BOC Pakistan Limited

BOC
A Member of The Linde Group

Annual Report 2010
Treasures of the Atmosphere

With air, we are in our element. For over 130 years, Linde has been using it to make products that enrich our daily lives - even if they seem invisible at first glance. We would like to show them to you.

Front cover fold-out

O_2 BOCP meets the demands of the steel industry for large amounts of oxygen. With our oxyfuel technology we cut energy levels, raise productivity and improve the quality of the cast steel.

Ar **Argon** is used widely as a shielding gas for many welding processes, particularly in automotive production. BOCP is the leading argon gas supplier in the country serving a range of industries.

Xe The demand for xenon is rising rapidly. It is used primarily in the lighting, plasma panel and aerospace industries. Xenon accounts for at least 5 percent of the gas mixture in plasma screens.

N_2 **Nitrogen** is a gentle yet effective way of preserving the freshness and quality of food and beverages. A stable market for our gases business.

CO_2 **Carbon dioxide** creates the fizz found in carbonated beverages. It is also used in water treatment to control pH balance, and to stimulate biological growth for a greener environment.

He **Helium** cools magnetic resonance imaging (MRI) magnets to such a low temperature that they become superconducting. This provides medical professionals with detailed images of body tissue.

Treasures of the atmosphere.

In a speech in 1907, Carl von Linde came up with a striking phrase to capture the special value of gases for modern civilisation: "treasures of the atmosphere". This is how the founder of Linde AG described the elements of the air that - alongside gases from fossil sources - still form the cornerstones of our daily business today. These are the building blocks of our sustainable success as a company, enabling us to develop technologies and processes that improve the lives of people around the globe. We invite you to explore some of the wide-ranging applications of these treasures of the atmosphere inside back cover of this report.

Carl von Linde

Contents

Our Vision

BOCPL will be the leading industrial gases and hospital care Company, admired for our 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. BOCPL consistently seeks a high standard of performance, and aims to maintain a long-term leadership position in its competitive environment.

This will be achieved through operating efficiency, continued dedication to serving our customers, cost effectiveness and behavioral conformance to our values: Passion to Excel, Innovation 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.

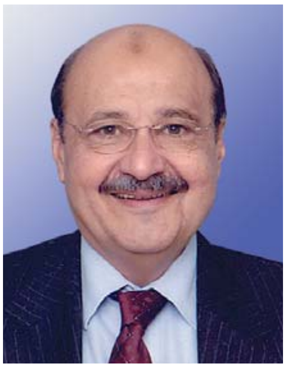
For shareholders, it protects their investment and provides an acceptable return. This is achieved through continued commercial success in winning new business and retaining old customers. This is underpinned by the development and provision of new products/services to its customers, offering real value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

Board of Directors

Munnawar Hamid - OBE
Chairman

Yousuf Husain Mirza
Chief Executive

Sanaullah Qureshi
Director



Towfiq Habib Chinoy
Director

Sanjiv Lamba
Director

Ashley David Mills
Director

Lee Bon Hian
Director

Manzoor Ahmed
Director

Muhammad Ashraf Bawany
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
Ashley David Mills	Director
Lee Bon Hian	Director
Manzoor Ahmed	Director

Company Secretary & Deputy Managing Director

Muhammad Ashraf Bawany

Board Audit Committee

Sanaullah Qureshi	Chairman	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Lee Bon Hian	Member	Non-Executive Director
Jamal A Qureshi	Secretary	Assistant Company Secretary & Legal Manager

Board Remuneration and Appointments Committee

Towfiq Habib Chinoy	Chairman	Non-Executive Director
Sanjiv Lamba	Member	Non-Executive Director
Lee Bon Hian	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of HR

Bankers

HSBC Bank Middle East Limited
Standard Chartered Bank (Pakistan) Ltd.
Citibank NA
Deutsche Bank AG
National Bank of Pakistan Ltd.
MCB Bank Ltd.
NIB Bank Ltd.

Auditors

KPMG Taseer Hadi & Co.

Solicitors

Surridge & Beecheno

Registered Office

West Wharf, Dockyard Road, Karachi-74000

Share Registrar

Central Depository Company of Pakistan Limited

Website

www.bocpakistan.com & www.linde.com

Principal Board Committees

The Board has established following two committees, chaired by independent non-executive Directors. The brief terms of references of the committees are as follows:

Board Audit Committee (BAC)

BAC assists the Board in fulfilling its responsibilities, primarily in reviewing and reporting financial and non-financial information to shareholders, compliance with all relevant statutory requirements and with best practices of the code of corporate governance. BAC also ascertains that internal control systems are adequate and effective and report 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 three Independent 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 December 31, 2010, four meetings of the BAC were held. The present members of BAC are as follows:

- Mr Sanaullah Qureshi (Chairman)
- Mr Sanjiv Lamba
- Mr Lee Bon Hian

The Secretary of the Committee is 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 three Independent Non-Executive Directors and the names of present members are as follows:

- Mr Towfiq Habib Chinoy (Chairman)
- Mr Sanjiv Lamba
- Mr Lee Bon Hian

Four meetings of the Committee were held during the financial year ended December 31, 2010. The Secretary of the Committee is Muhammad Salim Sheikh, Head of Human Resources.

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

Ali Ahmad
Sales Manager South

Ahmad Raza
Distribution & CES Manager

Rizwan Shoukat
SHEQ Manager

Tree being planted by Mr Phil Graham, Global Head of SHEQ of The Linde Group during his visit to Lahore office. Mr Sanjiv Lamba, Member of the Executive Board of The Linde Group and Director BOC Pakistan (BOCP) (3rd from left) and Mr Yousuf Husain Mirza, Managing Director of BOC Pakistan (1st from right) are also seen in the picture

Statement of Ethics & Business Practices Policy Summary

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

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

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

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

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

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

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

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

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

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

BOCP 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 Lee Bon Hian, Head of Cluster Countries - RSE of The Linde Group and Director, BOC Pakistan, addressing a Town Hall meeting at Lahore

Business Divisions, Products & Services

Industrial & Medical Gases

Bulk Gases

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

PGP – Gases

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

Speciality Gases
High Purity Gases
Research Grade Gases
Gaseous Chemicals
Calibration Mixtures
Argon Mixtures
Welding Gas Mixtures
Sterilization Gases
Propane
Helium
Refrigerants

Hospital Care

Medical Gases
Liquid Medical
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

PGP – Welding

Consumables
Welding Electrodes
MIG Welding Wires
TIG Welding Wires

Machines
Automatic
Semi-automatic
Manual

Accessories
Regulators
Cutting Torches
Welding Torches
Cutting Machines
Gas Control Equipment
Safety Equipment
Gas Welding Rods
Fluxes

PGP – Others

Calcium Carbide

The BOC Group Limited, U.K., the majority shareholder of BOC Pakistan Limited, is a wholly owned subsidiary of Linde AG, Germany. Accordingly, Linde AG is the ultimate parent company of BOC Pakistan Limited.

The Linde Group is a world-leading gases and engineering company with around 48,500 employees working in more than 100 countries worldwide. In the 2010 financial year, it achieved sales of EUR 12.868 bn. 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 http://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.

Installation in progress at a new customer in food sector

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

At BOC Pakistan Limited Health, Safety Security of the personnel and care of quality and environment are a pre-requisite for any business we undertake. Year 2010 was a further step forward in achieving our commitment "WE DO NOT WANT TO HARM PEOPLE OR THE ENVIRONMENT".

Golden Rules of safety has been launched to BOCP Contractors in 2010 for promoting safety culture and to achieve our objective that every employee, contractor, or any other person involved with The Linde Group (e.g. our customers, neighbours and other third parties) should be able to go about their work and ultimately to home without being harmed.






SHEQ Day was celebrated countrywide at all BOC sites on 03 November 2010 with the theme "Golden Rules of Safety"

Global Head of SHEQ – Mr Phil Graham and Mr Sanjiv Lamba, Member of the Executive Board of The Linde Group and Director BOC Pakistan (BOCP), visited BOC Pakistan Sites on the agenda of continuous improvement in SHEQ performance

Efforts and focus on behavioral SHEQ continues, ACTSAFE Program launched at BOC Pakistan Lahore Site and 05 country trainers were trained to enhance safety in transport operation

Main Events & Key Achievements through the year were:

- SITESAFE Rollout completed for all site of BOC Pakistan with the successful rollout at Multan & Qasba Gujrat.
- All of the company's eight (8) sites have been registered with Pakistan Environmental Protection Agency (Pak EPA) for environmental monitoring program (SMART; Self monitoring and reporting tool).
- Efforts for the improvement of transport safety continues, through continuous monitoring and feedback on contractors safety performance.
- Efforts and focus on behavioral SHEQ continues, Roadmap progress is continuously monitored and updated.
- Newly introduced Best Driver Award along with the monthly Champion Unit and SHEQ Champion Awards continued throughout the year ensuring employees engagement in SHEQ.
- Emphasis to measure SHEQ performance continued using proactive measures (leading Indicators), in addition to the traditional reported lagging indicators.
- On the quality agenda four sites and CSC division continued their certification on ISO 9000 Quality Management System Standard.

Corporate Social Responsibility

BOC Pakistan Limited, as a responsible corporate citizen upheld its commitment to positively impact the environment and communities that it operates in and to proactively promote the public interest.

Flood Relief Efforts

In 2010 the worst floods in almost 80 years hit Pakistan and affected more than 2.5 million people. As a socially responsible company BOCPL contributed both financially and in kind to the National Flood Relief effort and also arranged for financial support from its parent company, The Linde Group. BOCPL and The Linde Group together donated more than PKR 12.2 million to Layton Rahmatulla Benevolent Trust (LRBT) and Sindh Institute of Urology and Transplantation (SIUT) to provide healthcare to the flood victims. BOCPL also encouraged its employees to contribute their time to the flood relief efforts and allowed them paid leaves to do so.

Contribution to Communities and Society

Recognizing that education is the guiding force that enlightens minds, BOCPL continued to support two primary government schools by providing the students with stationery, reading material, sports gear, uniforms and other necessities to motivate them to gain knowledge through a better educational environment.

In addition BOCPL continued to contribute to worthy causes through NGOs such as SOS, Aga Khan and Pakistan Parkinson's Society.

Environment

In pursuit of our care for environment, environmental impact action plans are being implemented to improve our environmental performance. Our focus in 2010 remained on efficient use of energy and raw materials and the minimization of waste generation.

Students of boys' primary school adopted by BOC Pakistan

A BOCP representative distributing educational material among the students

Students of girls' primary school adopted by BOC Pakistan

High Performance Organisation (HPO) – Our Transformation Journey Continues

We are the Difference Between Good and Excellent!

We generate ideas, identify opportunities, push boundaries and realize goals. With the willingness of each and every one of us to continuously learn, change and improve. Together we can be a High Performance Organization (HPO).

BOC Pakistan Ltd. continued its journey towards becoming a High Performing Organization through greater focus on employee engagement and disciplined execution of HPO initiatives.

The 2010 Annual Conference reviewed the progress that BOCPL had made in its journey of transformation and encouraged all participants to contribute through their ideas and their passion. To engage employees from the shop-floor and carry forward the HPO agenda, further HPO sessions were held at all seven sites and included nearly 200 employees. These activities resulted in a roadmap that will lead to us being truly leading.

HPO road-shows were held at Karachi, Lahore and Taxila and were rolled out by Mr Lee Bon Hian – Head of Cluster Countries RSE. The shows covered all the operational staff and were designed to create a sense of ownership for BOCPL's transformation journey.

Our HPO vision requires the passion and the commitment of each employee throughout the year to remain focused on maturing several HPO initiatives which are centrally recorded, tracked and managed. This disciplined execution, during the year, resulted in significant performance improvements and revenue increases. Savings due to reduced wastages and efficiency improvement were also a result of the HPO initiatives. Enhanced focus on 6 Sigma Black Belt training was also initiated so that critical HPO projects within the country are focused upon and sustainable benefits delivered.

Business

BOC Pakistan Limited is proud to have more than 6,000 customers on its portfolio and our customer profile ranges from all kinds of large and small customers. The strategic intent of BOCPL is to be more than a product supplier. We aim to be a real business partner and a solution provider to our customers, through value driven growth, by using best operating practices from across the Group and making complete use of the experience curve. Apart from this, our main focus is to develop a customer focused high performance flexible organization.

BOCPL business portfolio is strategically divided into four parts which are Tonnage, Bulk, Packaged Gases and Products (PGP) and Hospital Care.

Tonnage Business

Tonnage business comprises the significant portion of our revenue. 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 Gases namely Oxygen, Nitrogen, Argon and Carbon Dioxide.

BOCPL is actively involved in delivering products and solutions to a wide array of customers in industrial sectors such as chemical, steel, glass, oil & gas, fibre optics and food & beverage.

BOCP continues to be customer's preferred supplier of gases to ship-breaking industry

Customer Service Centre at Lahore is being inaugurated by Mr Yousuf Husain Mirza, Managing Director, BOC Pakistan. Mr M Ashraf Bawany, Deputy Managing Director (First from right) and Mr Zubair Ahmed, Sales Manager North (Second from right) of BOC Pakistan are also seen in the picture

Picture shows from L to R Mr Lee Bon Hian, Head of Cluster Countries - RSE of The Linde Group and Director, BOC Pakistan, Mr Yousuf Husain Mirza, Managing Director and Mr M Ashraf Bawany, Deputy Managing Director, BOC Pakistan, at the launch of ASERT Road show in Pakistan

Innovative solutions provided to the food sector have opened the door to another opportunity. The advent of portable cryogenic containers has further helped in improving our service level to these customers.

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.

Customer focus remains an important and essential part of the PGP business and to achieve this some recent initiatives are being taken, such as the development of Customer Service Centers to efficiently serve the customers, and introduction of new systems providing complete customer relationship management.

Healthcare

For decades, BOCPL has been the most trusted and reliable partner with hospitals, across the country. The healthcare portfolio includes a variety of products including Medical gases i.e. Medical Oxygen – liquid and compressed, Nitrous Oxide and Special Medical Mixtures. BOCPL also provides the design, installation and maintenance of central medical gases pipeline systems.

Human Resources

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

Peoples Agenda

During 2010, BOC Pakistan focused on the People's agenda supporting the business through developing capabilities.

Linde Pro

The focus is to establish and equip our sales force within the organization, which will then help in terms of increasing the profitability and create differentiation within the industry.

First Line and Second Line Managers Development Programs

With our focus on People Excellence, the First & Second Line Managers Development programs will help us address the challenges in our work environment through a globally consistent development programme in order to effectively engage, manage and lead our people enhancing performance and business results. First Line Managers refresher also completed during the year reinforcing our desired level of competencies. Second Line Managers Development workshops are planned to be held in 2011.

Change Management Workshops

To build effective change management capabilities in BOC, Change Management workshops are planned to be held in 2011. This will help the organization to make change management as a core organizational competency. This will help to ensure that the Linde Change Management methodology is the standard for leading and managing change. This will also help us to make the behavioural change in our change management process.

SAP Human Resources

During the year 2010, BOC Pakistan successfully completed the phase I of SAPHRON (SAP HR, aligned and linked with the Regional and Global guidelines). Phase II of SAPHRON has been started which will be completed in 2012. SAPHRON phase II completion will give more empowerment to the Line Managers to access their staff details and will also help employees to access their basic information on their systems.

BOCPL provides guidance, leading edge HR policies, initiatives and a set of corporate values to support its people. At the heart of this approach is the recognition for the employees embracing the Linde values and principles in order to remain a leading organization.

Employees in a learning session on First Line Managers Development Program

Finance and Control

The Finance & Control team of BOC Pakistan Limited has continued its drive towards a performance oriented culture. The aim is to provide quality services to all internal and external stakeholders of the Company and compliment the business by providing support to all functions in the organization through improvement in structure and processes. Developing and implementing sound internal controls and applying best practices have been a significant responsibility for the department. The department reviews, assesses and challenges the performance, strategic plans and growth initiatives for ensuring better returns.

On our HPO transformation journey we want to reduce complexity and reap the benefits of standardised processes. One recent project initiated by the Group Treasury has brought us another step forward in achieving this goal. The cash management project CAP (Cost and Performance) was a winning combination of local business knowledge and central expertise.

"Our interdisciplinary and cross-cultural communication and the great amount of enthusiasm among everyone involved really made this project happen," said Mr Ashraf Bawany, the Regional Project Manager for CAP. Project CaP won Linde Business Excellence Award – 2010 for the contribution made by the Regional Team towards consolidation of country banking operations from across 10 countries amidst variances in local regulatory environment, differences in banking automation processes and change management.

Focus Areas

- Taking a client centered approach and improve service delivery.
- Support in formulating the overall strategy for growth initiatives.
- Align policies and practices with Linde guidelines.
- Compliance with statutory and listing requirements.
- Developing funding and debt strategies, and manage investment portfolio for the staff retirement funds operated by the company.
- Capital expenditure review, forecasting, management and control.
- Effective cost management.
- Effective risk management and mitigation plan.
- Successful and timely implementation of group initiatives like Electronic Banking, SMaRT reporting Portal, Project for Accounting Excellence, etc.
- Develop and maintain sound business process controls.
- Deliver savings by focusing on tax and treasury initiatives.
- Drive towards constant improvement by devising benchmarks and reviewing actual performance against plans on an on-going basis.

- Implementation of efficient systems for transaction processing.
- Support businesses on legal and corporate matters.

In recognition of the quality service and consistent performance, the Finance & Control Team of BOC Pakistan has won the Best Finance Team in the Region – South & East Asia for 2007 and 2009, and was Runner-up in 2008.

Finance & Control Team of BOCP photographed with Chief Financial Officer & Deputy Managing Director, Mr M Ashraf Bawany (standing fifth from left)

Information Services

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

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

IS provides services to a user base of 200 spread over 8 plants and sales centers. All sites are connected to the Head Office using WAN link. BOCP network is integrated with Linde global network and users can access a vast repository of Linde Group information and applications.

IS has extended the network and SAP footprint in Pakistan to cover all the sites with instant connectivity. All sites are using SAP for day to day operations and the entire financial accounting is handled through this application.

During 2010, IS met all the agreed SLAs, built new state-of-the-art data center, implemented several key projects including Axon Customer Relationship Management, Project 35K (User-delegated purchasing), SAP Material Requisition planning (MRP) and conducted SAP and MS office refresher courses across all locations.

The newly built state-of-the-art data centre helps in improving monitoring of network performance and accessibility

IS Team achieved 100% KPIs during 2010.

Internal Audit

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

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

To maintain the highest level of independence, Internal Audit in Pakistan has a functional reporting relationship directly to the Board Audit Committee (BAC) as well as Regional Hub – Asia/Pacific.

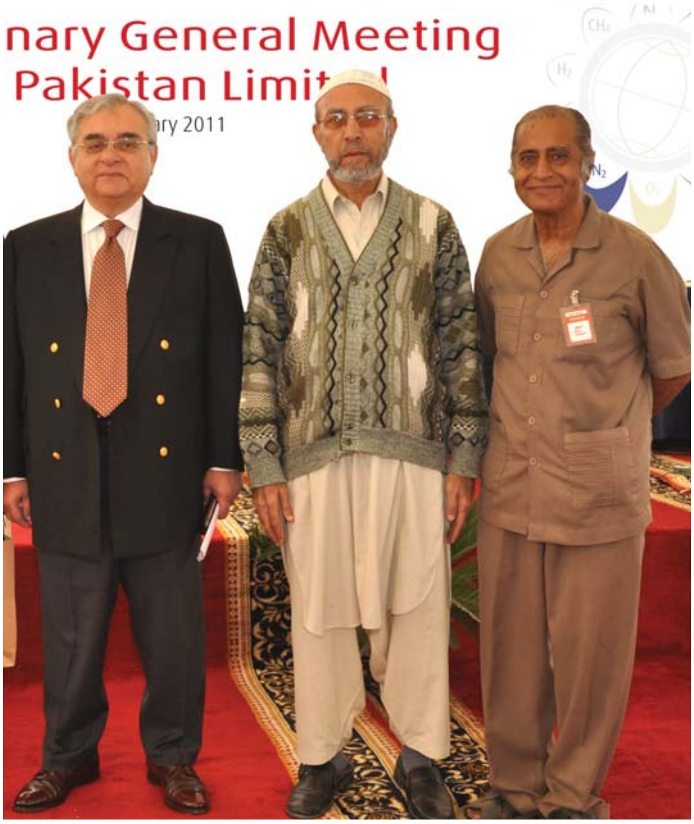
There are regular reviews by the BAC in terms of effectiveness of internal control processed throughout the year.

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

Group photo taken on the occasion of 34th Board Audit Committee Meeting, held in Karachi on 11 August 2010, which was also attended by Mr. Andreas C. Bieringer – Head of Internal Audit Asia/Pacific (sitting 1st from right; first row)

Internal Audit team with Mr Andreas C. Bieringer – Head of Internal Audit Asia/Pacific (In the centre), Miss Lubna Shahzadi, Project Manager -Asia /Pacific and Head of Internal Audit BOCP (1st from right) and Anil Thontia – Senior Auditor (3rd from right)

The Directors of BOC Pakistan Limited at the company's Extraordinary General Meeting



A glimpse of the shareholders at the company's Extraordinary General Meeting

Notice of Annual General Meeting

Notice is hereby given that the Sixty-second Annual General Meeting of BOC PAKISTAN LIMITED will be held on Friday, 22nd day of April 2011 at 9:30 a.m. at the Company's Registered Office, West Wharf, Dockyard Road, Karachi to transact the following business:

ORDINARY BUSINESS

1. To receive and consider the Financial Statements of the Company for the year ended 31 December 2010 and Reports of the Directors and Auditors thereon.

2. To consider and, if thought fit, to authorise the payment of final dividend of Rs 4.50 per ordinary share of Rs 10/= each for the year ended 31 December 2010 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 8 April 2011.

3. To appoint the Auditors of the Company and to fix their remuneration.

SPECIAL BUSINESS

4. To consider and if thought fit to approve a change in the name of the Company to "Linde Pakistan Limited", and for this purpose to pass the following resolutions as Special Resolutions:

   RESOLVED as and by way of Special Resolution **THAT** subject to the approval of the Registrar of Companies under Section 39 of the Companies Ordinance, 1984 the name of the Company be changed from "BOC Pakistan Limited" to "Linde Pakistan Limited" and that all necessary procedures and approvals prescribed by law be complied with and secured with a view to making the change of name resolved by this Special Resolution complete and effective.

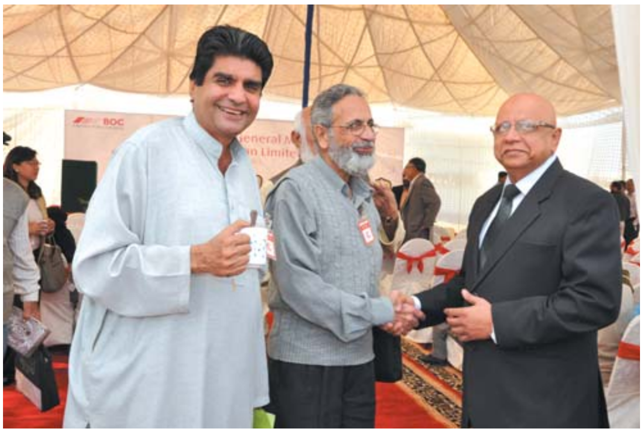
   RESOLVED FURTHER as and by way of Special Resolution **THAT** subject to the change of name of the Company being approved by the Registrar of Companies, the Memorandum and Articles of Association of the Company be and are hereby altered by substituting for the existing name
   "BOC Pakistan Limited" the new name "Linde Pakistan Limited" wherever appearing in the said Memorandum and Articles of Association.

   A statement as required by Section 160(1)(b) of the Companies Ordinance, 1984 in respect of the special business to be considered at the Annual General Meeting is annexed to this Notice of Meeting being sent to the Members.

By Order of the Board

M ASHRAF BAWANY
Company Secretary &
Deputy Managing Director

Karachi: 25 February 2011



Mr M Ashraf Bawany, Deputy Managing Director, BOC Pakistan, receiving the shareholders at the company's Extraordinary General meeting

Mr Munnawar Hamid – OBE, Chairman and Mr Yousuf Husain Mirza, Managing Director, BOC Pakistan are attending to a shareholder's query

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 22 April 2011.

2. The Share Transfer Books of the Company will be closed from 9 April to 22 April 2011 (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 National Identity Card (NIC) or original passport at the time of attending the meeting.

   ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the meeting.

   B. For Appointing Proxies:

   i) In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

   ii) The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.

   iii) Attested copies of 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.

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

This statement sets out the material facts concerning the Special Business to be transacted at the Annual General Meeting

Agenda Item 4

Change of Company Name:

The BOC Group plc, U.K., the majority shareholder of BOC Pakistan Limited, became a wholly owned subsidiary of Linde AG, Germany in 2006 when Linde AG acquired The BOC Group.

Accordingly, Linde AG is the ultimate parent company of BOC Pakistan Limited and BOC Pakistan Limited is a member of The Linde Group. The Linde Group is a world leading gases and engineering company with almost 48,500 employees working in more than 100 countries worldwide.

Since its acquisition of The BOC Group plc in 2006, The Linde Group has rebranded several of its subsidiaries as part of a brand change programme to establish one Linde brand name across all its businesses globally.

Therefore, in order to more clearly reflect its association with The Linde Group, and to leverage the Group's strong international reputation since many large global MNC customers already deal with Linde in most countries across the world, the Board of Directors has proposed that the name of the Company be changed to "Linde Pakistan Limited". There will be no change in the entity or operations of the Company by this change of corporate name.

For changing the name of the Company it is necessary to obtain the approval of (a) the members by way of special resolutions, and (b) the Companies Registrar under Section 39 of the Companies Ordinance, 1984.

The text of the special resolutions required to be passed for the above purpose is set forth in the notice convening the Annual General Meeting and these resolutions will be proposed and passed as Special Resolutions. After these resolutions are passed, the Company will formally apply to the Companies Registrar for its approval for the new name.

It is the intention of the Company that, subject to the clearance and approval of the Companies Registrar, the change of name and rebranding should take effect as of the middle of September 2011.

No Director is personally interested in this business.

Market Capitalization and Market Price of BOCP Share

Market capitalization

As at 31 December 2010, the market capitalization was Rs 2,281 million, with a market value of Rs 91.10 per share and break-up value of Rs 59.55 per share.

Market Price Per Share

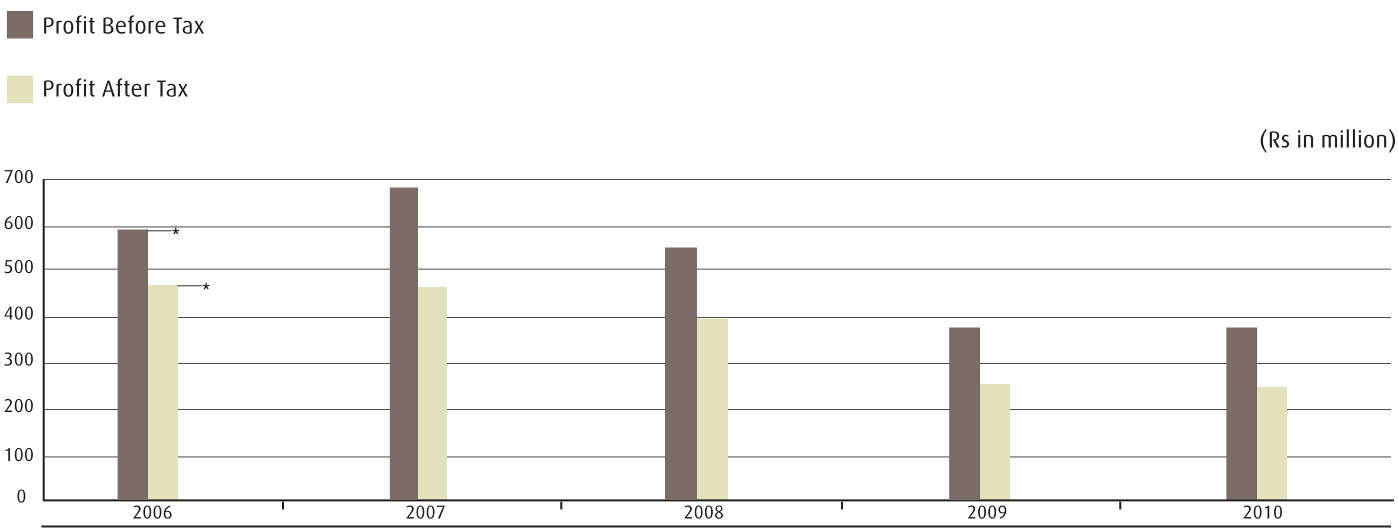
Highest price per share during the year	Rs	133.31
Lowest price per share during the year	Rs	67.27
Closing price per share at the year-end	Rs	91.10

Mr Sajiv Lamba, Member of the Executive Board of The Linde Group and Director BOC Pakistan (BOCP) (Second from left) and Mr Yousuf Husain Mirza, (First from left) addressing the employees at West Wharf, Karachi. This is Mr Mirza's first address to the employees after taking over as Managing Director of the Company

Mr Sanjiv Lamba, Member of the Executive Board of The Linde Group and Director BOC Pakistan (BOCP) photographed with other Non-Resident Directors, Managing Director, Deputy Managing Director and various Functional Heads of BOCP.

Year at a Glance

	2010 '000 Rupees	2009 '000 Rupees
Net sales	2,530,022	2,307,741
Cost of sales	(1,843,248)	(1,596,752)
Gross profit	686,774	710,989
Distribution and marketing expenses	(195,134)	(152,785)
Administrative expenses	(149,054)	(132,727)
Other operating expenses	(52,576)	(99,612)
Other operating income	123,214	165,744
	(273,550)	(219,380)
Operating profit before reorganization / restructuring cost	413,224	491,609
Reorganization / restructuring cost	(36,000)	(115,200)
Operating profit after reorganization / restructuring cost	377,224	376,409
Finance costs	(2,198)	(2,125)
Profit before taxation	375,026	374,284
Taxation	(131,201)	(122,672)
Profit for the year	243,825	251,612
	Rupees	
Earnings per share - basic and diluted	9.74	10.05
	Number	
Number of permanent employees at year end	272	289



*Represents 15 months period from October 2005 to December 2006

Ten Year Financial Review

	2001	2002	2003
Operating Results			
Sales	1,240,331	1,358,961	1,386,235
Gross Profit	541,571	609,787	585,113
Profit from Operations	396,823	407,565	437,480
Profit before Taxation	355,026	368,904	403,593
Taxation	(85,865)	(67,193)	(39,628)
Profit after Taxation	269,161	301,711	363,965
Dividends	239,954	425,658	300,464
Capital Employed			
Paid-up Capital	208,656	250,387	250,387
Revenue Reserves and Unappropriated Profits	822,229	510,492	661,628
Shareholders' Fund	1,030,885	760,879	912,015
Deferred Liabilities	254,030	237,159	215,738
Long-term Liabilities & Borrowings (net of cash)	76,576	183,347	61,969
	1,361,491	1,181,385	1,189,722
Represented by:			
Non - Current Assets	1,418,263	1,306,711	1,292,781
Working Capital	(56,772)	(125,326)	(103,059)
	1,361,491	1,181,385	1,189,722
Statistics			
Expenditure on Fixed Assets	21,131	17,260	109,304
Annual Depreciation & Amortisation	123,895	125,008	122,496
Adjusted Earnings per share-Rupees (Note 1)	10.75	12.05	14.54
Adjusted Dividend per share-Rupees (Note 1 & 2)	9.58	17.00	12.00
Dividend Cover ; Times (Note 2)	1.12x	0.71x	1.21x
Adjusted Net Asset Backing			
per share-Rupees (Note 1)	41.17	30.39	36.42
Return on average Shareholders' Fund			
(based on profit after tax)	24.75%	33.68%	43.51%
Dividend on average Shareholders' Fund (Note 2)	22.07%	47.51%	35.92%
Return on average Capital Employed			
(based on profit before financial charges & tax)	27.96%	32.06%	36.90%
Price/Earning Ratio (unadjusted)**	6.60**	9.44	10.39
Dividend Yield ratio (Note 2)	11.25%	14.95%	7.95%
Dividend Payout ratio (Note 2)	89.15%	141.08%	82.55%
Fixed Assets/Turnover Ratio	0.88	1.05	1.09
Debt/Equity Ratio	19:81	40:60	23:77
Current ratio	0.88	1.43	1.38
Interest Cover - Times	9.49x	10.54x	12.91x
Debtors turnover Ratio	17.67	19.13	19.07
Gross Profit Ratio (as percentage of Turnover)	43.66%	44.87%	42.21%
Market Value per Share at year end	85.15	113.75	151.00

'000 Rupees

2004	2005	15 months ended 31 December 2006 (Restated)	2007	2008	2009	2010
1,521,649	1,752,399	2,299,531	2,174,515	2,453,341	2,307,741	2,530,022
679,848	735,383	910,212	934,021	835,647	710,989	686,774
444,374	518,285	667,598	685,866	550,395	491,609*	413,224*
429,823	502,159	598,037	682,370	547,693	374,284	375,026
(97,784)	(132,235)	(130,073)	(223,321)	(145,587)	(122,672)	(131,201)
332,039	369,924	467,964	459,049	402,106	251,612	243,825
325,503	300,464	375,581	325,503	325,503	225,349	150,232
250,387	250,387	250,387	250,387	250,387	250,387	250,387
768,319	812,740	1,094,681	1,175,745	1,257,040	1,202,319	1,240,743
1,018,706	1,063,127	1,345,068	1,426,132	1,507,427	1,452,706	1,491,130
245,944	249,857	278,811	277,175	229,124	202,034	195,281
15,970	(68,937)	(188,117)	(442,534)	(221,477)	(384,745)	(355,569)
1,280,620	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842
1,367,864	1,321,234	1,313,880	1,190,726	1,380,166	1,276,004	1,342,471
(87,244)	(77,187)	121,882	70,047	134,908	(6,009)	(11,629)
1,280,620	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842
201,122	69,321	89,435	66,561	417,354	123,421	311,453
126,441	138,780	144,801	139,319	148,817	171,647	177,492
13.26	14.77	18.69	18.33	16.06	10.05	9.74
13.00	12.00	15.00	13.00	13.00	9.00	6.00
1.02x	1.23x	1.25x	1.41x	1.24x	1.12x	1.62x
40.69	42.46	53.72	56.96	60.20	58.02	59.55
34.40%	35.54%	38.86%	33.13%	27.41%	17.00%	16.57%
33.72%	28.87%	31.19%	23.49%	22.19%	15.23%	10.21%
35.98%	41.06%	45.60%	50.87%	39.66%	27.03%	29.01%
11.16	10.66	7.55	13.78	7.03	12.73	9.36
8.79%	7.62%	10.63%	5.14%	11.52%	7.03%	6.59%
98.03%	81.22%	80.26%	70.91%	80.95%	89.55%	61.61%
1.13	1.37	1.75	1.83	1.78	1.81	1.88
16:84	9:91	1:99	0:100	0:100	0:100	0:100
0.96	1.21	1.88	2.31	2.01	1.91	1.81
30.54x	32.14x	48.23x	196.19x	203.70x	177.13x	171.62x
18.36	16.87	15.92	14.57	17.15	14.86	15.72
44.68%	41.96%	39.58%	42.95%	34.06%	30.81%	27.14%
147.95	157.55	141.15	252.70	112.82	127.95	91.10

Note 1 Figures restated based on bonus issues.
Note 2 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

	2010	2009	2008	2007	15 month ended 31 December 2006 (Restated)	2005
			'000 Rupees			
Net sales	2,530,022	2,307,741	2,453,341	2,174,515	2,299,531	1,752,399
Cost of sales	(1,843,248)	(1,596,752)	(1,617,694)	(1,240,494)	(1,389,319)	(1,017,016)
Gross profit	**686,774**	**710,989**	**835,647**	**934,021**	**910,212**	**735,383**
Distribution and marketing expenses	(195,134)	(152,785)	(158,681)	(146,869)	(172,164)	(117,361)
Administrative expenses	(149,054)	(132,727)	(130,094)	(118,702)	(134,459)	(114,797)
Other operating expenses	(52,576)	(99,612)	(54,948)	(58,485)	(49,191)	(38,067)
Other operating income	123,214	165,744	58,471	75,901	113,200	53,127
Operating profit before Reorganization / restructuring cost	**413,224**	**491,609**	**550,395**	**685,866**	**667,598**	**518,285**
Reorganization / restructuring cost	(36,000)	(115,200)	-	-	(56,900)	-
Operating profit after Reorganization / restructuring cost	**377,224**	**376,409**	**550,395**	**685,866**	**610,698**	**518,285**
Finance costs	(2,198)	(2,125)	(2,702)	(3,496)	(12,661)	(16,126)
Profit before tax	**375,026**	**374,284**	**547,693**	**682,370**	**598,037**	**502,159**
Taxation	(131,201)	(122,672)	(145,587)	(223,321)	(130,073)	(132,235)
Profit for the year	**243,825**	**251,612**	**402,106**	**459,049**	**467,964**	**369,924**
Vertical Analysis			Percentage of sales			
Net sales	100	100	100	100	100	100
Cost of sales	-73	-69	-66	-57	-60	-58
Gross profit	**27**	**31**	**34**	**43**	**40**	**42**
Distribution and marketing expenses	-8	-7	-6	-7	-7	-7
Administrative expenses	-6	-6	-5	-5	-6	-7
Other operating expenses	-2	-4	-2	-3	-2	-2
Other operating income	5	7	2	3	5	3
Operating profit before Reorganization / restructuring cost	**16**	**21**	**23**	**31**	**30**	**29**
Reorganization / restructuring cost	-1	-5	0	0	-2	0
Operating profit after Reorganization / restructuring cost	**15**	**16**	**23**	**31**	**28**	**29**
Finance costs	0	0	0	0	-1	-1
Profit before tax	**15**	**16**	**23**	**31**	**27**	**28**
Taxation	-5	-5	-6	-10	-6	-8
Profit for the year	**10**	**11**	**17**	**21**	**21**	**20**
Horizontal Analysis			Percentage increase / (decrease) over preceeding year			
Net sales	10	-6	13	-5	31	
Cost of sales	15	-1	30	-11	37	
Gross profit	**-3**	**-15**	**-11**	**3**	**24**	
Distribution and marketing expenses	28	-4	8	-15	47	
Administrative expenses	12	2	10	-12	17	
Other operating expenses	-47	81	-6	19	29	
Other operating income	-26	183	-23	-33	113	
Operating profit before Reorganization / restructuring cost	**-16**	**-11**	**-20**	**3**	**29**	
Reorganization / restructuring cost	-69	100	0	-100	100	
Operating profit after Reorganization / restructuring cost	**0**	**-32**	**-20**	**12**	**18**	
Finance costs	3	-21	-23	-72	-21	
Profit before tax	**0**	**-32**	**-20**	**14**	**19**	
Taxation	7	-16	-35	72	-2	
Profit for the year	**-3**	**-37**	**-12**	**-2**	**27**	

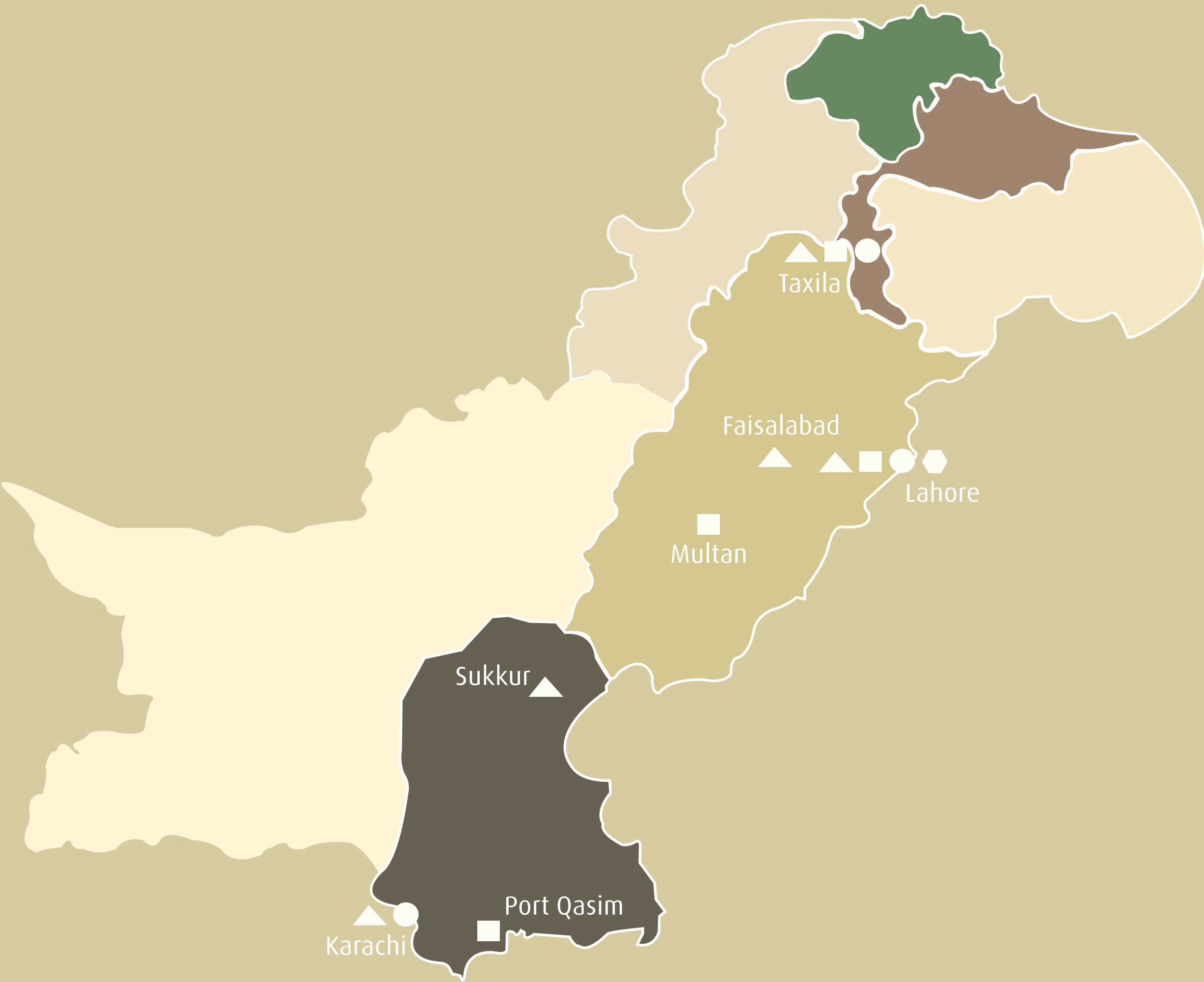
Balance Sheet
Vertical and Horizontal Analysis

	2010	2009	2008	2007	2006 (Restated)	2005
	'000 Rupees					
Equity and Liabilities						
Total equity	1,491,130	1,452,706	1,507,427	1,426,132	1,345,068	1,063,127
Total non-current liabilities	317,776	317,599	342,125	381,556	373,949	368,126
Total current liabilities	578,329	545,644	462,748	471,324	458,755	533,591
Total equity and liabilities	**2,387,235**	**2,315,949**	**2,312,300**	**2,279,012**	**2,177,772**	**1,964,844**
Assets						
Total non-current assets	1,342,471	1,276,004	1,380,166	1,190,726	1,313,880	1,321,234
Total current assets	1,044,764	1,039,945	932,134	1,088,286	863,892	643,610
Total assets	**2,387,235**	**2,315,949**	**2,312,300**	**2,279,012**	**2,177,772**	**1,964,844**
Vertical Analysis	Percentage of Balance Sheet Total					
Equity and Liabilities						
Total equity	63	63	65	62	62	54
Total non-current liabilities	13	14	15	17	17	19
Total current liabilities	24	23	20	21	21	27
Total equity and liabilities	**100**	**100**	**100**	**100**	**100**	**100**
Assets						
Total non-current assets	56	55	60	52	60	67
Total current assets	44	45	40	48	40	33
Total assets	**100**	**100**	**100**	**100**	**100**	**100**
Horizontal Analysis	Percentage increase / (decrease) over preceeding year					
Equity and Liabilities						
Total equity	3	-4	6	6	27	
Total non-current liabilities	0	-7	-10	2	2	
Total current liabilities	6	18	-2	3	-14	
Total equity and liabilities	**3**	**0**	**1**	**5**	**11**	
Assets						
Total non-current assets	5	-8	16	-9	-1	
Total current assets	0	12	-14	26	34	
Total assets	**3**	**0**	**1**	**5**	**11**	

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
	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 051-4560701-05 051-4560700	ASU Plant
	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 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



▲ Sales Offices
Karachi
Sukkur
Lahore
Faisalabad
Taxila

■ Plants
100 TPD ASU, 23 TPD CO_2 & 9,360 m³/day Hydrogen Port Qasim
44 TPD ASU & 40 Kg/Hour Nitrous Oxide Lahore
30 TPD ASU Taxila
60 TPD CO_2 Multan

● Company Owned
Compressing Stations

⬢ Project
Upto 150 TPD ASU Plant to be installed at Sundar
Industrial Estate, Lahore

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 2010.

National Economy

Pakistan's economy bounced back strongly and registered a 4.1% GDP growth in FY10 from its historical low of 1.2% in the preceding year. Unfortunately, poor law & order situation, persistent energy shortages, renewed increase in inflation, high interest rates, together with the impact of floods has arrested the recovery process towards a more sustained and stable growth trajectory. Analysts believe that if the current trend is not arrested it would further hurt the economy and stall back GDP growth to 2.1% in FY11.

Nevertheless, prospects of a strong rebound in the background of the ongoing reform process should outweigh the short lived post flood concerns. Therefore, progress achieved during FY10 is encouraging and provides a base for a swift transition to the envisaged growth trajectory and achieve the IMF's projected GDP growth of 6% by FY15.

Company Operations & Performance

Despite the difficult market environment and persistent business challenges owing to stiff competition in the ASU products and CO_2 business, your Company achieved a higher gross turnover of Rs 2.831 billion which grew by Rs 188 million, representing an increase of 7% over the last year. However, the year under review witnessed a number of operating difficulties in Q1 FY10 including:

- A deteriorating power supply situation, which increased the frequency of plant shutdowns and caused shortages of ASU product availability in the Northern region;
- Plants at Lahore and Port Qasim were required to undergo necessary repairs; and
- Production of nitrous oxide was affected for sometime by restrictions imposed by the government on local procurement of ammonium nitrate, a main raw material available in Pakistan only from a single source, and so had to be imported at a significantly higher cost.

Further, lower demand from the important ship-breaking sector, the rising fuel & energy charges, and consequently higher cost of production & distribution also put pressure on margins. Additionally, Rs 36 million was incurred towards payments for the re-organization/re-structuring of the Company initiated in 2009, a full and final settlement to workers relieved in the current year, and an ex-gratia payment to the outgoing Chief Executive.

As a result, profitability remained under pressure. However, the impact was contained to a great extent by operating and business improvements made in Q4 FY10, a higher interest income, some one-off gains which include receipt of an insurance claim of Rs 60 million on account of business interruption resulting from the fire in the Port Qasim grid station, and a downward revision of estimates for liabilities on account of discounts. Consequently, operating profit remained at Rs 413 million which was lower by 16% but profit after tax at Rs 244 million was only 3% lower compared to the same period last year. Since profit after tax is almost at the same level as the previous year, the basic and diluted earning per share for the year is very marginally lower at Rs 9.74 per share compared to Rs 10.05 in 2009.

Operations

BOC Pakistan operates a Micro LIN Plant which supports the country's biggest refinery, PARCO, in Qasba Gujrat near Multan. Also liquid nitrogen is supplied to the refinery via road tankers from Lahore and Port Qasim which travel a distance of 480 km and 960 km respectively. The widespread flooding that devastated a third of Pakistan in August 2010 destroyed several roads leading to the refinery as well as flooded the refinery and its surrounding areas, making access difficult. However, due to the commendable commitment of the Company's local Operations and Distribution teams, the supply of nitrogen, very critical for the safety of the refinery's storage tanks, was maintained intact throughout the crisis.

BOCP tanker loaded with supplies passing through the floodwaters which reflects Company's business commitment to the customers

Except for Quarter 1, as reported earlier, all the BOC plants located at Port Qasim, Lahore, Multan, Qasba Gujrat, Taxila and Wah operated efficiently during the year, and emphasis was kept on keeping the plants operational at optimum levels while maintaining high safety standards. The outages and interrupted power supply situation, especially in the Northern region, however, affected ASU product availability.

Sales

Industrial and Medical Gases

Despite the adverse impact of the energy crisis and floods, almost all of the business segments showed an improved volume performance compared to last year and the overall sales performance as reported above registered a significant growth of 13% over the previous year despite production issues in the 1st Quarter of the year.

The demand from the steel sector remained sluggish throughout the year and the Carbon Dioxide business also remained challenging owing to a fierce competitive environment.

However, the growth in other sectors including Glass, Health Care etc. more than compensated for this shortfall. Liquid nitrogen volume also recorded a growth of 4% mainly due to increased demand in the Chemical and Oil & Gas sectors, and similarly, the Special Gases and Dissolved Acetylene Business improved by 16% and 14% respectively.

Welding & Others

The overall Welding Business sales were 2% lower than the previous year mainly due to a supply shortage in local production during the 1st quarter. However, this was partially mitigated by increased sales of imported electrodes that registered an impressive 33% growth, and the Carbide business which improved by 5% compared to last year.

Projects

A major development during this year was the approval of an investment of about Rs 2 billion for the largest Air Separation Plant in Pakistan. The new state-of-the-art plant will be located in Sundar Industrial Estate, Lahore and be capable of producing upto 150 tons per day of merchant and gaseous products which include oxygen, nitrogen and argon gases. The investment will also include distribution equipment required to support the volume growth with existing and new customers.

Civil work in progress at Sundar Industrial Estate, Lahore for Company's new state-of-the-art ASU plant

The Company has successfully completed the financing arrangements of the project, acquired the required land at Sundar Industrial Estate, Lahore, and manufacturing of the core plant and related equipment by the overseas manufacturers is already underway. Overall the project is proceeding on plan and is expected to be commissioned by the 1st Quarter 2012. Currently, BOCP supports demand in the north from its two plants, one located in Lahore (40 TPD liquid) and the other in Taxila (30 TPD liquid) but actual output from the two plants is below design due to age of the plants and power issues. Once the new ASU plant is operational it would replace the 44-year old ASU plant at Lahore and with a more reliable power supply in the Sundar Estate 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.

Cash Flow Management

The Company gives utmost importance to maintaining positive cash flows with astute and careful management of its working capital, financing and investment activities. Cash generated from operations during the year was Rs 432 million, and outflow on account of the new investment in the Lahore ASU along with other capital expenditure, and dividend payment amounted Rs 256 million and Rs 198 million respectively. Consequently, the Company had a net cash outflow of Rs 22 million and a closing balance of cash and cash equivalents as at 31 December 2010 of Rs 478 million, which earned an interest income of Rs 43 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 34 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 44.

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

The Company's consistent commitment and focus on SHEQ kept it continuously progressing throughout the year towards its vision of "We do not want to harm people or the environment." Golden Rules of Safety remained the Company's guiding principles. Contractors were successfully aligned to BOC Golden Rules of Safety through a communication session, and similarly the theme of "Golden Rules of Safety" on the SHEQ day not only improved people awareness but also enhanced commitment to these rules.

Continuing the Company's strategy of behavioral safety management, "Actsafe" was rolled out at Lahore for distribution drivers and was successfully sustained, resulting in improved transport safety. "Sitesafe" roll out was completed with a session at the Multan plant ensuring alignment of all of BOCP staff with this behavioral safety program.

Four of the Company's plants (Port Qasim, Lahore, Multan and Qasba Gujrat) and the Customer Service Centre (CSC) Karachi successfully maintained Quality Management System (ISO-9001) certification through the surveillance audits. Environmental impact assessment was done at all plants and regular effluents and emissions monitoring was carried out to ensure compliance with NEQS (National Environment and Quality Standards). All of the Company's eight sites have been registered with the Environmental Protection Agency (EPA) for environmental effluent and emissions monitoring and reporting.

BOCP is committed and shall continue its focus on safety and well being of its employees, customers, contractors and the communities it operates in as well as protecting the environment.

High Performance Organization (HPO) – Our Transformation Journey Continues

BOC Pakistan's Journey of transformation into a High Performance Organization continued in 2010, driven by the vision to be "The leading global industrial gases and engineering group, admired for our people who provide innovative solutions that make a difference to the world". The Company's HPO initiative challenges every single of its employees, and is a step-by-step programme that will help it to achieve its goal of becoming a High Performance Organization. All three major elements of the exercise have effectively progressed:

"I am at the Heart of Change"
HPO Road shows were conducted at 3 sites and covered all operational staff to create the sense of ownership and the drive to lead BOC Pakistan's journey to becoming an HPO.

"Journey of Transformation"
HPO is a paradigm shift that requires every employee to commit himself/herself to performance. Our Annual Conference was a review of the progress that we had made and provided a road-map for us to be truly leading.

"We are organized and equipped"
HPO initiatives were centrally recorded, tracked and managed resulting in disciplined execution and committed results. Six Sigma training is being imparted to key employees who will lead critical HPO projects and deliver sustainable benefits.

Industrial Relations

Non-core activities like distribution, janitorial and security services which were available at significantly less cost from third party contractors were outsourced in May 2009. Electrode production was also fully outsourced to significantly improve the profitability of the business. This resulted in the termination of 70 officers and workers, and in 2010 10 more employees were separated as a result of re-organization and restructuring in order to achieve continuing cost efficiencies and process improvement. Out of the 70 employees whose services were terminated in 2009, 60 employees went into litigation seeking reinstatement. In October 2010, we are happy to report, an amicable out of court settlement was signed with the South Union (Karachi) as a consequence of which all the litigant workers and the Union have withdrawn their cases from the courts and all employee dues have been appropriately settled.

Early in January 2010 a collective bargaining agreement was signed with the North West Union (Lahore) for a period of 2 years from June 2009 to June 2011, and subsequent to the out of court settlement on the retrenched workers, a collective bargaining agreement with the South Union was also reached for a similar period.

Despite the litigation and negotiations on the charters of demands, industrial peace prevailed in the Company during 2010.

Corporate Social Responsibility

We, as a socially responsible corporate citizen, view corporate responsibility towards the environment and society in general as a high priority. Each year we make tangible progress across all five action items that underpin our Group's Corporate Responsibility policy. The five dimensions are: Employees, The Environment, Corporate Citizenship, Ethics and Compliance, and Socially Responsible Investment.

Your Company's social welfare activities are evident from the continued support provided to the two government primary schools adopted in Taxila in 2007. More than 200 children in these schools, majority of whom belong to a deprived section of the community and usually remain beyond the reach of even primary education, benefit from the financial assistance provided by your Company.

Your Company also continues to play its role in the area of Corporate and Social Responsibility and contributions towards various charitable causes in the fields of health and education were made during the year. In line with its established policies for Social Responsibility, BOC Pakistan and The Linde Group's RBU South & East Asia headquarters in Singapore contributed a total of Rs 12.2 million towards the relief and rehabilitation efforts for the flood-hit victims in the country during 2010. This donation includes Rs 5,024 thousand paid by the Company; Rs 5,660 thousand received from parent/associated companies; and an amount of Rs 853 thousand and Rs 699 thousand respectively by way of voluntary contributions made by the employees of the Company in Pakistan and the Linde Regional Office Singapore.

MAP Corporate Excellence Award

During the year your Company was awarded a prestigious 'Corporate Excellence Trophy' in the chemical sector by the Management Association of Pakistan (MAP). The Directors would like to congratulate the management on this achievement.

Dr Ishrat Husain, Former Governor, State Bank of Pakistan, presenting the MAP's 27th Corporate Excellence Award – Trophy to Mr Yousuf Husain Mirza, Managing Director, BOC Pakistan

Asia-One Excellence Awards

The Distribution & CES Team of the Company won in the AsiaOne Excellence Awards-2010 organized by the Regional Business Unit South & East Asia of The Linde Group in Malaysia in 2010. The team won the Linde values award in the category of "Empowering People", and the Directors are pleased to congratulate them on winning this prestigious award second time in a row.

Dr Aldo Belloni, Member of the Executive Board of The Linde Group and Mr Sanjiv Lamba, Member of the Executive Board of The Linde Group and Director BOC Pakistan (BOCP), presenting the Asia-One Excellence Award to members of Distribution & CES Team of BOC Pakistan

RSE Finance Superheroes and Country Excellence Awards

A Regional Treasury Project led by Mr M Ashraf Bawany, the Chief Financial Officer of BOC Pakistan won The Linde Group's Singapore Excellence Award 2010 for "Process Excellence". Subsequent to the Finance and Control Team (FICO) of BOCP winning the "Best Finance Team" award in the Region during 2009, some of the high performing members of the Finance & Control Team of BOC Pakistan were also awarded Superheroes Trophies on being declared "Mr Dependable", "Team Champ", "You're a Star" and "Unsung Hero" in recognition of their distinctive services in 2010.

The Directors of your Company are pleased to congratulate the CFO and the FICO Team on winning these awards.

Distribution of Dividends and Appropriation of Profits

BOC Pakistan is in a major reinvestment phase and is actively considering many options and opportunities for growth and new business development. The commitment already made and other possibilities will require an unusually high capex outlay of Rs 2.2 billion, and since it is certain that these investment trends are likely to continue for the next 2-3 years, it will require a considerable conservation of cash as well as appropriately prudent leveraging by the Company. Therefore although the Company has performed at almost the same level of profit after tax compared to the previous year, the Directors in the background described recommend a final cash dividend of Rs 4.50 (45%) per ordinary share of Rs 10 each, making a total dividend for the year of Rs 6.00 (60%), which represents a 62% payout of earnings.

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

	'000 Rupees
Un-appropriated profit as at 31 December 2009	195,666
Final dividend for the year ended 31 December 2009	
at Rs 6.50 per share	(162,752)
Transfer to General Reserve	(32,914)
Net Profit after taxation for the year 2010	243,825
Net Actuarial losses recognized in other comprehensive income	(5,091)
Disposable profit for appropriation	**238,734**
Interim dividend at Rs 1.50 per share paid in September 2010	(37,558)
Un-appropriated profit carried forward	**201,176**

Subsequent Effects

Proposed final dividend at Rs 4.50 per share	112,674
Transfer to General Reserve	88,502
	201,176
Total dividend per share for the year Rs 6.00	**150,232**
EPS – for the year 2010 Rs 9.74 (2009: Rs 10.05)	

Post Balance Sheet Events

There has been no significant event since 31 December 2010 to date, except the declaration of final dividend which is subject to the approval of the Members at the 62nd Annual General Meeting to be held on 22 April 2011. 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 2009:

Mr Yousuf Husain Mirza was appointed as Director on the Board of the Company with effect from 27 October 2010 in place of Mr Syed Ayaz Bokhari who resigned as Director of the Company by the close of business on 26 October 2010. The Board wishes to place on records its appreciation for the valuable contributions made by Mr Syed Ayaz Bokhari during his association with the Company and welcomes Mr Mirza to the Board.

Mr Shamim Ahmad Khan, a nominee of National Investment Trust Limited (NITL), on the Board of the Company resigned as director with effect from 13 July 2010. The directors would like to express their appreciation for the valuable contributions made by Mr Shamim Ahmad Khan during his tenure as director of the Company.

Mr Manzoor Ahmed, representing NITL, was appointed as director on the Board of the Company with effect from 14 July 2010 in place of Mr Shamim Ahmad Khan. The Board welcomes Mr Manzoor Ahmed, who brings with him a wealth of experience of capital markets and corporate governance, and looks forward to his support and guidance.

Chief Executive

Following the resignation of Mr Syed Ayaz Bokhari as Chief Executive of the Company on 26 October 2010, Mr Yousuf Husain Mirza was appointed as Chief Executive & Managing Director of the Company with effect from 27 October 2010.

Mr Mirza joined BOC Pakistan Limited in 1992 as an Engineer. During the last 18 years, he has held a variety of senior country and regional leadership roles in the subsidiaries of The Linde Group, in Pakistan, Philippines and Malaysia. Before taking over as Chief Executive & Managing Director, Mr Mirza was Vice President – Gases in BOCP and responsible for Operations, Distribution & Customer Engineering Services, Safety, Health, Environment & Quality (SHEQ), Procurement, Marketing and Tonnage Sales.

The Board would like to wish Mr Mirza every success in his new assignment as CEO, and to Mr Bokhari in his pursuit of other opportunities.

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 BOC 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 2011, 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 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 28.

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

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
BOC Pakistan Limited Staff Provident Fund	--	210 million as at 31 July 2010
BOC Pakistan Limited Pakistan Employees' Gratuity Fund	102 million as at 31 December 2010	92 million as at 31 December 2009
BOC Pakistan Limited Management Staff Pension Fund	63 Million as at 31 December 2010	60 million as at 31 December 2009
BOC Pakistan Limited Management Staff Defined Contribution Pension Fund	81 Million as at 31 December 2010	68 million as at 31 December 2009

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:

Name of Directors		Number of Board Meetings Attended
1. Mr Munnawar Hamid OBE	Chairman and Non-Executive Director	06
2. Mr Syed Ayaz Bokhari*	Ex-Chief Executive Officer	06
3. Mr Sanaullah Qureshi	Non-Executive Director	04
4. Mr Towfiq Habib Chinoy	Non-Executive Director	06
5. Mr Sanjiv Lamba	Non-Executive Director	04
6. Mr Shamim Ahmad Khan**	Ex-Non-Executive Director	03
7. Mr Ashley David Mills	Non-Executive Director	04
8. Mr Lee Bon Hian	Non-Executive Director	06
9. Mr Manzoor Ahmed***	Non-Executive Director	01

* Resigned from the close of business on 26 October 2010
** Resigned with effect from 13 July 2010
*** Joined the Board with effect from 14 July 2010

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.

m) The pattern of shareholding together with additional information thereon is given on pages 89 and 90.

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 9. The statement is regularly circulated within the Company since 2002. The directors and employees are also aware of the "Code of Conduct" which was introduced by the Company's Holding Company, The BOC Group Limited, U.K.

Future Prospects & Challenges

Your Company continues to remain alive to the economic difficulties at the local and international levels and has focused hard on growth and cost reduction initiatives so that potential risks are mitigated. Investments in the country's largest ASU facility and distribution assets is a reflection of its commitment to continuously evaluate all opportunities to grow and compete effectively despite tough challenges in the business environment. This investment is also reflective of your Company's commitment to the Pakistan market as well as to serve its customers and industry in general in the most effective manner.

As a result of continued strong business performance achieved in Q4 2010 as well as plant improvement initiatives already completed in the last quarter of 2010, we are hopeful that performance of the Company will continue to improve in 2011.

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

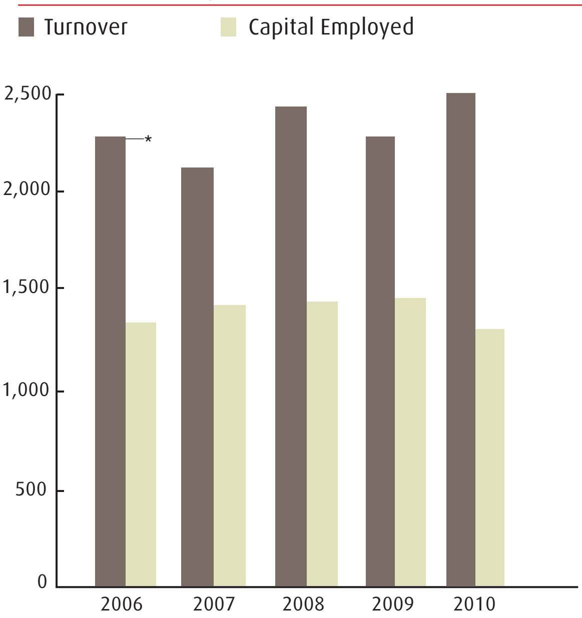
Munnawar Hamid –OBE
Chairman

Karachi:
25 February 2011

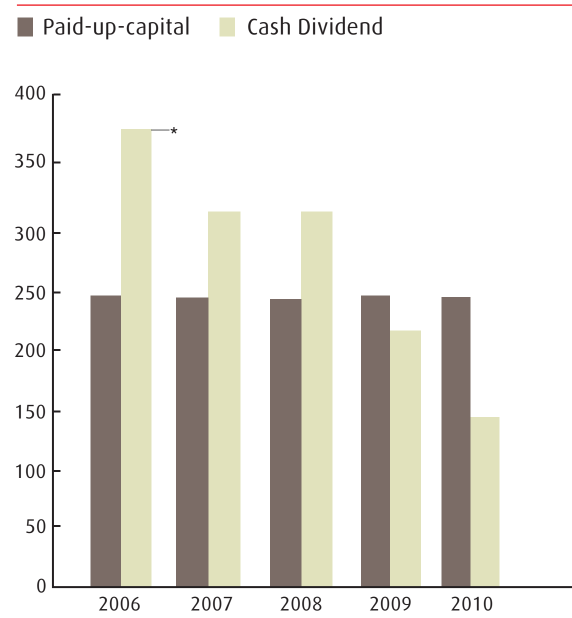
BOC Products serving the pharmaceutical industry to ensure high quality products standards

Key Financial Data

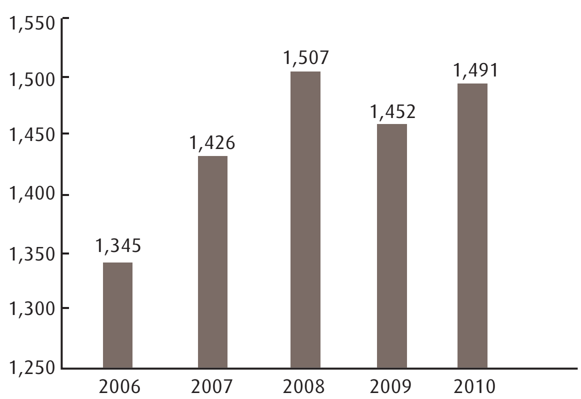
Turnover and Average Capital Employed (Rs in Million)



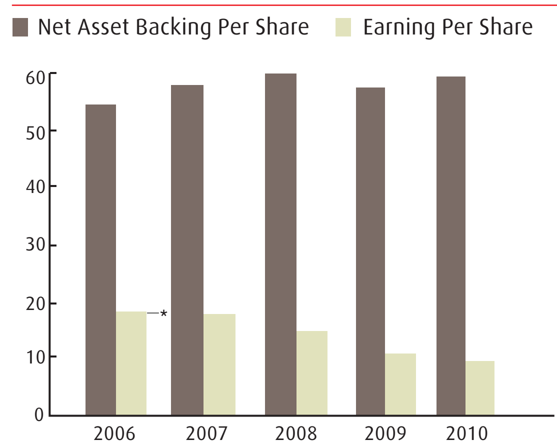
Paid-up capital and cash dividend (Rs in Million)



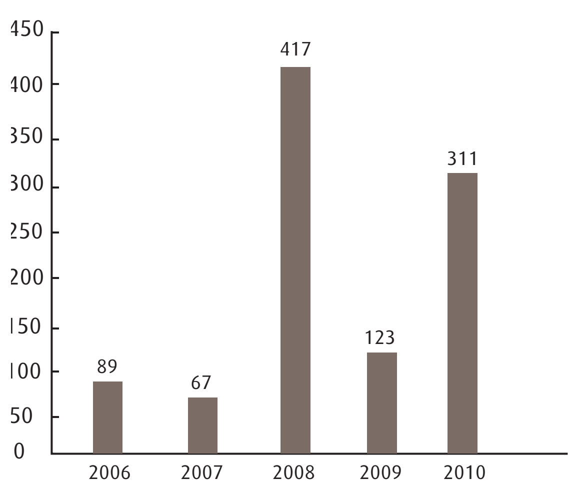
Shareholders' Fund (Rs in Million)



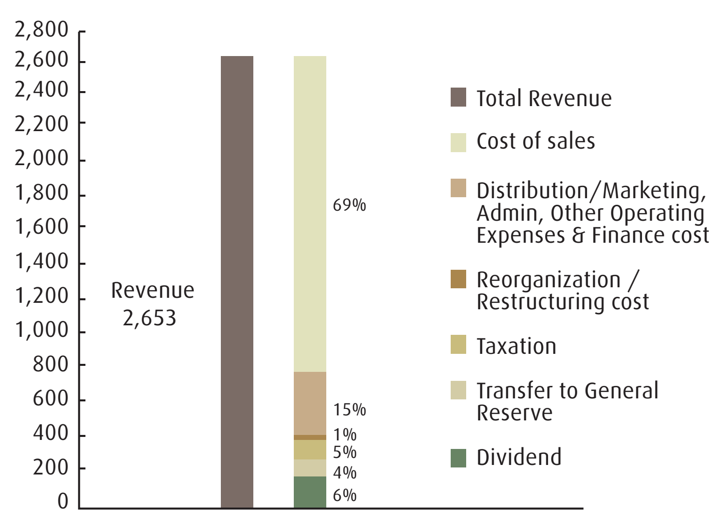
Break up Value and EPS (Rupees)



Capital Expenditure (Rs in Million)



Application of Revenue 2010 (Rs in Million)



*Represents 15 months period from October 2005 to December 2006

BOC Healthcare signed a 5-year contract for supply of Medical Gases to a newly constructed Dow University Hospital, Karachi

BOC Healthcare successfully accomplished installation of Centralized Medical Gases Pipeline System at a newly constructed four hundred bedded Mehrun Nisa Hospital in Karachi

Statement of Value Added by BOC Pakistan Limited during 2010

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:

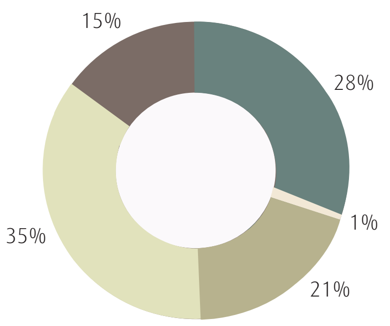
	2010 '000 Rupees	2009 '000 Rupees
Wealth Generated		
Total Revenue (net of sales tax)	2,653,236	2,473,485
Bought-in-material & services	(1,681,443)	(1,464,470)
	971,793	1,009,015
Wealth Distributed		
To Employees		
Salaries, wages and benefits	308,310	280,413
Reorganization / restructuring cost	36,000	115,200
	344,310	395613
To Government		
Income Tax on Profit, Workers' Funds, Import Duties (exclusive of capital items) and un-adjustable Sales Tax	203,968	188,018
To Providers of Capital		
Cash Dividends to Shareholders*	150,232	225,349
Finance cost	2,198	2,125
Retained in the Business		
For replacement of fixed assets :		
Depreciation, net of transfers to general reserves	271,085	197,910
	971,793	1,009,015

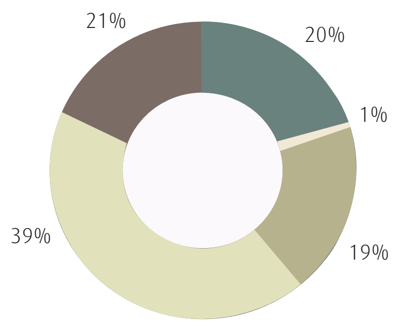
*Includes proposed final dividend declared subsequent to year end

Wealth Generated & Distributed 2010

Wealth Generated & Distributed 2009

Net Retention | To Lenders | To Government | To Employees | To Shareholders





Statement of Compliance with the Code of Corporate Governance for the year ended 31 December 2010

This statement is being presented to comply with the Code of Corporate Governance as contained in the listing regulations of Karachi, Lahore and Islamabad Stock Exchanges for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes seven non-executive directors out of whom 4 are independent directors including one director representing a financial institution (NITL). The remaining one director is the chief executive. .

2. The directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.

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

4. During the year, two casual vacancies occurred in the Board on 13 July and 27 October 2010 and these were filled up within the prescribed period. The Company has filed necessary returns in this regards.

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

6. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including 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. 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.

   During the year, one director attended the "Board Development Series" (BDS), comprising four parts of the programme offered by the Pakistan Institute of Corporate Governance.

10. During the year a new Head of Internal Audit (HoIA) was appointed in place of outgoing HoIA with the approval of the Board. However, no new appointments of Company Secretary and CFO have been made during the 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 2010 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:
25 February 2011

KPMG Taseer Hadi & Co.
Chartered Accountants
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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 ("the Statement") contained in the Code of Corporate Governance prepared by the Board of Directors of **BOC Pakistan Limited** ("the Company") to comply with the Listing Regulations of the respective Stock Exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We 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, Sub-regulation (xiii) of Listing Regulation 35, notified by the Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009, requires the Company to place before the Board of Directors for their consideration and approval of 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 2010.

KPMG Taseer Hadi & Co.
Chartered Accountants

Date: 25 February 2011

Karachi

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Auditors' Report to the Members

We have audited the annexed balance sheet of **BOC Pakistan Limited** ("the Company") as at 31 December 2010 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 respectively give a true and fair view of the state of the Company's affairs as at 31 December 2010 and of the profit, its cash flows, changes in equity and total comprehensive income for the year then ended; and

KPMG Taseer Hadi & Co.

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: 25 February 2011

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Mohammad Mahmood Hussain

Profit and Loss Account

For the year ended 31 December 2010

	Notes	2010 '000 Rupees	2009 '000 Rupees
Gross sales	5	2,830,592	2,642,884
Trade discount and sales tax	5	(300,570)	(335,143)
Net sales		**2,530,022**	**2,307,741**
Cost of sales	6	(1,843,248)	(1,596,752)
Gross profit		**686,774**	**710,989**
Distribution and marketing expenses	7	(195,134)	(152,785)
Administrative expenses	8	(149,054)	(132,727)
Other operating expenses	9	(52,576)	(99,612)
Other operating income	10	123,214	165,744
Operating profit before reorganization / restructuring cost		**413,224**	**491,609**
Reorganization / restructuring cost	11	(36,000)	(115,200)
Operating profit after reorganization / restructuring cost		**377,224**	**376,409**
Finance costs	12	(2,198)	(2,125)
Profit before taxation		**375,026**	**374,284**
Taxation	13	(131,201)	(122,672)
Profit for the year		**243,825**	**251,612**
		Rupees	Rupees
Earnings per share - basic and diluted	14	9.74	10.05

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid OBE
Chairman

Balance Sheet

As at 31 December 2010

	Notes	2010 '000 Rupees	2009 '000 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	15	1,249,277	1,064,448
Net investment in finance lease	16	81,288	199,715
Long term loans	17	677	660
Long term deposits and prepayments		11,229	11,181
		1,342,471	1,276,004
Current assets			
Stores and spares	18	100,785	88,973
Stock-in-trade	19	184,455	166,801
Current maturity of net investment in finance lease	16	65,022	72,335
Trade debts	20	168,854	153,030
Loans and advances	21	7,716	13,846
Deposits and prepayments	22	12,837	11,401
Other receivables	23	27,031	33,249
Cash and bank balances	24	478,064	500,310
		1,044,764	1,039,945
		2,387,235	2,315,949
EQUITY AND LIABILITIES			
Share capital	25	250,387	250,387
Revenue reserves			
General reserve		1,039,567	1,006,653
Unappropriated profit		201,176	195,666
		1,240,743	1,202,319
		1,491,130	**1,452,706**
Non-current liabilities			
Long term deposits	26	122,495	115,565
Deferred liabilities	27	195,281	202,034
		317,776	317,599
Current liabilities			
Trade and other payables	29	536,202	522,777
Provision for taxation - net		42,127	22,867
		578,329	545,644
		2,387,235	2,315,949
Contingencies and commitments	30		

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid OBE
Chairman

Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 '000 Rupees	2009 '000 Rupees
CASH FLOW FROM OPERATING ACTIVITIES			
Cash generated from operations	31	597,379	718,091
Reorganization / restructuring cost paid		(121,046)	(31,090)
Finance costs paid		(2,198)	(2,118)
Income tax paid		(116,207)	(174,532)
Post retirement medical benefits paid		(265)	(261)
Long term loans, deposits and prepayments		(65)	(35)
Long term deposits		6,930	2,564
Net investment in finance lease		67,544	40,273
Net cash from operating activities		**432,072**	**552,892**
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(311,453)	(123,421)
Proceeds from disposal of operating assets		2,367	11,540
Interest received on balances with banks		43,503	26,384
Interest received on investment in finance lease		9,843	12,534
Net cash used in investing activities		**(255,740)**	**(72,963)**
CASH FLOW FROM FINANCING ACTIVITIES			
Dividends paid		(198,578)	(314,097)
Net cash used in financing activities		**(198,578)**	**(314,097)**
Net (decrease) / increase in cash and cash equivalents		**(22,246)**	**165,832**
Cash and cash equivalents at beginning of the year		**500,310**	**334,478**
Cash and cash equivalents at end of the year	24	478,064	**500,310**

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid OBE
Chairman

Statement of Changes in Equity

For the year ended 31 December 2010

	Share Capital	Revenue Reserves		Total
	Issued,subscribed and Paid-up Capital	General Reserve	Unappropriated Profit	
	'000 Rupees	'000 Rupees	'000 Rupees	'000 Rupees
Balance as at 1 January 2009	250,387	925,358	331,682	1,507,427
Total comprehensive income for the year				
Profit for the year	-	-	251,612	251,612
Other comprehensive income for the year:				
Defined benefit plan actuarial gains-net	-	-	6,651	6,651
	-	-	258,263	258,263
Transactions with owners				
Final dividend for the year ended 31 December 2008 - Rs. 10 per share	-	-	(250,387)	(250,387)
Interim dividend for the year ended 31 December 2009 - Rs.2.50 per share	-	-	(62,597)	(62,597)
	-	-	(312,984)	(312,984)
Transfer to general reserve	-	81,295	(81,295)	-
Balance as at 31 December 2009	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:				
Defined benefit plan actuarial losses-net	-	-	(5,091)	(5,091)
	-	-	238,734	238,734
Transactions with owners				
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

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

Yousuf Husain Mirza	Munnawar Hamid OBE
Chief Executive	Chairman

Statement of Comprehensive Income

For the year ended 31 December 2010

	2010 '000 Rupees	2009 '000 Rupees
Profit for the year	243,825	251,612
Other comprehensive income		
Defined benefit plan actuarial (losses) / gains	(7,833)	10,232
Less: Deferred tax	2,742	(3,581)
	(5,091)	6,651
Total Comprehensive income for the year	**238,734**	**258,263**

The annexed notes 1 to 41 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 2010

1. LEGAL STATUS AND OPERATIONS

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.

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.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the 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.

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 effects only that period, or in the period of the revision and future periods if the revision effects 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 38 to these financial statements.

3. STANDARDS, AMENDMENTS AND INTREPRETATIONS

3.1 Standards, amendments and intrepretations 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.

Improvements to IFRSs 2009

Amendments to:
- IFRS 7-Financial Instrument: Disclosure
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments
- IAS 1 Presentation of Financial Statements
- IAS 7 Statement of Cash Flows
- IAS 17 Leases
- IAS 36 Impairment of Assets
- IAS 39 Financial Instruments: Recognition and Measurement

Improvements to IFRSs 2010

- Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters
- Amendment to IFRS 2 – Share-based Payment – Group Cash-settled Share-based Payment Transactions
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
- Improvements to IFRSs 2010 – Amendments to IFRS 3 Business Combinations
- Improvements to IFRSs 2010 – Amendments to IAS 27 Consolidated and Separate Financial Statements
- IAS 24 Related Party Disclosures (revised 2009)

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 2011.

- Amendment to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
- Improvements to IFRS 1 - First-time Adoption of International Financial Reporting Standards
- Amendments to IFRS 7 - Financial Instruments and Disclosures
- IFRS 9 - Financial Instruments
- IAS 24 - Related Party Disclosures (revised 2009)

- Ammendments to IFRIC 14 IAS 19 The Limit on Defined Benefit Assets, Minmum Funding Requirements and their Interaction
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Various improvements to IFRSs 2010
- Amendments to IAS 12 - Income Taxes

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 amortisation 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 2010 aggregates to Rs. 6,334 thousand (2009: Rs. 6,079 thousand). The entire balance relates to 4 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 2010, 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 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 difference 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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 and medical 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:

	2010			2009		
	Industrial & Medical Gas	Welding & Others	Total	Industrial & Medical Gas	Welding & Others	Total
	----------------------------------'000 Rupees	----------------------------------				
Gross sales	2,298,007	532,585	2,830,592	2,100,268	542,616	2,642,884
Less:						
Trade discount	21,995	-	21,995	72,892	-	72,892
Sales tax	205,577	72,998	278,575	189,876	72,375	262,251
	227,572	72,998	300,570	262,768	72,375	335,143
Net sales	**2,070,435**	**459,587**	**2,530,022**	**1,837,500**	**470,241**	**2,307,741**
Less:						
Cost of sales	1,433,082	410,166	1,843,248	1,186,662	410,090	1,596,752
Distribution and marketing expenses	181,092	14,042	195,134	139,859	12,926	152,785
Administrative expenses	138,328	10,726	149,054	121,498	11,229	132,727
	1,752,502	434,934	2,187,436	1,448,019	434,245	1,882,264
Segment result	**317,933**	**24,653**	**342,586**	**389,481**	**35,996**	**425,477**
Unallocated corporate expenses:						
- Other operating expenses			(52,576)			(99,612)
- Other operating income			123,214			165,744
			70,638			66,132
Operating profit before reorganization / restructuring cost			**413,224**			**491,609**
- Reorganization / restructuring cost			(36,000)			(115,200)
Operating profit after reorganization / restructuring cost			**377,224**			**376,409**
Finance costs			(2,198)			(2,125)
Income tax			(131,201)			(122,672)
Profit for the year			**243,825**			**251,612**

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 of industrial and medical gases segment amounting to Rs. 468,107 thousand (2009: Rs. 386,725 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 2010 and capital expenditure for the year then ended are as follows:

	2010			2009		
	Industrial & Medical Gas	Welding & Others	Total	Industrial & Medical Gas	Welding & Others	Total
	'000 Rupees					
- Segment assets	1,709,233	140,448	1,849,681	1,619,908	125,395	1,745,303
Unallocated assets			537,554			570,646
Total assets			2,387,235			2,315,949
- Segment liabilities	136,823	35,660	172,483	174,248	4,442	178,690
Unallocated liabilities			723,622			684,553
Total liabilities			896,105			863,243
- Capital expenditure	311,453	-	311,453	123,421	-	123,421

5.5 All non-current assets of the Company as at 31 December 2010 were located within Pakistan.

6. COST OF SALES

		2010 '000 Rupees	2009 '000 Rupees
Fuel and power		609,981	434,145
Raw materials consumed		263,283	249,313
Third party manufacturing charges		19,128	17,658
Depreciation	15.4	165,129	161,422
Salaries, allowances and other benefits	6.1	135,403	140,603
Transportation expenses		141,423	119,713
Repairs and maintenance		52,608	34,148
Consumable spares		35,995	32,538
Insurance		18,609	16,230
Travelling and conveyance		15,989	12,316
Safety and security expenses		14,051	9,969
Rent, rates and taxes		3,924	2,343
Staff training, development and other expenses		3,392	999
Other expenses		4,344	3,686
Cost of goods manufactured		1,483,259	1,235,083
Opening stock of finished goods		108,401	209,111
Purchase of finished goods		347,226	258,122
Write down of inventory to net realisable value		1,791	2,837
Closing stock of finished goods		(97,429)	(108,401)
		1,843,248	1,596,752

6.1 Salaries, allowances and other benefits include Rs. 6,657 thousand (2009: Rs. 6,622 thousand) in respect of staff retirement benefits.

7. DISTRIBUTION AND MARKETING EXPENSES

		2010	2009
		'000 Rupees	'000 Rupees
Salaries, allowances and other benefits	7.1 & 7.2	119,997	85,947
Technical assistance fee		28,687	25,170
Travelling and conveyance		16,404	12,561
Depreciation	15.4	3,458	3,243
Provision for doubtful debts		5,300	7,509
Communications and stationery		5,523	4,661
Repairs and maintenance		3,324	3,728
Safety and security expenses		2,733	2,948
Office light		3,073	3,099
Rent, rates and taxes		1,903	1,703
Advertising and sales promotion		1,336	974
Staff training, development and other expenses		2,509	319
Other expenses		887	923
		195,134	152,785

7.1 Salaries, allowances and other benefits include Rs.7,455 thousand (2009: Rs. 6,395 thousand) in respect of staff retirement benefits.

7.2 Salaries, allowances and other benefits also include costs amounting to Rs. 15,705 thousand (2009: Nil) associated to an arrangement whereby Vice President - Gases served the Company during the year.

8. ADMINISTRATIVE EXPENSES

		2010	2009
		'000 Rupees	'000 Rupees
Salaries, allowances and other benefits	8.1	83,678	75,941
Travelling and conveyance		13,847	10,773
Information systems support / maintenance		9,267	9,706
Communications and stationery		8,773	8,399
Depreciation	15.4	8,905	6,982
Repairs and maintenance		6,574	6,349
Office light		6,002	5,298
Directors' fee and remuneration		2,662	2,650
Safety and security expenses		2,285	2,633
Insurance		1,349	1,636
Rent, rates and taxes		491	516
Staff training, development and other expenses		3,727	395
Other expenses		1,494	1,449
		149,054	132,727

8.1 Salaries, allowances and other benefits include Rs.7,122 thousand (2009: Rs. 7,338 thousand) in respect of staff retirement benefits.

9. OTHER OPERATING EXPENSES

		2010	2009
		'000 Rupees	'000 Rupees
Power grid station		-	49,484
Old assets written off		-	15,063
	9.1	-	64,547
Workers' Profits Participation Fund		20,141	20,173
Workers' Welfare Fund		7,654	8,447
Legal and professional charges		8,391	4,510
Exchange loss - net		6,649	-
Auditors' remuneration	9.2	1,430	1,430
Donations	9.3	5,811	505
Others		2,500	-
		52,576	99,612

9.1 In May 2009, power grid station was damaged due to fire and accordingly net book value of Rs. 15,063 thousand was written off, and costs amounting to Rs. 49,484 thousand were incurred to rebuild the grid which was subsequently transferred to KESC in pursuance to an agreement.

9.2 Auditors' remuneration

		2010	2009
		'000 Rupees	'000 Rupees
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		80	80
		1,430	1,430

9.3 Donation amounting to Rs. 12,236 thousand was paid towards national flood relief efforts being undertaken by certain recognized welfare trusts. This includes Rs. 5,024 thousand paid by the Company; Rs. 5,660 thousand received from parent / associated companies; and Rs. 853 thousand and Rs. 699 thousand by way of voluntary contributions made by employees of the Company and Linde Regional Office, respectively.

Donations also include:

-Rs. 300 thousand (2009: Rs.300 thousand) to Aga Khan Hospital and Medical College Foundation, Karachi. Mr. Munnawar Hamid OBE, Chairman, is a trustee of the Aga Khan University.

-Rs. 250 thousand (2009: Nil) to Pakistan Parkinson's Society, Karachi. Mr. Munnawar Hamid OBE, Chairman, is Vice Chairman of the Pakistan Parkinson's Society.

10. OTHER OPERATING INCOME

		2010 '000 Rupees	2009 '000 Rupees
Insurance claim	10.1	60,652	50,000
Exchange gain - net		-	33,487
Mark-up income on savings and deposit accounts		42,540	25,701
Income on investment in finance lease		9,843	12,534
Liabilities no more payable written back		7,827	30,961
Gain on disposal of property, plant and equipment		2,352	10,905
Others		-	2,156
		123,214	165,744

10.1 This includes claim of Rs. 60,188 thousand in respect of loss of profit resulting from damage of grid station referred to in note 9.1 of these financial statements. In 2009, Rs. 50,000 thousand represents the claim received against the costs incurred to rebuild the same grid station.

11. REORGANIZATION / RESTRUCTURING COST

This includes ex-gratia paid to the outgoing Chief Executive amounting to Rs. 19,360 thousand as disclosed in Note 33 to these financial statements.

12. FINANCE COSTS

		2010 '000 Rupees	2009 '000 Rupees
Bank charges		1,233	1,380
Guarantee commission and service charges		768	662
Mark-up on short term running finances		117	83
Interest on Workers' Profits Participation Fund		80	-
		2,198	2,125

13. TAXATION

		2010 '000 Rupees	2009 '000 Rupees
Current			
- for the year		131,037	153,298
- for prior years		4,430	422
Deferred		(4,266)	(31,048)
		131,201	122,672

13.1 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:

		2010	2009
		'000 Rupees	'000 Rupees
Profit before taxation		375,026	374,284
Tax at the applicable tax rate of 35% (2009: 35%)		131,259	130,999
Tax effect of non-deductible expenses		5,599	2,879
Effect of tax under final tax regime		(8,848)	(9,949)
Effect of prior years		4,430	422
Others		(1,239)	(1,679)
		131,201	122,672

13.2 Income tax assessments of the Company have been finalised upto and including assessment year 2002-2003 under the provisions of Income Tax Ordinance, 1979 (The repealed ordinance). Income tax returns filed for subsequent years / periods upto tax year 2010 by the Company were deemed to be assessed under section 120 of the Income Tax Ordinance, 2001. However, the Commissioner of Income Tax may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

14. 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.

		2010	2009
		'000 Rupees	'000 Rupees
Profit for the year		243,825	251,612
		'000 Number	'000 Number
Weighted average number of ordinary shares		25,039	25,039
		Rupees	Rupees
Earnings per share - basic and diluted		9.74	10.05

15. PROPERTY, PLANT AND EQUIPMENT

		2010	2009
		'000 Rupees	'000 Rupees
Operating assets	15.1	1,063,832	1,020,722
Capital work in progress	15.5	185,445	43,726
		1,249,277	1,064,448

15.1 Operating assets

	Note	Freehold Land	Leasehold Land	Building on freehold land	Building on leasehold land	Building on customers' land	Plant and machinery	Vehicles	Furniture and fittings	Office equipments	Total
		'000 Rupees									
As at 1 January 2009:											
- Cost		351	10,526	9,341	50,047	19,640	2,097,580	57,753	14,950	46,156	2,306,344
- Accumulated depreciation		-	(3,890)	(6,951)	(22,388)	(7,513)	(1,153,482)	(35,334)	(11,328)	(35,808)	(1,276,694)
- Net book value		351	6,636	2,390	27,659	12,127	944,098	22,419	3,622	10,348	1,029,650
Additions including transfers		-	-	-	616	-	157,447	5,693	3,109	11,552	178,417
Disposals:											
- Cost		-	-	-	-	-	(7,242)	(15,294)	-	(140)	(22,676)
- Accumulated depreciation		-	-	-	-	-	7,242	14,659	-	140	22,041
		-	-	-	-	-	-	(635)	-	-	(635)
Write offs:											
- Cost		-	-	-	-	-	(51,078)	-	-	-	(51,078)
- Accumulated depreciation		-	-	-	-	-	36,015	-	-	-	36,015
		-	-	-	-	-	(15,063)	-	-	-	(15,063)
Depreciation		-	(856)	(303)	(2,286)	(946)	(153,047)	(8,017)	(539)	(5,653)	(171,647)
Net book value as at 31 December 2009		351	5,780	2,087	25,989	11,181	933,435	19,460	6,192	16,247	1,020,722
Additions including transfers	15.5 & 15.6	42,720	-	-	11,702	509	145,646	6,550	1,771	11,719	220,617
Disposals:	15.3										
- Cost		-	-	-	-	-	(5)	(8,176)	(235)	(3,641)	(12,057)
- Accumulated depreciation		-	-	-	-	-	5	8,176	235	3,626	12,042
		-	-	-	-	-	-	-	-	(15)	(15)
Depreciation	15.4	-	(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
As at 31 December 2009:											
- 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
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 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	

15.2 As at 31 December 2010, plant and machinery included cylinders and Vaccum Insulated Equipments held by third parties, having cost and net book values as follows:

	Cost 2010	Cost 2009	Net book value 2010	Net book value 2009
	'000 Rupees			
Cylinders	78,367	70,229	27,035	26,545
Vaccum Insulated Equipments	292,634	276,828	155,607	155,415
	371,001	347,057	182,642	181,960

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

	Cost	Accumulated depreciation	Net book value	Sales proceeds	Mode of disposal	Particulars of purchasers
	'000 Rupees					
Book value upto Rs. 50,000 each	12,057	12,042	15	2,367	Quotations / Company policy	Various
	12,057	12,042	15	2,367		

15.4 Depreciation has been allocated as follows:

		2010 '000 Rupees	2009 '000 Rupees
Cost of sales		165,129	161,422
Distribution and marketing expenses		3,458	3,243
Administrative expenses		8,905	6,982
		177,492	171,647

15.5 Capital work in progress

	Land and Buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings and office equipments	Total
	'000 Rupees				
As at 1 January 2009	-	93,312	2,325	3,085	98,722
Additions during the year	13,299	86,333	9,063	14,726	123,421
Transfers during the year	(616)	(157,447)	(5,693)	(14,661)	(178,417)
As at 31 December 2009	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

Capital work in progress for plant and machinery as at 31 December 2010 includes cost amounting to Rs. 102,340 thousand (2009: Nil) in relation to the ASU Lahore project.

15.6 During the year, ECOVAR (plants at customer sites) gas supply contracts which had previously been accounted for as finance lease were reclassified. The reclassification took place as a result of the development of ECOVAR business model due to the introduction of supra-regional plant management, control over the plants in regional networks and increased standardisation of the plants. This resulted in reclassification of an amount of Rs. 50,883 thousand from net investment in finance lease to operating assets.

16. NET INVESTMENT IN FINANCE LEASE

	2010 Minimum lease payments	2010 Finance income for future periods	2010 Principal outstanding
	'000 Rupees	'000 Rupees	'000 Rupees
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**

	2009 Minimum lease payments	2009 Finance income for future periods	2009 Principal outstanding
	'000 Rupees	'000 Rupees	'000 Rupees
Not later than one year	82,179	9,844	72,335
Later than one year and not later than five years	209,702	13,368	196,334
Later than five years	3,416	35	3,381
	213,118	13,403	199,715
	295,297	**23,247**	**272,050**

17. LONG TERM LOANS - secured, considered good

		2010	2009
		'000 Rupees	'000 Rupees
Loans to employees		4,128	4,406
Recoverable within one year shown under current assets	21	(3,451)	(3,746)
		677	660

17.1 Reconciliation of the carrying amount of loans

		2010	2009
		'000 Rupees	'000 Rupees
Balance at beginning of the year		4,406	5,780
Disbursements		4,749	5,769
Repayments		(5,027)	(7,143)
Balance at end of the year		4,128	4,406

17.2 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.

18. STORES AND SPARES

		2010	2009
		'000 Rupees	'000 Rupees
Stores		2,479	2,431
Spares		156,054	145,755
In transit		13,211	5,733
		171,744	**153,919**
Provision against slow moving stores and spares		(70,959)	(64,946)
		100,785	88,973

19. STOCK-IN-TRADE

		2010	2009
		'000 Rupees	'000 Rupees
Raw and packing materials		63,659	54,520
In transit		23,367	3,880
		87,026	**58,400**
Finished goods			
- in hand		75,461	107,367
- in transit		21,968	1,034
		97,429	**108,401**
		184,455	166,801

19.1 The cost of raw and packing materials and finished goods has been adjusted to net realisable value by Rs. 15,772 thousand (2009: Rs. 11,384 thousand) as at 31 December 2010.

19.2 Raw and packing materials and finished goods include inventories with a value of Rs. 12,157 thousand (2009: Rs. 26,543 thousand) which are held by a third party.

20. TRADE DEBTS - unsecured

		2010	2009
		'000 Rupees	'000 Rupees
Considered good	20.1	168,854	153,030
Considered doubtful		22,721	18,028
		191,575	**171,058**
Provision for doubtful debts		(22,721)	(18,028)
		168,854	153,030

20.1 These include balances due from related parties amounting to Rs. 475 thousand (2009: Rs. 393 thousand) as at 31 December 2010.

21. LOANS AND ADVANCES - considered good

		2010	2009
		'000 Rupees	'000 Rupees
Loans to employees - secured	17	3,451	3,746
Advances			
- employees		373	599
- suppliers		3,892	9,501
		4,265	10,100
		7,716	13,846

22. DEPOSITS AND PREPAYMENTS

		2010	2009
		'000 Rupees	'000 Rupees
Security deposits		2,089	2,175
Other deposits		9,440	8,335
Prepayments		1,308	891
		12,837	11,401

23. OTHER RECEIVABLES

		2010	2009
		'000 Rupees	'000 Rupees
Mark-up income accrued on savings and deposit accounts		1,968	2,931
Receivable from related parties		2,779	4,257
Receivable from staff retirement benefit funds		19,626	24,175
Sales tax refundable		1,736	-
Others		922	1,886
		27,031	33,249

24. CASH AND BANK BALANCES

		2010	2009
		'000 Rupees	'000 Rupees
Cash in hand		1,949	1,884
Cash with banks:			
- current and savings accounts		126,115	133,426
- deposit accounts		350,000	365,000
		478,064	500,310

25. SHARE CAPITAL

2010	2009		2010	2009
Number of Shares	Number of Shares		'000 Rupees	'000 Rupees
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 2010 and 2009, 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.

26. LONG TERM DEPOSITS

		2010 '000 Rupees	2009 '000 Rupees
Against cylinders		111,539	106,459
Others		10,956	9,106
		122,495	115,565

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

27. DEFERRED LIABILITIES

		2010 '000 Rupees	2009 '000 Rupees
Deferred taxation	27.1	188,947	195,955
Post retirement medical benefits	32.1	6,334	6,079
		195,281	202,034

27.1 Deferred taxation

		2010 '000 Rupees	2009 '000 Rupees
Taxable temporary differences:			
- accelerated tax depreciation		182,801	177,063
- net investment in finance lease		51,207	95,217
- actuarial gain on pension fund		11,036	12,662
- actuarial gain on post retirement medical benefits		934	852
Deductible temporary differences:			
- slow moving stores and spares and stock-in-trade		(30,356)	(26,715)
- post retirement medical benefits		(3,151)	(2,980)
- actuarial loss on gratuity		(2,744)	(1,547)
- reorganization / restructuring cost		-	(29,439)
- doubtful receivables and other provisions		(20,780)	(29,158)
		188,947	195,955

28. 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 amounts to Rs.100,000 thousand (2009 : Rs.185,000 thousand). In addition, a short -term revolving credit / running finance facility amounting to Rs. 124,000 thousand (2009: Nil) has been finalized and would be effective in first quarter of 2011.

The rate of mark-up in the running finance facilities ranges from 1 month KIBOR + 1% to 3 months KIBOR + 1% (2009: 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 stocks and trade debts.

The facilities for opening letters of credit and issuing guarantees as at 31 December 2010 amounted to Rs. 399,000 thousand (2009: Rs. 360,000 thousand) of which the amount remaining unutilised as at the year end was Rs.160,192 thousand (2009: Rs. 235,835 thousand).

29. TRADE AND OTHER PAYABLES

		2010	2009
		'000 Rupees	'000 Rupees
Creditors		172,483	77,579
Accrued liabilities		201,400	163,496
Advances from customers		27,206	28,849
Technical assistance fee		28,687	22,653
Sales tax payable		-	1,259
Workers' Profits Participation Fund		1,145	1,237
Workers' Welfare Fund		20,830	25,687
Unclaimed dividends		16,318	14,584
Reorganization / restructuring cost		-	85,046
Vendor / customer claims		21,936	62,592
Other payables		46,197	39,795
		536,202	522,777

30. CONTINGENCIES AND COMMITMENTS

Contingencies

30.1 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 2010 amounted to Rs. 30,429 thousand (2009: Rs. 28,751 thousand).

Commitments

30.2 Capital commitments outstanding as at 31 December 2010 amounted to Rs. 560,187 thousand (2009: Rs. 53,823 thousand). This includes a letter of intent for purchase of plant and related construction work as part of its expansion plan.

30.3 Commitments under letters of credit for inventory items as at 31 December 2010 amounted to Rs. 37,475 thousand (2009: Rs. 30,116 thousand).

30.4 During the year, the Company has entered into an arrangement, formal agreements of which are in the process of finalization, with a local bank to partially finance ASU Lahore project by way of long term financing facility.

31. CASH GENERATED FROM OPERATIONS

		2010 '000 Rupees	2009 '000 Rupees
Profit before taxation		375,026	374,284
Adjustments for:			
Depreciation		177,492	171,647
Gain on disposal of property, plant and equipment		(2,352)	(10,905)
Operating assets written off		-	15,063
Mark-up income from savings and deposit accounts		(42,540)	(25,701)
Income on investment on finance lease		(9,843)	(12,534)
Finance costs		2,198	2,125
Post retirement medical benefits		752	828
Working capital changes	31.1	96,646	203,284
		597,379	718,091

31.1 Working capital changes

		2010 '000 Rupees	2009 '000 Rupees
(Increase) / decrease in current assets:			
Stores and spares		(11,812)	(5,261)
Stock-in-trade		(17,654)	79,475
Net investment in finance lease		7,313	(13,313)
Trade debts		(15,824)	4,525
Loans and advances		6,130	(2,221)
Deposits and prepayments		(1,436)	3,689
Other receivables		(2,808)	478
		(36,091)	67,372
Increase / (decrease) in current liabilities:			
Trade and other payables		132,737	135,912
		96,646	203,284

32. STAFF RETIREMENT BENEFITS

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

32.1 The amounts recognised in balance sheet are as follows:

	2010			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	'000 Rupees			
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**
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)**

The following amounts have been charged in the profit and loss account in respect of these benefits:

	2010			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	'000 Rupees			
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	(2,667)	(26,360)

	Pension Fund	Gratuity Fund
Composition of plan assets used by the fund	(Percent %)	
Equity	2	5
Debt instruments	94	93
Others	4	2

Expected return on plan assets used by the fund	(Percent % per annum)	
Expected return on equity	16	16
Expected return on debt instruments	14.50	14.50
Expected return on others	11	11

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2009 using the projected unit credit method. The following significant assumptions, were used for the actuarial valuation:

	2009		
	Pension Fund	Gratuity Fund	Medical Scheme
		(Percent % per annum)	
Rate of discount	12.75	12.75	12.75
Expected rate of return on investments	12.75	12.75	-
Expected rate of increase in post retirement benefits	10.75	-	-
Expected rate of increase in future salaries	-	12.75	-
Medical cost escalation rate	-	-	9.75

The amounts recognised in balance sheet for the year ended 31 December 2009 are as follows:

	2009			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	‘000 Rupees			
Present value of defined benefit obligation	44,119	86,042	6,079	136,240
Fair value of plan assets	(60,702)	(92,612)	-	(153,314)
(Asset) / liability in balance sheet	**(16,583)**	**(6,570)**	**6,079**	**(17,074)**
Present value of defined benefit obligation - beginning of the year	45,829	92,337	5,703	143,869
Current service cost	-	5,739	-	5,739
Interest cost	6,662	13,927	828	21,417
Actuarial (gains) / losses on obligations	(5,542)	(6,322)	(191)	(12,055)
Benefits paid	(2,830)	(19,639)	(261)	(22,730)
Present value of defined benefit obligation - closing date	**44,119**	**86,042**	**6,079**	**136,240**
Fair value of plan assets - beginning of the year	(53,442)	(96,555)	-	(149,997)
Expected return on plan assets	(7,804)	(14,516)	-	(22,320)
Actuarial (gains) / losses	(2,286)	4,109	-	1,823
Benefits paid	2,830	19,639	-	22,469
Contribution to fund	-	(5,289)	-	(5,289)
Fair value of plan assets - closing date	**(60,702)**	**(92,612)**	**-**	**(153,314)**

The following amounts have been charged in the profit and loss account in respect of these benefits:

	2009			
	Pension Fund	Gratuity Fund	Medical Scheme	Total
	'000 Rupees			
Current service cost	-	5,739	-	5,739
Interest cost	6,662	13,927	828	21,417
Expected return on plan assets	(7,804)	(14,516)	-	(22,320)
	(1,142)	**5,150**	**828**	**4,836**
Actual return on plan assets	10,090	10,407	-	20,497
Expected contributions to funds in the following year	(2,114)	5,071	752	3,709
Expected benefit payments to retirees in the following year	3,127	3,461	-	6,588
Accumulated actuarial (gains) / losses recognised in equity	(36,180)	4,423	(2,436)	(34,193)

Composition / fair value of plan assets used by the fund	(Percent %)	
Equity / mutual funds	1	6
Debt instruments	92	71
Others	7	23

Expected return on plan assets used by the fund	(Percent % per annum)	
Expected return on equity / mutual funds	14	14
Expected return on debt instruments	12.75	12.75
Expected return on others	11.25	11.25

32.2 Historical information:

	2010	2009	2008	2007	2006
	'000 Rupees				
Present value of the defined benefit obligation	153,204	136,240	143,870	192,930	199,097
Fair value of plan assets	(164,230)	(153,314)	(149,997)	(173,362)	(187,180)
(Surplus) / deficit in the plan	**(11,026)**	**(17,074)**	**(6,127)**	**19,568**	**11,917**
Experience adjustments arising on plan liabilities	2,664	(12,055)	(7,000)	13,986	(2,642)
Experience adjustments arising on plan assets	(4,724)	1,823	(185)	(10,288)	(55,809)

33. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

		2010		2009	
		Chief Executive	Executives	Chief Executive	Executives
		'000 Rupees			
Managerial remuneration		9,521	50,633	8,549	38,977
Bonus, house rent, utilities, etc.	33.3	12,390	45,620	4,876	28,552
Company's contribution to staff retirement benefits		2,143	13,029	2,063	11,547
Ex-gratia to outgoing chief executive		19,360	-	-	-
Compensated absences		-	678	-	441
Medical and others		287	1,943	254	1,736
		43,701	111,903	15,742	81,253
Number of persons (including those who worked part of the year)		2	52	1	42

33.1 The Chief Executive and certain executives of the Company are provided with free use of cars as per terms of employment. Vehicle in the use of outgoing Chief Executive has been transferred to him at net book value.

33.2 Aggregate amount charged in the financial statements for fee to four directors was Rs. 256 thousand (2009: four directors - Rs. 244 thousand).

33.3 This includes amount of Rs. 3,028 thousand and Rs. 3,797 thousand (2009: Rs. 1,518 thousand and Rs. 662 thousand) payable in cash to Chief Executive, outgoing Chief Executive and certain executives , respectively, on completion of qualifying period of service, based on share value of ultimate parent company. The total liability outstanding at year end in respect of share based payment arrangement amounts to Rs. 9,470 thousand (2009: Rs.3,666 thousand). Bonus also includes short term incentive plan for 2009 and 2010 paid to the outgoing Chief Executive amounting to Rs. 8,019 thousand (2009: Rs. 2,123 thousand).

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

		2010	2009
		'000 Rupees	'000 Rupees
Remuneration to Chairman of the Board of Directors		1,920	1,920
Remuneration to Chairman of Board Audit Committee		486	486
		2,406	2,406

34. FINANCIAL RISK MANAGEMENT

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

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

34.1 Credit risk

Credit risk represents the risk of financial loss that would be 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. 699,044 thousand (2009: Rs.712,686 thousand), the financial assets which are subject to credit risk amount to Rs. 214,884 thousand (2009: Rs. 205,039 thousand) and the details are as follows:

		2010 '000 Rupees	2009 '000 Rupees
Loans to employees	34.1.1	4,128	4,406
Deposits		22,703	21,691
Trade debts	34.1.2	168,854	153,030
Other receivables		25,295	33,249
Cash and bank balances		478,064	500,310
		699,044	712,686

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

34.1.2 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. 54,117 thousand (2009: Rs. 53,420 thousand). Trade debts due by more than 90 days amounted to Rs. 4,788 thousand (2009: Rs. 3,977 thousand), net of impairment, as at 31 December 2010.

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

		2010 '000 Rupees	2009 '000 Rupees
Opening balance		18,028	11,521
Provision for the year		5,300	7,509
Written off during the year		(607)	(1,002)
Closing balance		22,721	18,028

34.2 Liquidity risk

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

	2010		2009	
	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year
	'000 Rupees			
Long term deposits	-	122,495	-	115,565
Trade and other payables	458,360	-	311,382	-
	458,360	122,495	311,382	115,565

34.3 Market risk

i) Foreign exchange risk

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

The Company is exposed to foreign exchange risk arising from currency exposures. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities, denominated in a currency that is not the Company's functional currency. The Company ensures that its net exposure is kept to an acceptable level at all times. The Company's ability to mitigate foreign exchange risk has, however, been curtailed as a result of State Bank of Pakistan regulation by way of which issuance of new forward covers against letters of credit has been disallowed.

The significant currency exposure at year end was as follows:

	2010				
	Euro	USD	SGD	GBP	Total
	Equivalent '000 Rupees				
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

	2009				
	Euro	USD	SGD	GBP	Total
Financial Assets	Equivalent '000 Rupees				
Investment in finance lease	-	-	-	211,035	211,035
Other receivables	491	128	660	2,978	4,257
	491	128	660	214,013	215,292
Financial liabilities					
Trade and other payables	(10,499)	(10,023)	(170)	-	(20,692)
Net exposure	(10,008)	(9,895)	490	214,013	194,600

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	
	2010	2009	2010	2009
Euro	112.95	113.49	115.00	122.00
US Dollar	85.12	82.00	85.66	84.00
Singapore Dollar	62.50	56.19	66.50	60.00
Pound Sterling	131.55	129.00	134.00	136.00

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)	
	2010	2009
	'000 Rupees	'000 Rupees
Euro	(576)	(651)
US Dollar	(4,190)	(643)
Singapore Dollar	(339)	49
Pound Sterling	7,397	13,911
	2,292	12,666

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 rates.

The Company has no significant long term interest bearing financial assets and liabilities whose fair value or future cash flows will fluctuate because of changes in market inertest rates.

As at the balance sheet date, the interest bearing financial instruments comprised bank balances in savings accounts and short term deposits.

iii) Price risk

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

The Company is not exposed to price risk.

34.4 Fair values of financial assets and liabilities

Fair value is the 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.

35. CAPITAL MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the entity’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- to maintain a strong capital base to support the sustained development of its businesses.

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

The Company is not subject to externally imposed capital requirements.

36. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of group companies, entities with common directors, major shareholders, key management employees 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.

36.1 Transactions with related parties are summarised as follows:

		2010 '000 Rupees	2009 '000 Rupees
Nature of relationship	Nature of transactions		
The BOC Group Limited (Parent)	Technical assistance fee	28,687	25,170
	Final Dividend	97,651	150,232
	Interim Dividend	22,535	37,558
Linde AG (Ultimate parent)	Information systems support / maintenance	9,267	9,706
Associated Companies	Purchase of plant and machinery, plant spares, welding equipments and electrodes, gases and gas cylinders	49,857	54,204
	Reimbursement of staff related cost incurred by associated companies on behalf of the Company	21,766	-
	Reimbursement of staff related cost incurred by the Company on behalf of associated companies	8,497	3,099
Related entities by virtue of common directorship	Sale of goods	12,729	14,342
	Insurance premium (net of commission)	370	508
Staff Retirement Benefits	Contributions to BOC Pakistan Limited- Staff Provident Fund	8,777	8,233
	Contributions to Management Staff Defined Contribution Pension Fund	8,748	7,285
	Contributions to Management Staff Pension Fund	(2,114)	(1,142)
	Contributions to BOC Pakistan Limited - Pakistan Employees' Gratuity Fund	5,071	5,150

	2010	2009
	'000 Rupees	'000 Rupees
Meeting fee to Directors and remuneration to Non-Executive Directors	2,662	2,650
Actuarial gain recognised during the period in the Statement of Comprehensive Income on account of:		
- Management staff pension fund	4,647	7,828
- Pakistan Employees' Gratuity Fund	3,418	2,213

36.2 Balances with related parties are summarised as follows:

	2010	2009
	'000 Rupees	'000 Rupees
Receivable from associates in respect of trade debts	475	393
Receivable from associates in respect of other receivables	2,779	4,257
Payable to holding company / associate in respect of trade and other payables	(59,939)	(34,975)
Payable to Staff Provident Fund	(1,536)	(1,341)
Receivable from Management Staff Defined Contribution Pension Fund	2,266	1,023
Receivable from Management Staff Pension Fund	14,050	16,582
Receivable from Employees Gratuity Fund	3,310	6,570

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

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

The related party balances as at 31 December 2010 are included in trade debts, other receivables and trade and other payables, respectively.

37. PRODUCTION CAPACITY

	Unit of quantity	Number of shifts	Capacity 31 December 2010	Capacity 31 December 2009	Actual production* 31 December 2010	Actual production* 31 December 2009	Remarks
Oxygen/Nitrogen	Cubic meters	Triple shift	52,248,000	52,248,000	44,749,272	41,646,947	-
Hydrogen	Cubic meters	Triple shift	3,434,000	3,434,000	2,198,185	1,745,683	Dedicated supply scheme
Dissolved acetylene	Cubic meters	Single shift	278,667	278,667	126,218	109,426	Shortfall in demand
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	19,025,542	22,934,996	Shortfall in demand
Welding electrodes	Metric tons	Triple shift	2,400	2,400	-	356	Note 37.1
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	8,763	11,345	Seasonal demand variation

* Net of normal losses

37.1 Since May 16, 2009, the Company has suspended in house production of welding electrodes and the production activity has been outsourced to third party manufacturers.

38. 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.

39. DATE OF AUTHORIZATION

These financial statements were authorized for issue on 25 Feburary 2011 by the Board of Directors of the Company.

40. CORRESPONDING FIGURES

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

41. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET

The Board of Directors in its meeting held on 25 February 2011 (i) approved the transfer of Rs. 88,502 thousand from unappropriated profit to general reserve; and (ii) proposed a final dividend of Rs. 4.50 per share for the year ended 31 December 2010, amounting to Rs. 112,674 thousand for approval of the members at the Annual General Meeting to be held on 22 April 2011.

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid OBE
Chairman

Pattern of Shareholding

As at 31 December 2010

Number of Shareholders	Shareholding From		Shareholding To	Total Number of Shares Held
483	1	-	100	23,758
590	101	-	500	189,677
344	501	-	1,000	280,936
448	1,001	-	5,000	1,106,325
96	5,001	-	10,000	693,434
42	10,001	-	15,000	520,630
29	15,001	-	20,000	509,291
19	20,001	-	25,000	429,298
13	25,001	-	30,000	358,356
6	30,001	-	35,000	193,912
7	35,001	-	40,000	265,951
4	40,001	-	45,000	170,753
5	45,001	-	50,000	239,417
1	50,001	-	55,000	50,290
1	75,001	-	80,000	78,787
1	80,001	-	85,000	82,657
1	90,001	-	95,000	92,020
1	100,001	-	105,000	101,200
1	110,001	-	115,000	112,000
1	155,001	-	160,000	157,230
1	205,001	-	210,000	206,845
1	280,001	-	285,000	280,099
1	295,001	-	300,000	298,507
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	15,010,001	-	15,015,000	15,013,230
2102				25,038,720

Shareholders' Category	Number of Shareholders	Number of Share held	Percentage
Individuals	2,018	4,564,003	18.23
Joint Stock Companies	32	548,547	2.19
Associated Company and its nominees*	7	15,023,232	60.00
Insurance Companies	6	1,782,196	7.12
Financial Institutions	10	1,739,365	6.95
Modarabas	1	50,290	0.20
Charitable Trusts	6	100,234	0.40
Mutual Funds	4	1,029,094	4.11
Investment Companies	2	484	0.00
Others	16	201,275	0.80
	2,102	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%

Pattern of Shareholding

As at 31 December 2010 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
National Investment Trust Limited	1	29,056
Investment Corporation of Pakistan	1	300
Directors, CEO and their spouse and minor children (name wise details)		
Mr Towfiq Habib Chinoy	1	17,500
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	19	3,604,548
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 **BOC 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 22nd day of April 2011 and at any adjournment thereof.

As witness my/our hand/seal this ________ day of ________________ 2011.

Signed by the said ______________________________

In the presence of:

1. Signature: ______________________________
   Name: ______________________________
   Address: ______________________________
   CNIC or Passport No. ______________________________

2. Signature: ______________________________
   Name: ______________________________
   Address: ______________________________
   CNIC or Passport No. ______________________________

Folio / CDC Account No.

Signature on
Revenue Stamp of
Rs. 10/=

This signature should agree with the
specimen registered with the Company

Important:

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:

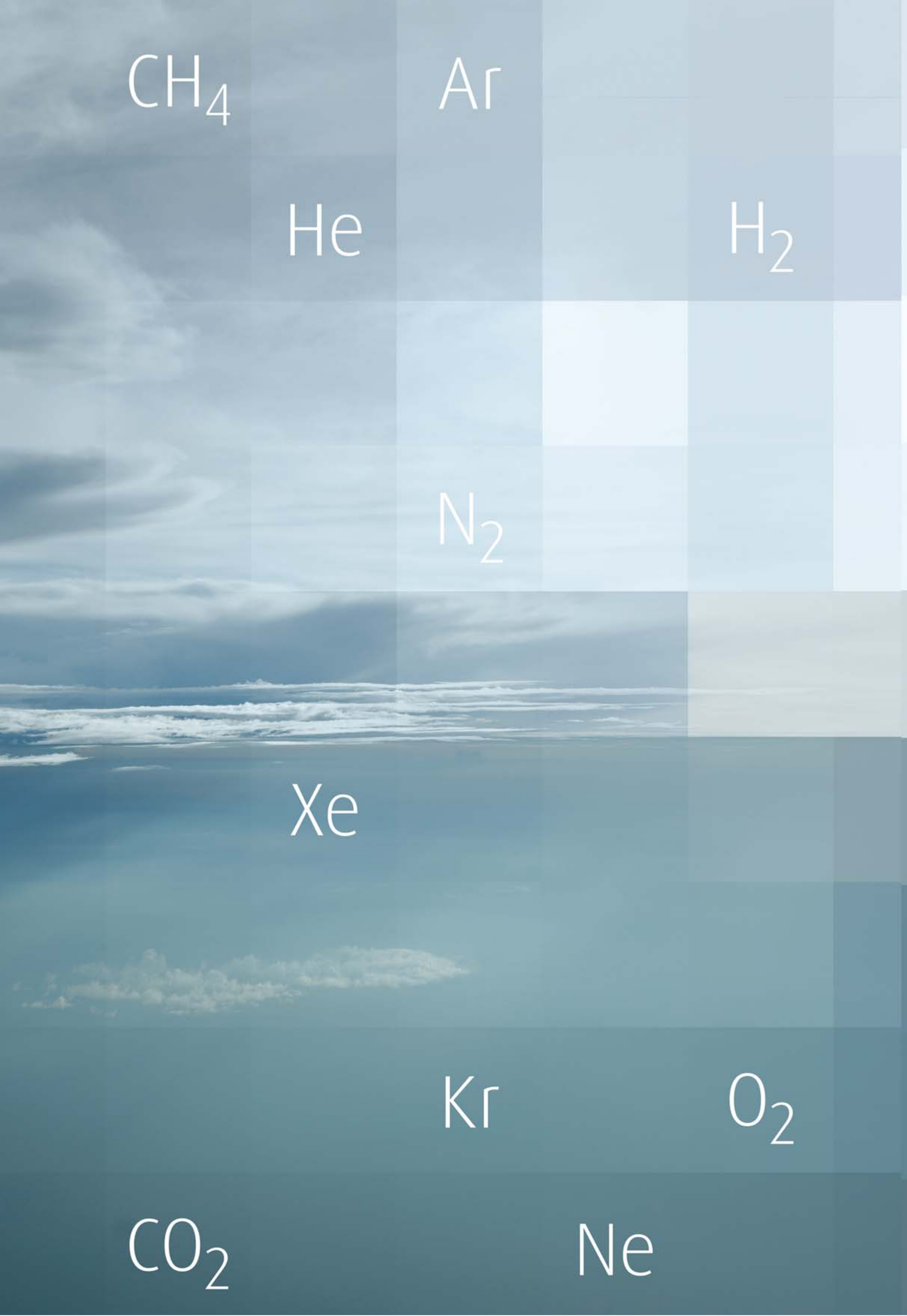
In addition to the above the following requirements have to be met:

(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.



O_2

Oxyfuel technology is deployed in the aluminium industry to raise productivity levels, increase cost efficiencies by cutting energy consumption and simultaneously reduce harmful emissions.
The oxyfuel process uses oxygen instead of air during combustion, a technique that generally increases performance levels by 30 to 50 percent and cuts fuel consumption and emissions on average by around 50 percent.

N_2

Nitrogen (N_2) makes up around 78 percent of air. Oxygen (O_2) accounts for just under 21 percent. The remaining one percent comprises more than a dozen trace gases, including the valuable noble gases xenon, neon, argon, krypton and helium.

Nitrogen has been deployed across a wide range of industrial applications since Carl von Linde first succeeded in separating nitrogen and oxygen by rectifying liquefied air in 1902. Its low boiling point of -196 °C and low reactivity make the colourless, odourless and flavourless gas ideal for use in the food industry, for instance. It is a gentle, non-chemical yet effective way of preserving the freshness and quality of meat, fish, vegetables, fruit and ready-made meals through applications such as modified atmosphere packaging and cryogenic freezing with liquid nitrogen.

CO_2

The current media attention on greenhouse gases and their harmful impact on the climate tends to eclipse the fact that carbon dioxide (CO_2) is a natural component of the earth's atmosphere and possesses many useful properties. Without CO_2 there would be no plant life, since alongside light, plant require carbon dioxide for the photosynthesis essential to their growth.

Available in gas, liquid, solid and "snow" form, carbon dioxide is essential in the preparation of many foods and beverages. This gas is used to cool sensitive foodstuffs, create protective packaging atmospheres and carbonate drinks, for instance. Its applications include meat processing and transport, ingredient cooling in bakeries.

Ar

Argon is the most common noble gas in the earth's atmosphere. It is obtained from oxygen produced in air separation plants and used alone or in special mixtures as an inert gas (sheilding gas) primarily for welding. It is particularly popular at the higher end of the quality spectrum, for materials such as high-grade steel, aluminium or titanium.

Argon not only acts as a sheilding gas, protecting the workpiece against contact with the air, it also improves ionisation in arc plasma welding. Without it, arc welding with state-of-the-art robots, a process that is commonly used in car and wind turbine production, would not be possible. Due to its low level of reactivity, argon is also used to mix melts during steel production. This noble gas prevents oxidation, ensures that the melt is evenly heated and reduces chrome loss when manufacturing high-grade steel.

He

Although helium is the universe's second most abundant element, after hydrogen, it is extremely rare on earth and also finite. In the earth's atmosphere, the concentration of helium by volume is only 0.0005 percent, so it cannot be obtained in significant quantities through air separation. Yet helium can reach concentrations of up to 7 percent in natural gas and can be extracted during gas processing at concentraions of 0.2 percent and above. Few gas reservoirs actually meet these conditions, however.

Helium is the least reactive of all gases, with the lowest boiling point (-269 °C), outstanding thermal conductivity and high diffusibility. These unique properties also account for the substantial increase in global helium demand.

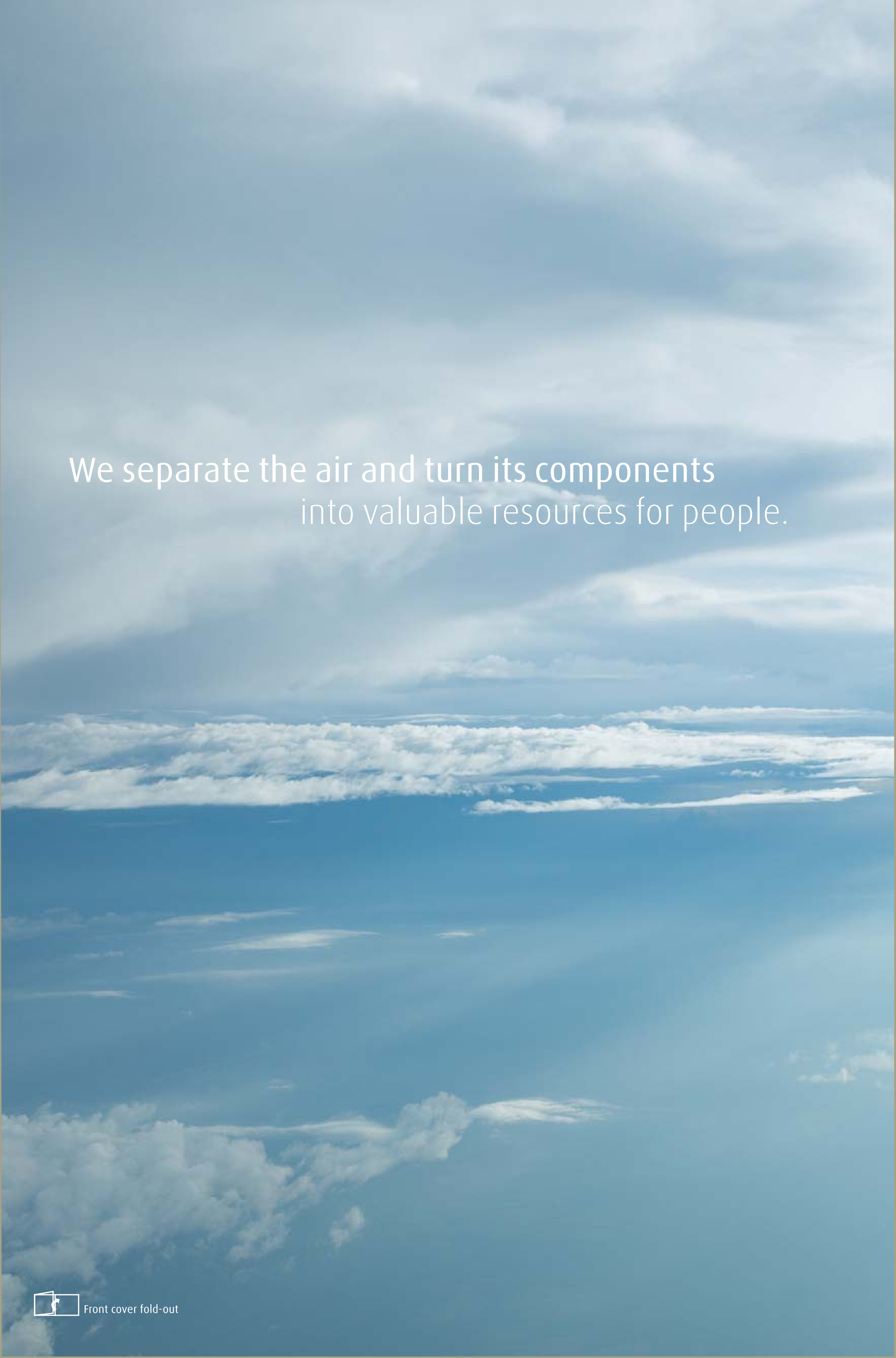
This versatile gas is indispensable in a number of fields. It is used for welding, cutting, fibreoptic cables, lasers and space systems, as well as being a key element of breathing mixes used in deep sea diving. It also has important applications in the semiconductor and photovoltaic industries.

Magnetic resonance imaging (MRI) is an important medical application of helium. MRI uses magnetic fields and radio waves to enable examination of internal body organs and tissues. To render the magnetic coils superconductive, they must be cooled to extremely low temperatures a process requiring liquid helium.

Xe

This extremely rare gas is used primarily in the lighting, plasma panel and aerospace industries. Beyond these three core applications, however, xenon is also used to manufacture semiconductors, in laser technology and as an anaesthetic gas.

The growing popularity of xenon headlights in cars coupled with regulations mandating energy-saving bulbs has sent demand for this gas skyrocketing. Brightness is not the only reason behind the automobile industry's move to xenon lights. Lower energy and fuel consumption was an equally appealing factor. Xenon bulbs can also be used in cinema projectors, light projectors and camera flashes. Xenon accounts for atleast 5 percent of the gas mixture in plasma screens. It is used with neon to fill the many small cells between two glass plates. Every pixel is made up of three of these cells. To create a colour image, each cell is individually charged using a transisitor, causing the gas to temporarily ionise and form plasma.



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