609	991,265
Less:												
Cost of sales	1,296,205	255,772	1,551,977	1,292,027	283,265	1,575,292	654,275	116,369	770,644	656,583	129,892	786,475
Distribution and marketing expenses	105,549	23,745	129,294	101,926	20,451	122,377	53,533	10,380	63,913	45,108	9,219	54,327
Administrative expenses	96,053	21,609	117,662	97,616	19,587	117,203	51,849	10,251	62,100	49,610	11,295	60,905
Segment result	1,497,807	301,126	1,798,933	1,491,569	323,303	1,814,872	759,657	137,000	896,657	751,301	150,406	901,707
Unallocated corporate expenses:												
- Other operating expenses			(13,418)			(10,928)			(6,986)			(4,769)
- Other income			5,259			9,597			4,700			886
Operating profit before reorganisation / restructuring cost			187,300			175,278			93,930			85,675
Reorganisation / restructuring cost			-			(38,500)			-			(38,500)
Operating profit after reorganisation / restructuring cost			187,300			136,778			93,930			47,175
Finance costs			(54,951)			(67,701)			(24,660)			(30,864)
Taxation			(33,299)			(19,048)			(18,155)			(4,059)
Profit for the period			99,050			50,029			51,115			12,252

#### 6. TAXATION

Under section 5A of the Income Tax Ordinance, 2001, tax at the rate of ten percent to be imposed on every public company other than a scheduled bank or a modaraba, that derives profits for a tax year but does not distribute cash dividends within six months of the end of the said tax year or distributes dividends to such an extent that its reserves, after such distribution, are in excess of hundred percent of its paid up capital, so much of its reserves as exceed hundred percent of its paid up capital shall be treated as income of the said company. However, this tax on undistributed reserves is not applicable to a public company which distributes profit equal to either forty percent of its after tax profits or fifty percent of its paid up capital, whichever is less, within six months of the end of the tax year.

The Board of Directors of the Company intends to distribute sufficient cash dividend for the year ending 31 December 2016 to comply with the above stated requirement. Accordingly, no provision for tax on undistributed reserves has been recognised in these condensed interim financial information.

## 7. PROPERTY, PLANT AND EQUIPMENT

<u>Rupees in '000</u>	<u>Note</u>	<u>30 June</u> <u>2016</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2015</u> <u>(Audited)</u>
Operating assets	7.1	3,025,152	2,966,954
Capital work-in-progress		89,960	153,361
		<u>3,115,112</u>	<u>3,120,315</u>

### 7.1 Operating assets

Net book value as at 1 January 2016 / 2015	2,966,954	3,060,895
Additions during the period / year:		
- Land and Building	820	4,790
- Plant and machinery	207,425	212,360
- Vehicles	10,954	-
- Furniture, fittings and office equipments	-	9,230
- Computer equipments	5,425	5,659
	<u>224,624</u>	<u>232,039</u>
Less:		
- Disposals during period / year - net book value	(15)	(1,856)
- Depreciation charge during the period / year	(166,411)	(324,124)
	<u>(166,426)</u>	<u>(325,980)</u>
	<u>3,025,152</u>	<u>2,966,954</u>

## 8. STOCK-IN-TRADE

Raw and packing materials - in hand	71,827	86,716
Finished goods		
- in hand	194,064	209,419
- in transit	-	3,034
	<u>194,064</u>	<u>212,453</u>
	<u>265,891</u>	<u>299,169</u>

8.1 Raw and packing materials and finished goods include inventories with a value of Rs. 33,833 thousand (31 December 2015: Rs. 13,276 thousand) which were held by third parties for manufacturing purposes.

8.2 The cost of raw and packaging materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 33,793 thousand (31 December 2015: Rs. 24,128 thousand).

## 9. CONTINGENCIES AND COMMITMENTS

### 9.1 Contingency

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 30 June 2016 amounted to Rs. 41,858 thousand (31 December 2015: Rs.40,724 thousand).

## 9.2 Commitment

Capital commitments outstanding as at 30 June 2016 amounted to Rs. 25,914 thousand (31 December 2015: Rs. 30,316 thousand).

## 10. CASH GENERATED FROM OPERATIONS

<i>Rupees in '000</i>	Note	For the half year ended	
		30 Jun.2016	30 Jun.2015
Profit before taxation		132,349	69,077
<i>Adjustments for :</i>			
Depreciation		166,411	160,534
Amortisation		2,294	2,294
Gain on disposal of property, plant and equipment		(2,699)	(2,551)
Mark-up income from savings and deposit accounts		-	(1,397)
Finance cost		54,951	67,701
Reorganisation / restructuring cost		-	38,500
Post retirement medical benefits		296	325
Working capital changes	10.1	164,888	(78,206)
		<u>518,490</u>	<u>256,277</u>

### 10.1 Working capital changes

*Decrease / (increase) in current assets:*

Stores and spares	9,373	(13,457)
Stock-in-trade	33,278	2,529
Trade debts	(16,963)	(71,336)
Loans and advances	(14,389)	(5,269)
Deposit and prepayments	(9,789)	(23,069)
Other receivables	22,915	21,687
	<u>24,425</u>	<u>(88,915)</u>

*Increase in current liabilities:*

Trade and other payables	140,463	10,709
	<u>164,888</u>	<u>(78,206)</u>

## 11. CASH AND CASH EQUIVALENTS

Cash and bank balances	96,358	97,807
Short term borrowings - running finance under mark-up arrangement	-	(250,000)
	<u>96,358</u>	<u>(152,193)</u>

## 12. 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 are given below:

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

<u>Rupees in '000</u>		For the half year ended	
		30 Jun.2016	30 Jun.2015
Nature of relationship	Nature of transactions		
The BOC Group Limited (Parent)	Technical assistance fee	20,591	22,221
	Dividends	56,337	48,826
Linde AG (Ultimate parent)	Information systems support / maintenance and development	20,190	20,262
Associated Companies	Purchase of goods and receipt of services	21,677	23,837
	Staff related cost in respect of services claimed by the Company from associated companies	16,196	13,918
Related entities by virtue of common directorship	Sale of goods	29,892	28,676
Staff retirement benefits	Contributions to staff retirement funds	15,665	17,209
Key management personnel	Remuneration for the period	111,083	115,108
Meeting fee to Directors and remuneration to Non-Executive Directors		2,222	2,741
Re-measurement: Actuarial gain recognised in other comprehensive income on account of Staff Retirement Benefits		7,074	1,586

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

<u>Rupees in '000</u>	30 Jun. 2016 (Unaudited)	31 Dec. 2015 (Audited)
Receivable from associates in respect of trade debts	13,075	11,076
Receivable from Staff Retirement Funds	15,249	19,128
Payable to holding company / associates in respect of trade and other payables	171,552	208,484



12.3 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.

13. **CORRESPONDING FIGURES**

The condensed interim balance sheet has been compared with the preceding balance sheet as at 31 December 2015, whereas the condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity have been compared with the corresponding period of the previous year.

14. **ALL SHARES ISLAMIC INDEX SCREENING**

14.1 **Bank balances**

- Bank balances represent Rs. 65,138 thousand in current accounts and Rs. 30,553 thousand in saving accounts under conventional banking arrangements.
- Short term borrowings carries mark-up under conventional banking arrangements.

14.2 **Advances, deposits and borrowings**

- Deposits and Loans and advances do not carry any mark-up.
- The long term financing represents Diminishing Musharika financing under Islamic mode of financing.

14.3 **Other income**

Other income includes scrap sales, gain on disposal of fixed assets and exchange gain arising on spot foreign currency transactions amounting to Rs. 714 thousand, Rs. 2,699 thousand and Rs. 1,846 thousand respectively.

14.4 **Finance costs**

Finance cost includes mark-up on short term running finance amounting to Rs. 6,339 thousand under conventional banking arrangements and mark-up on long term financing amounting to Rs. 48,134 thousand under Islamic mode of financing.

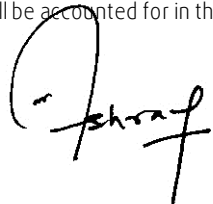
15. **GENERAL**

15.1 **Date of authorisation**

This condensed interim financial information was authorised for issue on 22 August 2016 by the Board of Directors of the Company.

15.2 **Non adjusting events after the balance sheet**

The Board of Directors has declared an interim cash dividend of Rs. 1.5 per share for the year ending 31 December 2016 amounting to Rs. 37,558 thousand in their meeting held on 22 August 2016. This condensed interim financial information does not include the effect of interim cash dividend announced on 22 August 2016, which will be accounted for in the financial statements for the year ending 31 December 2016.



**Muhammad Ashraf Bawany**  
 Chief Executive



**Munnawar Hamid OBE**  
 Chairman

# Our products and services

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The ever-changing requirements of customers are the driving force behind the development of all our products, technologies and support services. Linde Pakistan provides gas products, facilities and turnkey services and solutions which are customized to meet the unique needs of our customers and add value to their businesses. Our competitive advantage is our extensive process engineering, project development and comprehensive product portfolio. We have the widest range of bulk and compressed gases product lines as well as welding consumables, equipment and safety gear. At Linde, our highly qualified and experienced engineers, product managers, technologists and marketers excel at providing dedicated support. A Linde customer receives for each gas application, the complete solution – gas, know-how, tailor-made hardware and customized services.

## Industrial gases

### Bulk gases

- Liquid oxygen
- Liquid nitrogen
- Liquid argon
- Pipeline hydrogen
- Trailer hydrogen
- Liquid carbon dioxide
- Industrial pipelines

### PGP gases

- Compressed oxygen
- Aviation oxygen
- Compressed nitrogen
- Compressed argon
- Compressed air
- Compressed hydrogen
- Compressed carbon dioxide
- Dissolved acetylene

### Speciality gases

- High purity gases
- Research grade gases
- Gaseous chemicals
- Calibration mixtures
- Argon mixtures
- Welding gas mixtures
- Sterilization gases
- Propane
- Helium (liquid & compressed)
- Refrigerants

## Healthcare

### Medical gases

- Liquid medical oxygen
- Compressed medical oxygen
- Nitrous oxide
- ENTONOX®
- Specialty medical gases & mixtures e.g. helium, carbon dioxide, heliox etc.

### Medical equipment

- High precision flowmeters
- Suction injector units and oxygen therapy products
- ENTONOX® delivery systems, complete with apparatus, regulators and cylinders.
- Medical Air, Vacuum and AGSS Plants
- Medical Gas Pipeline Accessories
- Medical Gas Distribution System
- Medical Gas Source Equipment

### Medical engineering services

- Consultation, design, installation and service of medical gas pipeline systems (O<sub>2</sub>, N<sub>2</sub>O, Air, Suction etc)
- Safety, quality, risk analysis & training on medical gas pipeline systems
- Authorized Person Training for Hospital Staff
- Qi Facility Management (Gas Pipeline Management System)
- Qi Point Analysis (Point to Point Verification System)

## Welding & others

### Welding consumables

- Low hydrogen welding electrodes – Fortrex E7018
- Mild steel welding electrodes – Zodian Universal E6013
- Mild steel welding electrodes – Matador®47 E6013
- Mild steel welding electrodes – Spark® E6013
- Stainless steel electrodes - Matador®E308-16 and E308L
- Special electrodes
- MIG welding wires

### Welding machines

- Automatic
- Semi-automatic
- Manual

### Welding accessories

- Regulators
- Cutting torches
- Welding torches
- Cutting machines
- Gas control equipment
- Safety equipment
- Matador cutting and grinding discs and wheels

### PGP – others

- Dry ice



## Business locations.

Registered Office/ head office	Karachi	P.O.Box 4845, West Wharf Phones +92.21.32313361 (9 lines) Fax 92.21 32312968	
North-western region	Lahore	P.O.Box 205 Shalamar Link Road, Mughalpura Phones +92.42.36824091 (4 lines) Fax + 92.42.36817573	Nitrous oxide plant Gases compression facility
		Plot No. 705, Sundar Industrial Estate Phones +92.42.35297244-47 (4 lines)	ASU plant
	Multan	Adjacent to PFL Khanewal Road Phones + 92.61.6562201 & +92.61.6001360 (2 lines) 061-6001360 Fax + 92.61.6778401	Carbon dioxide plant
	Mehmood Kot	Adjacent to PARCO Mid Country Refinery, Mehmood Kot Qasba Gujrat, Muzaffargarh Phones +92.66.2290751 & 2290484-85 Fax +92.66.2290752	Nitrogen plant
	Faisalabad	Altaf Ganj Chowk Near Usman Flour Mills Jhang Road Phones +92.41.2653463 & 2650564	Sales depot Gas compression facility
	Wah Cantonment	Kabul Road Phone +92. 51.4902469	Acetylene plant
	Taxila	Adjacent to HMC No.2 Phones +92.51.4560701(5 lines) Fax +92.51.4560700	Gases compression facility
	Rawalpindi	2 <sup>nd</sup> Floor, Jahangir Multiplex Golra Mor, Peshawar Road Phones +92.51.2315501 (3 lines) Fax +92.51.2315050	Sales office
	Hasanabdal	Adjacent to Air Weapon Complex Abbotabad Road Phones +92.51.4515104	Hydrogen plant
Southern region	Karachi	P.O.Box 4845, West Wharf Phones +92.21.32313361 (9 lines) Fax +92.21.32312968	Gases compression facility Acetylene plant Electrode factory Speciality gases
	Port Qasim	Plot EZ/1/P-5(SP-1), Eastern Zone Phones +92.21.34740058 & 34740060 Fax +92.21.34740059	ASU plant Hydrogen plant Carbon dioxide plant Dry Ice plant
	Sukkur	A-15, Airport Road Near Bhatti Hospital Phone +92.71.5630871	Sales depot