

**CONDENSED INTERIM FINANCIAL  
STATEMENTS (UNAUDITED)  
FIRST QUARTER ENDED  
MARCH 31, 2009**



**BOC**

**BOC Pakistan Limited**



**DIRECTORS' REVIEW  
1Q FY 2009**

I am pleased to present the Directors' Review together with the financial statements (un-audited) of your Company for the first quarter ended 31 March 2009.

Our national economy remained under stress in most of 2008. In particular, many economic indicators showed a negative trend during the second half of 2008 causing a decline in economic activity in the country. The impact of this has continued to be felt in Q1 FY 09. However, the economy has started to show some signs of improvement in the outlook for some economic variables. Nevertheless, performance of Large Scale Manufacturing is expected to remain negative (around 5%) and overall GDP growth is projected to remain around 3% in FY 09 against growth rate of 5.8% last year.

Despite decline in the economic activity in the country and growing competition in the gases business, your Company registered an increase in sales of over 1.7% compared to the same period last year. However, profit from operations for the quarter at Rs 117.1 million declined by 29.0% over the same period last year due to reduction in selling prices because of increased competitive pressures, increase in input costs in the later part of 2008 i.e. diesel and power which could not be fully passed on to the customers and decline in sale of some high margin products. Resultantly profit after taxation decreased by 28.9%. Earning per share remained at Rs 3.09 compared to Rs 4.35 last year.

Despite deceleration in the business activities and tough competition, your Company will continue its efforts to maintain a satisfactory performance during the remaining part of the year.

On behalf of the Board

**MUNNAWAR HAMID OBE**  
Chairman

**Karachi**  
22 April 2009

BOC Pakistan Limited  
 Condensed Interim Profit and Loss Account (Unaudited)  
 For the first quarter ended 31 March 2009

	Note	31 March 2009	31 March 2008
(Rupees in '000)			
Net sales	5	626,509	615,772
Cost of sales	5	(439,497)	(379,139)
<b>GROSS PROFIT</b>		<b>187,012</b>	<b>236,633</b>
Distribution and marketing expenses	5	(37,883)	(41,338)
Administrative expenses	5	(33,621)	(35,045)
Other operating expenses	6	(10,259)	(13,836)
Other operating income	7	11,851	18,509
		(69,912)	(71,710)
<b>OPERATING PROFIT</b>		<b>117,100</b>	<b>164,923</b>
Finance costs		(543)	(579)
<b>PROFIT BEFORE TAXATION</b>		<b>116,557</b>	<b>164,344</b>
Taxation	8	(39,072)	(55,329)
<b>PROFIT FOR THE PERIOD</b>		<b>77,485</b>	<b>109,015</b>
( Rupees )			
Earnings per share - basic and diluted		3.09	4.35

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**SYED AYAZ BOKHARI**  
 Chief Executive

  
**MUNNAWAR HAMID OBE**  
 Chairman

BOC Pakistan Limited  
Condensed Interim Balance Sheet  
As at 31 March 2009

	Note	31 March 2009 (Unaudited)	31 December 2008
<b>ASSETS</b>			
(Rupees in '000)			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,125,266	1,128,372
Net investment in finance lease	10	225,332	239,988
Long term loans		783	1,168
Long term deposits and prepayments		10,638	10,638
		<u>1,362,019</u>	<u>1,380,166</u>
<b>Current assets</b>			
Stores and spares		84,201	83,712
Stock-in-trade	11	154,311	246,276
Current maturity of net investment in finance lease	10	60,225	59,022
Trade debts		174,528	157,555
Loans and advances		14,904	11,625
Deposits and prepayments		9,577	15,090
Other receivables		23,462	24,376
Cash and bank balances		523,748	334,478
		<u>1,044,956</u>	<u>932,134</u>
		<u>2,406,975</u>	<u>2,312,300</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised:			
40,000,000 (2008: 40,000,000) Ordinary shares of Rs. 10 each		<u>400,000</u>	<u>400,000</u>
Issued, subscribed and paid-up:			
25,038,720 (2008: 25,038,720) Ordinary shares of Rs. 10 each		250,387	250,387
General reserve		1,006,653	925,358
Unappropriated profit		77,485	331,682
		<u>1,084,138</u>	<u>1,257,040</u>
		<u>1,334,525</u>	<u>1,507,427</u>
<b>Non-current liabilities</b>			
Long term deposits		115,468	113,001
Deferred liabilities	12	236,143	229,124
		351,611	342,125
<b>Current liabilities</b>			
Trade and other payables		413,237	390,431
Provisions		29,050	28,638
Provision for taxation - net		28,165	43,679
Dividend payable		250,387	-
		<u>720,839</u>	<u>462,748</u>
		<u>2,406,975</u>	<u>2,312,300</u>

CONTINGENCIES AND COMMITMENTS

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The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**SYED AYAZ BOKHARI**  
Chief Executive



**MUNNAWAR HAMID OBE**  
Chairman

BOC Pakistan Limited  
 Condensed Interim Cash Flow Statement (Unaudited)  
 For the first quarter ended 31 March 2009

	Note	31 March 2009	31 March 2008
(Rupees in '000)			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	14	248,889	162,164
Finance costs paid		(523)	(443)
Income tax paid		(47,667)	(58,002)
Post retirement medical benefits paid		(106)	(120)
Long term loans, deposits and prepayments		385	1,222
Long term deposits		2,467	2,973
Net investment in finance lease		14,656	12,094
Net cash from operating activities		218,101	119,888
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Acquisition of property, plant and equipment		(39,222)	(34,940)
Proceeds from disposal of operating assets		931	1,734
Interest received on balances with banks		6,157	14,976
Interest received on investment in finance lease		3,377	3,993
Net cash used in investing activities		(28,757)	(14,237)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Dividends paid		(74)	(189)
Net cash used in financing activities		(74)	(189)
Net increase in cash and cash equivalents		189,270	105,462
Cash and cash equivalents at beginning of the period		334,478	546,915
Cash and cash equivalents at end of the period		523,748	652,377

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.


  
**SYED AYAZ BOKHARI**  
 Chief Executive

  
**MUNNAWAR HAMID OBE**  
 Chairman

**BOC Pakistan Limited****Condensed Interim Statement of Comprehensive Income (Unaudited)***For the first quarter ended 31 March 2009*

	31 March 2009	31 March 2008
	(Rupees in '000)	
Profit for the period	77,485	109,015
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b><u>77,485</u></b>	<b><u>109,015</u></b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.



**SYED AYAZ BOKHARI**  
Chief Executive



**MUNNAWAR HAMID OBE**  
Chairman

BOC Pakistan Limited  
 Condensed Interim Statement of Changes in Equity (Unaudited)  
 For the first quarter ended 31 March 2009

	Share capital	Revenue reserves		Total
	Issued, subscribed and paid-up capital	General reserve	Unappropriated profit	
	----- (Rupees in '000) -----			
As at 1 January 2008	250,387	661,572	514,173	1,426,132
Final dividend for the year ended 31 December 2007 - Rs. 10 per share	-	-	(250,387)	(250,387)
Transfer to general reserve	-	263,786	(263,786)	-
Total comprehensive income for the period	-	-	109,015	109,015
<b>As at 31 March 2008</b>	<b>250,387</b>	<b>925,358</b>	<b>109,015</b>	<b>1,284,760</b>
As at 1 January 2009	250,387	925,358	331,682	1,507,427
Final dividend for the year ended 31 December 2008 - Rs. 10 per share	-	-	(250,387)	(250,387)
Transfer to general reserve	-	81,295	(81,295)	-
Total comprehensive income for the period	-	-	77,485	77,485
<b>As at 31 March 2009</b>	<b>250,387</b>	<b>1,006,653</b>	<b>77,485</b>	<b>1,334,525</b>

The annexed notes 1 to 17 form an integral part of these condensed interim financial statements.

  
**SYED AYAZ BOKHARI**  
 Chief Executive

  
**MUNNAWAR HAMID OBE**  
 Chairman

BOC Pakistan Limited  
Notes to the Condensed Interim Financial Statements (Unaudited)  
*For the first quarter ended 31 March 2009*

**1. LEGAL STATUS AND OPERATIONS**

The Company was incorporated in Pakistan under the Companies Act, 1913 (now Companies Ordinance, 1984), as a private limited company in 1949 and converted into a public limited company in 1958. Its shares are quoted on all the Stock Exchanges of Pakistan. The address of its registered office is West Wharf, Dockyard Road, Karachi, Pakistan.

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

The Company is a subsidiary of The BOC Group Limited (formerly "The BOC Group plc") whereas its ultimate parent company is Linde AG, Germany.

**2. BASIS OF PREPARATION**

These condensed interim financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

These condensed interim financial statements are unaudited and are being submitted to the shareholders as required by Section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements do not include all the information required for annual financial statements, and should be read in conjunction with the Company's annual financial statements as at and for the year ended 31 December 2008.

**3. SIGNIFICANT ACCOUNTING POLICIES**

3.1 The accounting policies adopted by the Company in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the preceding published financial statements of the Company for the year ended 31 December 2008.

3.2 IAS 1 (Revised), "Presentation of financial statements" (effective from 1 January 2009), was issued in September 2007. According to the revised standard, those items of income and expense that are not recognised in the profit or loss, and non-owner changes in equity should be recognised through statement of comprehensive income. The revised Standard requires an entity to opt for presenting such items of income and expense either in (a) single statement (a 'statement of comprehensive income'), or (b) two statements (a separate 'income statement' and 'statement of comprehensive income').

The Company has adopted IAS 1 (Revised), with effect from 1 January 2009 and accordingly, items of income and expense that are not recognised in the profit or loss, and non-owner changes in equity have been presented in a separate 'statement of comprehensive income' in these financial statements.

**4. ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the preceding published financial statements of the Company as at and for the year ended 31 December 2008.



**5. PROFIT FROM OPERATIONS**

	For the first quarter ended					
	31 March 2009			31 March 2008		
	Industrial and medical gases	Welding and others	Total	Industrial and medical gases	Welding and others	Total
	(Rupees in '000)					
Gross sales	510,181	194,751	704,932	523,224	164,932	688,156
Less: Trade discount	4,552	-	4,552	230	-	230
Sales tax	48,270	25,601	73,871	52,090	20,064	72,154
	52,822	25,601	78,423	52,320	20,064	72,384
<b>Net sales</b>	<b>457,359</b>	<b>169,150</b>	<b>626,509</b>	<b>470,904</b>	<b>144,868</b>	<b>615,772</b>
Cost of sales	(288,137)	(151,360)	(439,497)	(245,869)	(133,270)	(379,139)
Distribution and marketing expenses	(34,279)	(3,604)	(37,883)	(39,312)	(2,026)	(41,338)
Administrative expenses	(30,423)	(3,198)	(33,621)	(33,327)	(1,718)	(35,045)
	(352,839)	(158,162)	(511,001)	(318,508)	(137,014)	(455,522)
<b>Segment result</b>	<b>104,520</b>	<b>10,988</b>	<b>115,508</b>	<b>152,396</b>	<b>7,854</b>	<b>160,250</b>
Unallocated corporate expenses						
- Other operating expenses	6		(10,259)			(13,836)
- Other operating income	7		11,851			18,509
<b>Operating profit</b>			<b>117,100</b>			<b>164,923</b>
Finance cost			(543)			(579)
Taxation	8		(39,072)			(55,329)
<b>Profit for the period</b>			<b>77,485</b>			<b>109,015</b>

6. OTHER OPERATING EXPENSES	For the first quarter ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
Workers' profit participation fund	6,264	8,846
Workers' welfare fund	2,380	3,762
Legal and professional and donations	1,615	1,228
	<u>10,259</u>	<u>13,836</u>
<b>7. OTHER OPERATING INCOME</b>		
Income from savings account and deposits	7,161	9,196
Income on investment in finance lease	3,377	3,993
Exchange gain - net	120	4,244
Profit on disposal of property, plant and equipment	931	991
Others	262	85
	<u>11,851</u>	<u>18,509</u>
<b>8. TAXATION</b>		
Current for the period	32,153	62,737
Deferred	6,919	(7,408)
	<u>39,072</u>	<u>55,329</u>
<b>9. PROPERTY, PLANT AND EQUIPMENT</b>	31 March 2009	31 December 2008
	(Rupees in '000)	
Operating assets	9.1 1,108,203	1,029,650
Capital work-in-progress	17,063	98,722
	<u>1,125,266</u>	<u>1,128,372</u>
<b>9.1 Operating assets</b>		
Net book value (NBV) as at 1 January	1,029,650	836,890
Additions during the period / year		
- Building	316	11,702
- Plant and machinery	115,497	307,986
- Vehicles	2,325	13,011
- Furniture and fittings	440	3,567
- Office equipments	2,303	6,666
	120,881	342,932
Less:		
- Disposals during period / year - (NBV)	-	(1,355)
- Depreciation charge during the period / year	(42,328)	(148,817)
	(42,328)	(150,172)
	<u>1,108,203</u>	<u>1,029,650</u>

**10. NET INVESTMENT IN FINANCE LEASE**

	31 March 2009		
	Minimum lease payments	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	72,102	11,877	60,225
Later than one year and not later than five years	231,890	19,770	212,120
Later than five years	13,664	452	13,212
	245,554	20,222	225,332
	317,656	32,099	285,557

	31 December 2008		
	Minimum lease payments	Finance income for future periods	Principal outstanding
	(Rupees in '000)		
Not later than one year	71,556	12,534	59,022
Later than one year and not later than five years	259,514	22,907	236,607
Later than five years	3,416	35	3,381
	262,930	22,942	239,988
	334,486	35,476	299,010

**11. STOCK-IN-TRADE**

	31 March 2009	31 December 2008
		(Rupees in '000)
Raw and packing materials	31,185	28,140
- in transit	4,614	9,025
	35,799	37,165
Finished goods		
- in hand	73,545	109,711
- in bonded warehouse	32,833	89,514
- in transit	12,134	9,886
	118,512	209,111
	154,311	246,276

11.1 The cost of raw and packing materials and finished goods has been adjusted to net realisable value by Rs. 22,167 thousand (31 December 2008: Rs. 39,830 thousand).

11.2 Raw material and finished goods include inventories with a value of Rs.11,491 thousand (31 December 2008: Rs. 6,345 thousand) which are held by a third party.

12. DEFERRED LIABILITIES	31 March 2009	31 December 2008
	(Rupees in '000)	
Deferred taxation	230,340	223,421
Post retirement medical benefits	5,803	5,703
	<u>236,143</u>	<u>229,124</u>

### 13. CONTINGENCIES AND COMMITMENTS

#### Contingencies

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

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

The Department then filed a Civil Petition for leave to appeal in the Supreme Court of Pakistan against the aforesaid Sindh High Court judgment which was also dismissed vide its judgment dated 22 March 2007. Subsequently, the department has filed a Civil Review Petition against the said judgment which is pending before the Supreme Court.

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

- 13.2 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified, a view supported by the Company's legal advisor. The amount not acknowledged as debt in this regard as at 31 March 2009 amounted to Rs. 27,275 thousand (31 December 2008: Rs. 26,845 thousand).
- 13.3 Claims against the Company not acknowledged as debt amounted to Rs. 20,000 thousand (31 December 2008: Rs.20,000 thousand), as the management is confident that ultimately these claims would not be payable.
- 13.4 The Company has guaranteed repayment of loans given by a bank to certain members of the Company's staff. The amount of such loans outstanding at the balance sheet date amounted to Rs. 2,742 thousand (31 December 2008: Rs3,309 thousand).

#### Commitments

- 13.5 Capital commitments outstanding as at 31 March 2009 amounted to Rs. 2,333 thousand (31 December 2008: Nil).

**14. CASH GENERATED FROM OPERATIONS**

	For the first quarter ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
Profit before taxation	116,557	164,344
Adjustments:		
Depreciation	42,328	35,536
Profit on disposal of property, plant and equipment	(931)	(991)
Income from savings account and deposits	(7,161)	(9,196)
Income on investment in finance lease	(3,377)	(3,993)
Finance costs	543	579
Provision for post retirement medical benefits	206	1,312
Working capital changes	14.1 100,724	(25,427)
	<u>248,889</u>	<u>162,164</u>

**14.1 Working capital changes**

(Increase) / decrease in current assets:		
Stores and spares	(489)	2,444
Stock-in-trade	91,965	3,969
Trade debts	(16,973)	(22,874)
Loans and advances	(3,279)	(6,732)
Deposits and prepayments	5,513	(9,369)
Net investment in finance lease	(1,203)	(1,658)
Other receivables	1,919	781
	<u>77,453</u>	<u>(33,439)</u>
(Decrease) / increase in current liabilities:		
Trade and other payables	23,271	8,012
	<u>100,724</u>	<u>(25,427)</u>

**15. TRANSACTIONS WITH RELATED PARTIES**

- 15.1 Related parties comprise holding company, associated companies, other companies with common directors, staff retirement benefit funds, directors and key management personnel.

15.2 Details of transactions with related parties during the period, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	For the first quarter ended	
	31 March 2009	31 March 2008
	(Rupees in '000)	
Sales	4,315	2,937
Purchases	19,566	2,215
Technical assistance fee	6,291	6,742
License and maintenance fee	3,859	1,538
Income on saving accounts	-	901
Insurance premium	185	236
Insurance commission	262	-
Contribution to staff retirement benefit plans	5,107	4,705
Meeting fee to Directors and remuneration to Non-Executive Directors	646	702
	31 March 2009	31 December 2008
	(Rupees in '000)	
Receivable from associates in respect of trade debts	342	1,619
Receivable from holding company/ associates in respect of other receivables	2,455	2,260
Payable to holding company/ associates in respect of trade and other payables	63,568	65,152

15.3 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 (formerly "The BOC Group plc") based on an agreed methodology consistently applied.

All transactions with key management personnel are under the terms of employment.

#### 16. DATE OF AUTHORISATION

These financial statements were authorized for issue on 22 April 2009 by the Board of Directors of the Company.

**17. CORRESPONDING FIGURES**

In order to comply with the requirements of International Accounting Standard 34 - 'Interim Financial Reporting', the Balance Sheet has been compared with the preceding Balance Sheet as at the period-end, whereas the Profit and Loss Account and Cash Flow Statement have been compared with the corresponding periods of the previous year.

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

**SYED AYAZ BOKHARI**  
Chief Executive

**MUNNAWAR HAMID OBE**  
Chairman