→ Linde Pakistan Limited

Truly leading.

Annual Report 2012.

Truly leading.

At Linde Pakistan, we believe in continuous improvement and settle for nothing less than excellence. We intend to lead by going where others have not gone before us. We strive to lead not just in terms of commercial and financial indicators, but as a responsible organisation that puts the interests of its stakeholders ahead of its own.

This passion to lead is at the heart of everything we do.

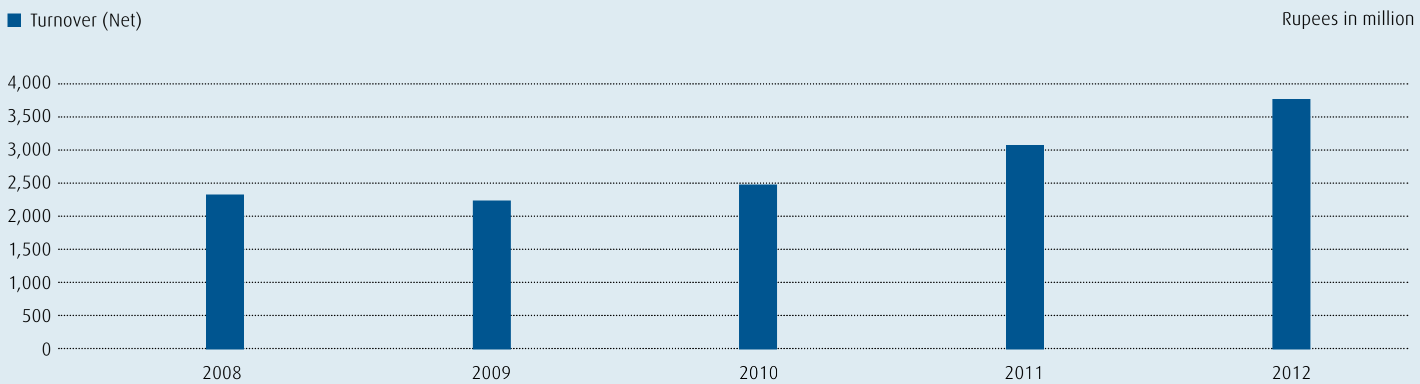
We seek to lead in our sacrosanct commitment towards doing our business in the safest possible way, avoiding harm to people, society and the environment.

We endeavor to lead as the provider of the best customer service in the industry, and ensuring that we work with our customers to develop solutions that help them be more productive, efficient and competitive.

We aspire to lead as an organization that is admired for its people, that provides a platform for its employees to unleash their full potential and that develops their skills for future leadership roles. We believe in being truly leading.

Year at a glance.

Rupees in '000	2012	2011
Net sales	3,739,405	3,044,800
Cost of sales	(2,785,235)	(2,275,591)
Gross profit	954,170	769,209
Distribution and marketing expenses	(231,066)	(211,490)
Administrative expenses	(193,676)	(171,376)
Other operating expenses	(33,811)	(40,554)
Other operating income	68,635	58,850
Operating profit before reorganization/restructuring cost	564,252	404,639
Reorganization/restructuring cost	(204,572)	–
Operating profit after reorganization/restructuring cost	359,680	404,639
Finance costs	(44,266)	(1,916)
Profit before taxation	315,414	402,723
Taxation	(39,125)	(139,848)
Profit for the year	276,289	262,875
Earnings per share – basic and diluted in Rupees	11.03	10.50
Number of permanent employees at year end	162	262



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About Linde Pakistan.

Linde Pakistan, a member of The Linde Group, is the leading Industrial Gases solution provider in Pakistan supporting the gases needs of a wide range of industries for more than 70 years. We have been delivering innovative, high quality and reliable services and solutions that create value for our customers since before the inception of Pakistan.

We have continued to be a steady partner in the economic development of the country and have added strategic value to the nation's industrial and infrastructure development.

We manufacture and distribute industrial, medical and specialty gases as well as welding products and provide a wide range of related services including the installation of on-site plants, gas equipment, pipelines and associated engineering services.

Our facilities include Air Separation plants in Lahore, Port Qasim and Taxila and Carbon Dioxide plants at Port Qasim and Multan. We have also installed Hydrogen and Dissolved Acetylene plants in the South and West regions to meet our customers' demand nationwide. Our sales centres across Pakistan, nationwide network of production and distribution facilities and vast portfolio of products and solutions are capable and unmatched in the local industry.

Head office

Linde Pakistan Limited
P. O. Box 4845, Dockyard Road, West Wharf, Karachi – 74000, Pakistan
Phones +92.21.3231-3361 (9 lines)
Fax +92.21.3231-2968

Customer Services
P. O. Box 4845, Dockyard Road, West Wharf, Karachi – 74000, Pakistan
Phones +92.21.3231-4259, +92.21.3231-6154
UAN +92.21.111-262-725
Fax +92.21.3231-2968

National Tax Number is 0709930-4
Company Registration Number is 000288

Company information.

Board of Directors		
Munnawar Hamid – OBE	Non-Executive Chairman	
Yousuf Husain Mirza	Chief Executive & Managing Director	
Muhammad Ashraf Bawany	Executive Director – Deputy Managing Director & CFO	
Sanaullah Qureshi	Non-Executive Director	
Towfiq Habib Chinoy	Non-Executive Director	
Manzoor Ahmed	Non-Executive Director	
Humayun Bashir	Non-Executive Director	(Resigned on 25 Oct. 2012)
Bernd Hugo Eulitz	Non-Executive Director	
Siew Yap Wong	Non-Executive Director	
Atif Riaz Bokhari	Non-Executive Director	(Appointed on 21 Jan. 2013)

Company Secretary & Deputy Managing Director
Muhammad Ashraf Bawany

Board Audit Committee			
Sanaullah Qureshi	Chairman	Non-Executive Director	
Humayun Bashir	Member	Non-Executive Director	(Resigned on 25 Oct. 2012)
Bernd Hugo Eulitz	Member	Non-Executive Director	
Siew Yap Wong	Member	Non-Executive Director	
Atif Riaz Bokhari	Member	Non-Executive Director	(Appointed on 21 Jan. 2013)
Jamal A Qureshi	Secretary	Assistant Company Secretary & Legal Manager	

Board Human Resource & Remuneration Committee		
Towfiq Habib Chinoy	Chairman	Non-Executive Director
Yousuf Husain Mirza	Member	Chief Executive & Managing Director
Bernd Hugo Eulitz	Member	Non-Executive Director
Siew Yap Wong	Member	Non-Executive Director
Manzoor Ahmed	Member	Non-Executive Director
Muhammad Salim Sheikh	Secretary	Head of HR

Share Transfer Committee		
Yousuf Husain Mirza	Chairman	Chief Executive & Managing Director
Muhammad Ashraf Bawany	Member	Executive Director – Deputy Managing Director
Wakil Ahmed Khan	Secretary	Manager – Corporate Services

Bankers

Standard Chartered Bank (Pakistan) Limited
Deutsche Bank AG
Citibank N.A.
HSBC Bank Middle East Limited
Barclays Bank Plc
MCB Bank Limited
National Bank of Pakistan Limited
Meezan Bank Limited

Registered office

West Wharf, Dockyard Road, Karachi – 74000

Auditors

KPMG Taseer Hadi & Co.

Legal advisor

Ayesha Hamid of Hamid Law Associates

Website

www.linde.pk
www.linde.com

Share registrar

Central Depository Company of Pakistan Limited

Our vision.

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

Our mission.

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

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

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 organisational capacity and capability.

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

Code of Ethics.

The Linde Group is committed to integrity in all its business dealings. This is non-negotiable.

Integrity is one of our four guiding principles. It is the fabric of our moral and ethical code, ensuring that we always act with honesty and fairness.

The Linde Group has a comprehensive guide to the Linde Group's expectations for integrity in the workplace or any other location while on company business. The Linde Code of Ethics is structured to reflect the expectations of our main stakeholder groups. Each Linde employee must learn and comply with the standards and laws that apply to their jobs. Linde actively monitors the standards set out in the code.

Since the Linde Group Code of Ethics is a comprehensive document and is supported by appropriate procedures and integrity line, the Board of Directors of Linde Pakistan Limited adopted the Linde Group Code of Ethics in its 467th meeting held on 25 October 2012.

All employees of Linde Pakistan Limited are required to undergo online training on the Code of Ethics. They are expected to comply with the standards laid out in the code and report deviations. Employees are encouraged to share and discuss the deviations with their line manager. However, where it is not possible to share or discuss a concern with a line manager then an employee can choose to raise his/her concerns via The Linde Group Integrity Line that can be accessed through the web-portal, phone, email, mail and fax. The Integrity Line is available to external stakeholders as well to raise legitimate issues. The Integrity Line is widely publicized across the company.

Information on Code of Ethics can be found on our web site www.linde.pk/en/corporate_responsibility/ethics_compliance/index.html and on company intranet site in English, Urdu and many other languages.

The Code of Ethics emphasizes uncompromising ethics and in particular provides guidance to all employees on:

- Dealings with our customers, suppliers and markets encompassing competition, international trade, dealing with government, our products, ethical purchasing and advertising,
- Dealings with our shareholders, financial reporting and communication, insider dealing, protecting company secrets and protecting company assets,
- Dealings with our employees, conflicts of interest, avoidance of bribery, gifts and entertainment, data protection, SHEQ (Safety, health, environment and quality), human rights and on dealings with each other,
- Dealings with communities and the public with regard to our corporate responsibilities and on restrictions to provide support for political activities.

Mr Yousuf Husain Mirza, CEO & Managing Director (centre) and Mr M Ashraf Bawany, Deputy Managing Director (2nd from right) are in discussion with senior management team

Executives at work

Business divisions, products and services.

The BOC Group Limited, U.K., the majority shareholder of Linde Pakistan Limited, is a wholly owned subsidiary of Linde AG, Germany. Accordingly, Linde AG is the ultimate parent company of Linde Pakistan Limited. The Linde Group is a world-leading gases and engineering company with around 62,000 employees in more than 100 countries worldwide. In the 2012 financial year, it generated revenue of EUR 15.280 bn. The strategy of the 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. The Group is committed to technologies and products that unite the goals of customer value and sustainable development.

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

In Pakistan our business and reputation is built around our customers. Whatever the industry or interest, we continue to respond to its needs as quickly and effectively as possible. The ever-changing requirements of customers are the driving force behind the development of all our products, technologies and support services. Through our people, we play a full and active role in communities around us and are committed to the highest standards of safety and environmental practice. At the same time, we believe that the best way to assist any community is to build a successful business.

Industrial gases

Bulk gases
- → Liquid oxygen
- → Liquid nitrogen
- → Liquid argon
- → Pipeline hydrogen
- → Liquid carbon dioxide
- → Industrial pipelines

PGP gases
- → Compressed oxygen
- → Aviation oxygen
- → Compressed nitrogen
- → Compressed argon
- → Compressed air
- → Compressed hydrogen
- → Dissolved acetylene
- → Compressed carbon dioxide
- → Dry ice

Specialty gases
- → High purity gases
- → Research grade gases
- → Gaseous chemicals
- → Calibration mixtures
- → Argon mixtures
- → Welding gas mixtures
- → Sterilisation gases
- → Propane
- → Helium
- → Refrigerants

Healthcare

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

Medical equipment
- → High precision flowmeters
- → Suction injector units and oxygen therapy products
- → ENTONOX® delivery systems, complete with apparatus, regulators, cylinders

Medical engineering services
- → Complete range of medical Gas pipeline systems
- → Consultation design, installation and servicing of medical gas pipeline systems
- → Safety, quality, risk analysis and training on medical gas pipeline systems

Welding and others

Welding consumables
- → Welding electrodes
- → MIG welding wires

Welding machines
- → Automatic
- → Semi-automatic
- → Manual

Welding accessories
- → Regulators
- → Cutting torches
- → Welding torches
- → Cutting machines
- → Gas control equipment
- → Safety equipment

PGP – others
- → Calcium carbide

Business.

Linde Pakistan Limited (LPL) proudly serves more than 4,259 customers from diverse industrial and healthcare sectors. We act as strategic solution providers to our customers, providing value through our innovative products and services and using best operating practices from across The Linde Group.

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

Tonnage Business

Tonnage customers are provided with the product through pipeline supply schemes and on-site production units. In addition to catering 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 oxygen, nitrogen, argon and carbon dioxide. LPL is actively involved in delivering products and solutions to a wide array of customers in industrial sectors such as chemical, steel, glass, oil & gas, ship-breaking, distributors and food & beverage.

PGP

Packaged Gases and Products (PGP) cover a wide range of products which include compressed industrial gases, speciality gases, welding consumables and equipments. PGP is characterized by a diversified portfolio of customers nationwide from quality control labs to pharmaceutical companies and from ship-breaking to construction industry.

Healthcare

For decades, LPL has been the most trusted and reliable partner with hospitals, across the country. The healthcare portfolio includes a variety of products including Medical Gases such as medical oxygen – liquid and compressed, nitrous oxide, special medical mixtures and medical equipment such as concentrators and flowmeters, etc. LPL also provides the design, installation and maintenance of central medical gases pipeline systems.

Business locations.

Registered office/head office

Karachi
P.O. Box 4845, West Wharf
Phones +92.21.32313361 (9 lines)
Fax +92.21.32312968

North western region

Lahore — ASU plant, Nitrous oxide plant
P.O. Box 205
Shalamar Link Road, Moghalpura
Phones +92.42.36824091 (4 lines)
Fax +92.42.36817573

Plot No. 705, Sundar Industrial Estate — ASU plant
Phones +92.42.35297244-47

Multan — Carbon dioxide plant
Adjacent to PFL Khanewal Road
Phones +92.61.6562201 &
+92.61.6001360 (2 lines)
Fax +92.61.6778401

Mehmood Kot — Nitrogen plant
Adjacent to PARCO
Mid Country Refinery, Mehmood Kot
Qasba Gujrat, Muzaffargarh
Phones +92.66.2290751 & 2290484-85
Fax +92.66.2290752

Faisalabad — Sales depot
Altaf Ganj Chowk
Near Usman Flour Mills
Jhang Road
Phones +92.41.2653463 & 2650564

Wah Cantonment — Acetylene plant
Kabul Road
Phone +92.51.4545359

Taxila — ASU plant
Adjacent to HMC No.2
Phones +92.51.4560701 (5 lines) & 4560600
Fax +92.51.4560700

Rawalpindi — Sales office
2nd Floor, Jahangir Multiplex
Golra Mor, Peshawar Road
Phones +92.51.2315501-03
Fax +92.51.2315050

Hassan Abdal — Hydrogen plant
Adjacent to Air Weapon Complex
Abbotabad Road
Phones +92.572.520017 (Ext. 104)
& 522428 (Ext. 104)

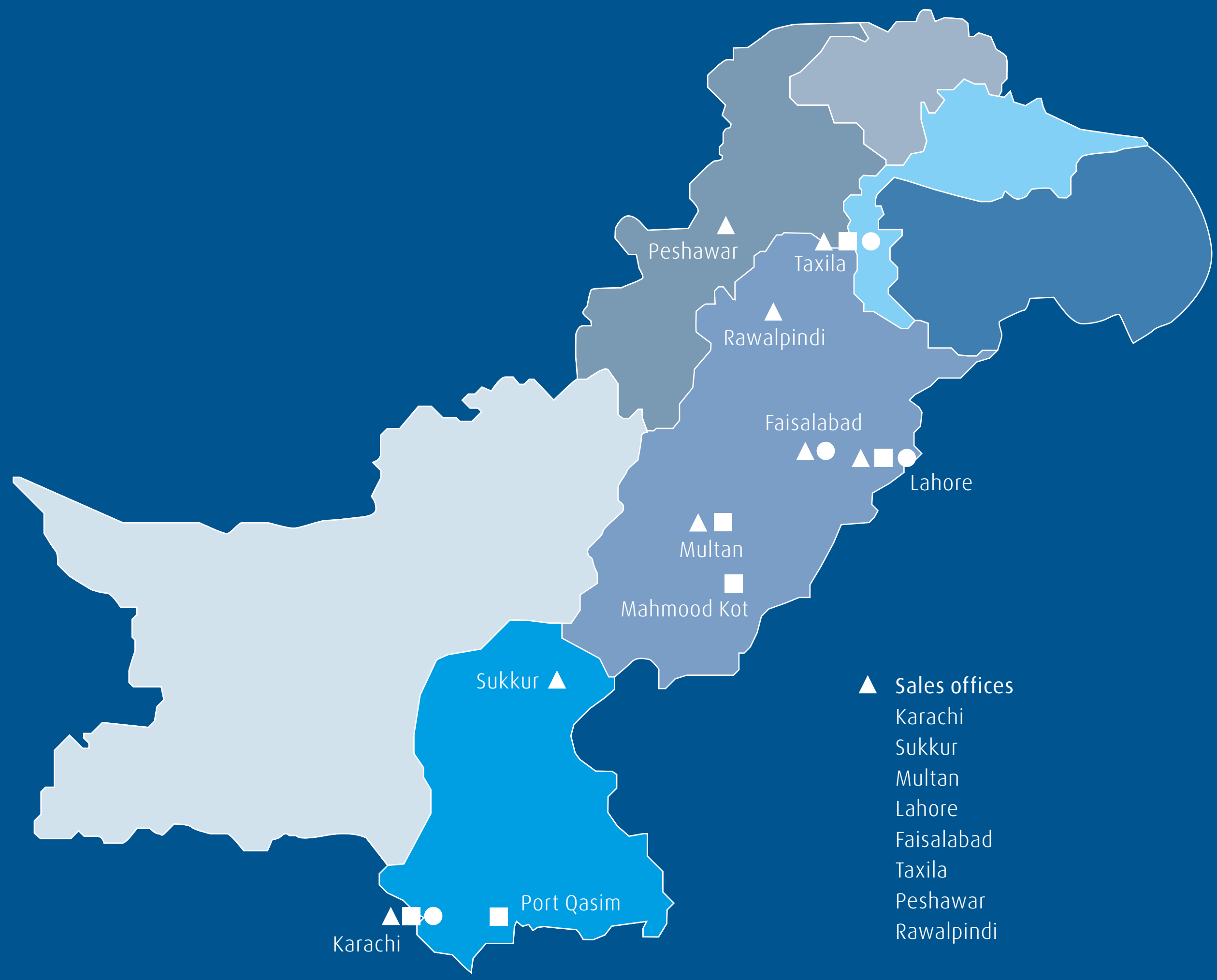
Southern region

Karachi — Acetylene plant, Electrode factory, Specialty gases
P.O. Box 4845, West Wharf
Phones +92.21.32313361 (9 lines)
Fax +92.21.32312968

Port Qasim — ASU plant, Hydrogen plant, Carbon dioxide plant, Dry ice plant
Plot EZ/1/P-5 (SP-1), Eastern Zone
Phones +92.21.34740058 & 34740060
Fax +92.21.34740059

Sukkur — Sales depot
A-15, Airport Road, Near Bhatti Hospital
Phone +92.71.5630871

Key facilities around Pakistan.



Sales offices
Karachi
Sukkur
Multan
Lahore
Faisalabad
Taxila
Peshawar
Rawalpindi

Plants
100 TPD ASU Port Qasim
23 TPD CO_2 Port Qasim
150 & 44 TPD ASUs Lahore
30 TPD ASU Taxila
60 TPD CO_2 Multan
10 TPD N_2 Mahmood Kot
Electrode, Dissolved
Acetylene Karachi

Company owned
Compressing stations

Ten-year financial review.

Rupees in '000	2003	2004	2005	15 months ended 31 December (Restated) 2006	2007	2008	2009	2010	2011	2012
Operating Results										
Sales	1,386,235	1,521,649	1,752,399	2,299,531	2,174,515	2,453,341	2,307,741	2,530,022	3,044,800	3,739,405
Gross Profit	585,113	679,848	735,383	910,212	934,021	835,647	710,989	686,774	769,209	954,170
Profit from Operations	437,480	444,374	518,285	667,598	685,866	550,395	491,609*	413,224*	404,639	564,252*
Profit before Taxation	403,593	429,823	502,159	598,037	682,370	547,693	374,284	375,026	402,723	315,414
Taxation	(39,628)	(97,784)	(132,235)	(130,073)	(223,321)	(145,587)	(122,672)	(131,201)	(139,848)	(39,125)
Profit after Taxation	363,965	332,039	369,924	467,964	459,049	402,106	251,612	243,825	262,875	276,289
Dividends	300,464	325,503	300,464	375,581	325,503	325,503	225,349	150,232	175,271	175,271
Capital Employed										
Paid-up Capital	250,387	250,387	250,387	250,387	250,387	250,387	250,387	250,387	250,387	250,387
Reserves and Unappropriated Profits	661,628	768,319	812,740	1,094,681	1,175,745	1,257,040	1,202,319	1,240,743	1,331,291	1,428,510
Shareholders' Fund	912,015	1,018,706	1,063,127	1,345,068	1,426,132	1,507,427	1,452,706	1,491,130	1,581,678	1,678,897
Deferred Liabilities	215,738	245,944	249,857	278,811	277,175	229,124	202,034	195,281	167,315	204,192
Long-term Liabilities & Borrowings (net of cash)	61,969	15,970	(68,937)	(188,117)	(442,534)	(221,477)	(384,745)	(355,569)	204,329	538,037
	1,189,722	1,280,620	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842	1,953,322	2,421,126
Represented by										
Non – Current Assets	1,292,781	1,367,864	1,321,234	1,313,880	1,190,726	1,380,166	1,276,004	1,342,471	2,075,442	2,631,493
Working Capital	(103,059)	(87,244)	(77,187)	121,882	70,047	134,908	(6,009)	(11,629)	(122,120)	(210,367)
	1,189,722	1,280,620	1,244,047	1,435,762	1,260,773	1,515,074	1,269,995	1,330,842	1,953,322	2,421,126
Statistics										
Expenditure on Fixed Assets	109,304	201,122	69,321	89,435	66,561	417,354	123,421	311,453	991,470	839,481
Annual Depreciation & Amortisation	122,496	126,441	138,780	144,801	139,319	148,817	171,647	177,492	204,304	268,203
Earnings per share – Rupees	14.54	13.26	14.77	18.69	18.33	16.06	10.05	9.74	10.50	11.03
Dividend per share-Rupees (Note 1)	12.00	13.00	12.00	15.00	13.00	13.00	9.00	6.00	7.00	7.00
Dividend Cover – Times (Note 1)	1.21x	1.02x	1.23x	1.25x	1.41x	1.24 x	1.12 x	1.62x	1.50x	1.58x
Net Asset Backing per share – Rupees	36.42	40.69	42.46	53.72	56.96	60.20	58.02	59.55	63.17	67.05
Return on average Shareholders' Fund (based on profit after tax)	43.51 %	34.40 %	35.54 %	38.86 %	33.13 %	27.41 %	17.00 %	16.57 %	17.11 %	16.95 %
Dividend on average Shareholders' Fund (Note 1)	35.92 %	33.72 %	28.87 %	31.19 %	23.49 %	22.19 %	15.23 %	10.21 %	11.41 %	10.75 %
Return on average Capital Employed (based on profit before financial charges & tax)	36.90 %	35.98 %	41.06 %	45.60 %	50.87 %	39.66 %	27.03 %	29.01 %	24.64 %	16.44 %
Price/Earning Ratio	10.39	11.16	10.66	7.55	13.78	7.03	12.73	9.36	9.62	13.91
Dividend Yield ratio (Note 1)	7.95 %	8.79 %	7.62 %	10.63 %	5.14 %	11.52 %	7.03 %	6.59 %	6.93 %	4.56 %
Dividend Payout ratio (Note 1)	82.55 %	98.03 %	81.22 %	80.26 %	70.91 %	80.95 %	89.55 %	61.61 %	66.67 %	63.44 %
Fixed Assets/Turnover Ratio	1.09	1.13	1.39	2.46	2.53	2.17	2.17	2.03	1.5	1.44
Debt/Equity Ratio	23:77	16:84	9:91	1:99	0:100	0:100	0:100	0:100	11:89	31:69
Current ratio	1.38	0.96	1.21	1.88	2.31	2.01	1.91	1.81	1.00	1.17
Interest Cover – Times	12.91x	30.54 x	32.14x	48.23x	196.19x	203.70x	177.13x	171.62x	211.19x	8.13x
Debtors turnover Ratio	19.07	18.36	16.87	15.92	14.57	17.15	14.86	15.72	18.71	20.78
Gross Profit Ratio (as percentage of Turnover)	42.21 %	44.68 %	41.96 %	39.58 %	42.95 %	34.06 %	30.81 %	27.14 %	25.26 %	25.52 %
Market Value per Share at year end – Rupees	151.00	147.95	157.55	141.15	252.70	112.82	127.95	91.10	101.00	153.49

Note 1 includes proposed final dividend declared subsequent to the year – end

* Profit from operations represents operating profit before reorganization/restructuring cost

Profit and loss account.
Vertical and horizontal analysis.

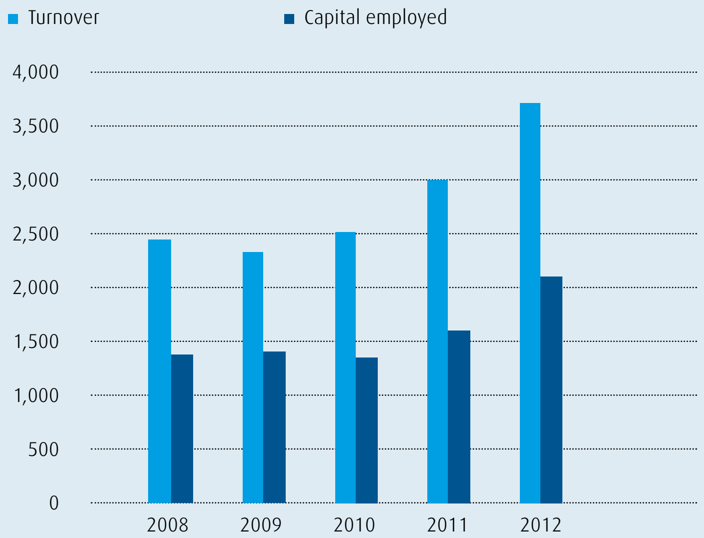
Rupees in '000	2012	2011	2010	2009	2008	2007
Net sales	3,739,405	3,044,800	2,530,022	2,307,741	2,453,341	2,174,515
Cost of sales	(2,785,235)	(2,275,591)	(1,843,248)	(1,596,752)	(1,617,694)	(1,240,494)
Gross profit	**954,170**	**769,209**	**686,774**	**710,989**	**835,647**	**934,021**
Distribution and marketing expenses	(231,066)	(211,490)	(195,134)	(152,785)	(158,681)	(146,869)
Administrative expenses	(193,676)	(171,376)	(149,054)	(132,727)	(130,094)	(118,702)
Other operating expenses	(33,811)	(40,554)	(52,576)	(99,612)	(54,948)	(58,485)
Other operating income	68,635	58,850	123,214	165,744	58,471	75,901
Operating profit before Reorganization/restructuring cost	**564,252**	**404,639**	**413,224**	**491,609**	**550,395**	**685,866**
Reorganization/restructuring cost	(204,572)	–	(36,000)	(115,200)	–	–
Operating profit after Reorganization/ restructuring cost	**359,680**	**404,639**	**377,224**	**376,409**	**550,395**	**685,866**
Finance costs	(44,266)	(1,916)	(2,198)	(2,125)	(2,702)	(3,496)
Profit before tax	**315,414**	**402,723**	**375,026**	**374,284**	**547,693**	**682,370**
Taxation	(39,125)	(139,848)	(131,201)	(122,672)	(145,587)	(223,321)
Profit for the year	**276,289**	**262,875**	**243,825**	**251,612**	**402,106**	**459,049**
Vertical Analysis – percentage % of sales						
Net sales	100	100	100	100	100	100
Cost of sales	(74)	(75)	(73)	(69)	(66)	(57)
Gross profit	**26**	**25**	**27**	**31**	**34**	**43**
Distribution and marketing expenses	(6)	(7)	(8)	(7)	(6)	(7)
Administrative expenses	(5)	(6)	(6)	(6)	(5	(5)
Other operating expenses	(1)	(1)	(2)	(4)	(2)	(3)
Other operating income	2	2	5	7	2	3
Operating profit before Reorganization/restructuring cost	**16**	**13**	**16**	**21**	**23**	**31**
Reorganization/restructuring cost	(5)	0	(1)	(5)	0	0
Operating profit after Reorganization/restructuring cost	**11**	**13**	**15**	**16**	**23**	**31**
Finance costs	(1)	0	0	0	0	0
Profit before tax	**10**	**13**	**15**	**16**	**23**	**31**
Taxation	(1)	(5)	(5)	(5)	(6)	(10)
Profit for the year	**9**	**8**	**10**	**11**	**17**	**21**
Horizontal Analysis – year on year (Percentage increase/(decrease) over preceeding year)						
Net sales	23	20	10	(6)	13	
Cost of sales	22	23	15	(1)	30	
Gross profit	**24**	**12**	**(3)**	**(15)**	**(11)**	
Distribution and marketing expenses	9	8	28	(4)	8	
Administrative expenses	13	15	12	2	10	
Other operating expenses	(17)	(23)	(47)	81	(6)	
Other operating income	17	(52)	(26)	183	(23)	
Operating profit before Reorganization /restructuring cost	**39**	**(2)**	**(16)**	**(11)**	**(20)**	
Reorganization/restructuring cost	100	(100)	(69)	100	0	
Operating profit after Reorganization /restructuring cost	**(11)**	**7**	**0**	**(32)**	**(20)**	
Finance costs	2210	(13)	3	(21)	(23)	
Profit before tax	**(22)**	**7**	**0**	**(32)**	**(20)**	
Taxation	(72)	7	7	(16)	(35)	
Profit for the year	**5**	**8**	**(3)**	**(37)**	**(12)**	

Balance sheet.
Vertical and horizontal analysis.

Rupees in `000	2012	2011	2010	2009	2008	2007
Equity and liabilities						
Total equity	1,678,897	1,581,678	1,491,130	1,452,706	1,507,427	1,426,132
Total non-current liabilities	1,095,778	497,195	317,776	317,599	342,125	381,556
Total current liabilities	863,816	692,760	578,329	545,644	462,748	471,324
Total equity and liabilities	**3,638,491**	**2,771,633**	**2,387,235**	**2,315,949**	**2,312,300**	**2,279,012**
Assets						
Total non-current assets	2,631,493	2,075,442	1,342,471	1,276,004	1,380,166	1,190,726
Total current assets	1,006,998	696,191	1,044,764	1,039,945	932,134	1,088,286
Total assets	**3,638,491**	**2,771,633**	**2,387,235**	**2,315,949**	**2,312,300**	**2,279,012**
Vertical analysis						
Equity and liabilities						
Total equity	46	57	63	63	65	62
Total non-current liabilities	30	18	13	14	15	17
Total current liabilities	24	25	24	23	20	21
Total equity and liabilities	**100**	**100**	**100**	**100**	**100**	**100**
Assets						
Total non-current assets	72	75	56	55	60	52
Total current assets	28	25	44	45	40	48
Total assets	**100**	**100**	**100**	**100**	**100**	**100**
Horizontal analysis – year on year (Percentage increase/(decrease) over preceeding year)						
Equity and liabilities						
Total equity	6	6	3	(4)	6	
Total non-current liabilities	120	56	0	(7)	(10)	
Total current liabilities	25	20	6	18	(2)	
Total equity and liabilities	**31**	**16**	**3**	**0**	**1**	
Assets						
Total non-current assets	27	55	5	(8)	16	
Total current assets	45	(33)	0	12	(14)	
Total assets	**31**	**16**	**3**	**0**	**1**	

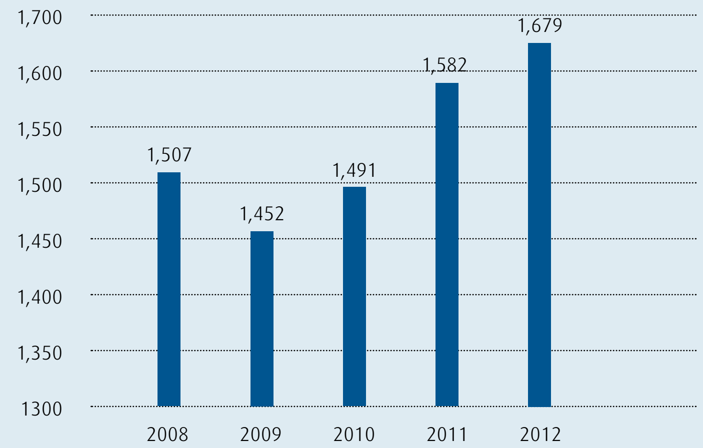
Key financial data.

Turnover (Net) and average capital employed (Rupees in million)

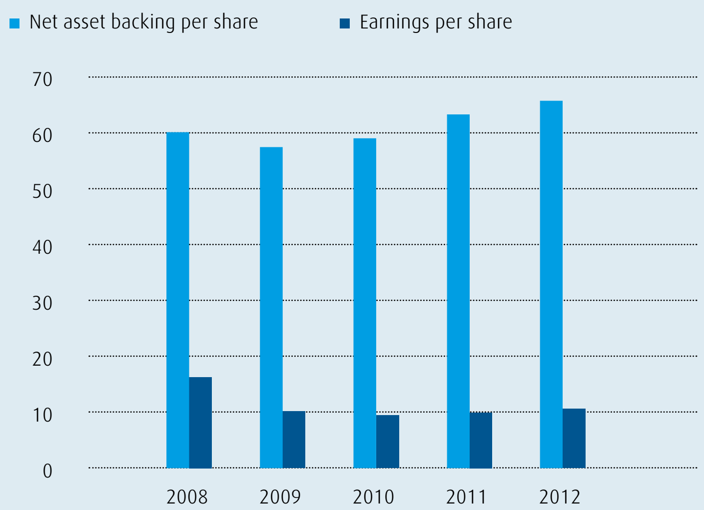


Paid-up capital and cash dividend (Rupees in million)

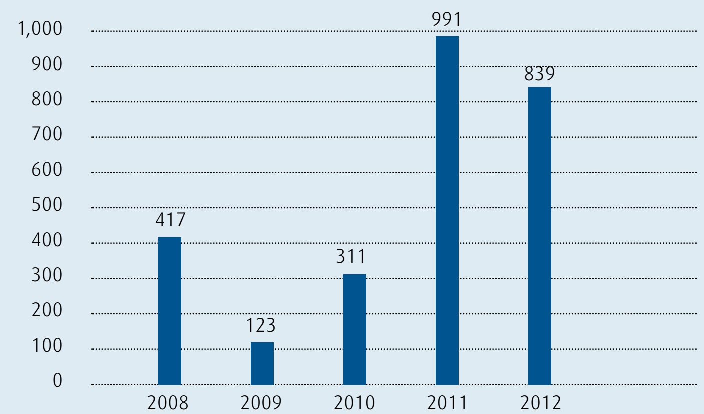
Shareholders' fund (Rupees in million)



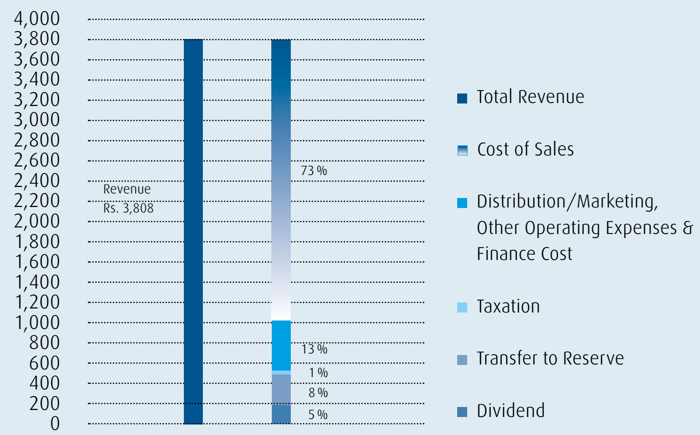
Break up value and EPS (Rupees)



Capital expenditure (Rupees in million)



Application of revenue 2012 (Rupees in million)



Statement of value added during 2012.

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:

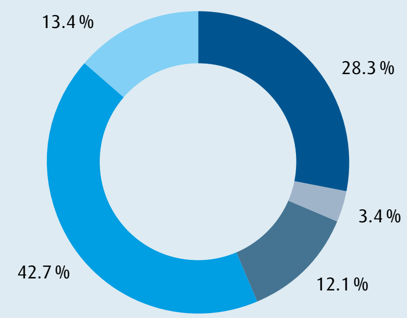
Rupees in '000	2012	2011
Wealth generated		
Total revenue (net of sales tax)	3,808,040	3,103,650
Bought-in-material & services	(2,504,577)	(2,057,275)
	1,303,463	**1,046,375**
Wealth distributed		
To employees		
Salaries, wages and benefits	351,850	337,321
Reorganization/restructuring cost	204,572	–
	556,422	**337,321**
To government		
Income tax on profit, Workers' funds, Import duties (exclusive of capital items) and un-adjustable Sales Tax	158,283	239,959
To providers of capital		
Cash dividends to shareholders*	175,271	175,271
To Lenders		
Finance cost	44,266	1,916
Retained in the Business		
Represented by depreciation and transfer to general reserve for replacement of fixed assets	369,221	291,908
	1,303,463	**1,046,375**

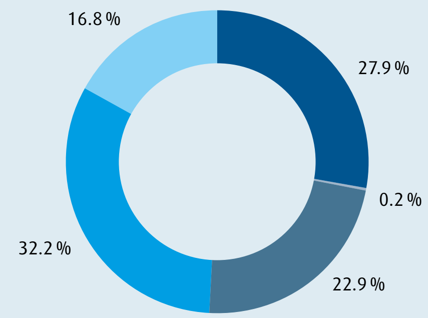
* Includes proposed final dividend declared subsequent to year end

Wealth generated and distributed 2012

Wealth generated and distributed 2011

Net Retention   To Lenders   To Government   To Employees   To Shareholders





Directors standing from left to right: Mr Towfiq Habib Chinoy, Mr Yousuf Husain Mirza (CEO & Managing Director), Mr M Ashraf Bawany (Deputy Managing Director), Mr Manzoor Ahmed, Mr Sanaullah Qureshi and Mr Atif Riaz Bokhari

Directors sitting from left to right:
Mr Bernd Hugo Eulitz, Mr Munnawar Hamid – OBE (Chairman) and Mr Siew Yap Wong

Profile of Directors.

Munnawar Hamid – OBE
Chairman

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

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

Silk Bank Limited	Chairman
Human Resource and Compensation Committee of the Board, Silk Bank Limited	Chairman
Huntsman TE, Singapore	Advisor/Consultant
The Aga Khan University	Trustee
The Aga Khan University Provident Fund	Trustee
The Aga Khan University Gratuity Fund	Trustee
Physical Plant & Infrastructure Committee of the Aga Khan University Board of Trustees	Chairman
Audit Committee, HR Committee and Resource Development Committee of the Aga Khan University Board of Trustees	Member

Sanaullah Qureshi
Director

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

Currently he holds office in the following companies/entities:

Atlas Honda Limited	Director
ICI Pakistan Staff Pension Fund	Trustee
MYK Associates (Pvt) Ltd	Director
Board Audit Committee, Atlas Honda Limited	Chairman

Towfiq Habib Chinoy
Director

Mr Towfiq Habib Chinoy has been associated with Linde Pakistan Limited as a Director since 30 January 2002 and also holds office of the Chairman, Board Human Resource & Remuneration Committee. Having completed his Higher National Certificate in Mechanical Engineering from Luton & South Bedfordshire College of Engineering, Mr Chinoy undertook his engineering apprenticeship at Vauxhall Motors. He joined International Industries Ltd (IIL) in 1964 and was appointed Managing Director in 1976. He was the driving force behind the growth of IIL as Pakistan's largest pipe and tube manufacturer. He is currently the Managing Director of International Steels Limited (ISL), a subsidiary of IIL. Mr Chinoy has served as a member of the Engineering Development Board, the Advisory Board of Ports and Shipping Sector, Ministry of Communications and as a Director on the Board of Port Qasim Authority, National Refinery Limited and The Pakistan Business Council.

Currently Mr Chinoy also holds office in the following organizations:

International Steels Ltd.	Chief Executive
Jubilee General Insurance Co. Ltd.	Chairman
Packages Limited	Chairman
HBL Asset Management Ltd.	Director
Jubilee Life Insurance Company Ltd.	Director
IGI Investment Bank Limited	Director
Mohatta Palace Gallery Trust	Trustee
Indus Valley School of Art and Architecture	Governor

Manzoor Ahmed
Director

Mr Manzoor Ahmed joined Linde Pakistan Limited as a Director on 14 July 2010. He is Chief Operating Officer and currently managing investment portfolio of NIT worth over Rs. 75 billion. He has experience of over 23 years of the Mutual Fund industry. He is MBA and also holds D.A.I.B.P. At present, he is a candidate for CFA Level III. Mr Ahmed has attended various training courses organized locally and internationally. Mr Ahmed is a certified Director from Pakistan Institute of Corporate Governance.

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

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

Siew Yap Wong
Director

Mr Siew Yap Wong joined the Linde Pakistan Board of Directors on 10 February 2012 after being appointed the Cluster Head of Malaysia and Pakistan, responsible for the business for both countries. He is currently the Managing Director of Linde Malaysia Holdings Berhad group of companies. He started his career with Linde Malaysia in 1982 in welding operations, and has held various strategic positions covering planning, sales, business, marketing and strategic development.

Mr Wong holds an engineering degree from the University of Southampton, an MSc. in Welding Technology from Cranfield Institute of Technology, an MBA from the Cranfield School of Management and a Certified Diploma in Accounting & Finance from ACCA. He is also a member of the Institution of Engineers, Malaysia and a Senior Member of the Welding Institute, United Kingdom.

Besides serving as Board Member of the following companies, Mr Wong is also the Council Member of the Federation of Malaysian Manufacturers as well as Chairman of FMM Institute:

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

Atif Riaz Bokhari
Director

Mr Atif Riaz Bokhari joined the Linde Pakistan Board of Directors on 21 January 2013. Mr Bokhari, currently President & CEO, United Bank Limited (UBL), is a career banker with extensive experience in domestic and international banking. He started his banking career in 1985 with Bank of America, where he handled diverse assignments over 15 years. Subsequent to leaving Bank of America in July 2000, Mr Bokhari joined Habib Bank Limited wherein he was Head of Corporate and Investing Banking.

Mr Bokhari was appointed as President & CEO of UBL in May 2004 (18 months after privatization). Since then UBL has ventured into new diversified business and revenue streams namely Consumer Financing, E-commerce, Branchless Banking, Asset Management and general insurance.

Mr Bokhari holds the office of Chairman or Director in several UBL Group companies. Mr Bokhari is very actively involved with a private sector program for the development of education in Karachi. Specifically he is a founding Director of the Karachi School for Business & Leadership affiliated with the Judge Business School, Cambridge, UK.

Additionally, he holds office in the following companies/entities:

United Bank Limited	President & CEO
United Bank A.G. Zurich, Switzerland	Chairman
United Executors & Trustees Co. Ltd.	Chairman
United National Bank Limited, UK	Director
Karachi Education Initiative	Director
Institute of Bankers Pakistan	Vice President
Pakistan Banks Association	Vice Chairman

Bernd Eulitz
Director

Mr Bernd Eulitz is the Regional Business Unit Head responsible for Linde's gases business in South & East Asia, based in Singapore. He oversees Linde's business in 11 countries in Asia – Bangladesh, India, Indonesia, South Korea, Malaysia, Pakistan, Philippines, Singapore, Sri Lanka, Thailand and Vietnam. He joined the Linde Pakistan Board of Directors on 10 February 2012.

Mr Eulitz has a master's degree in process engineering from the University of Karlsruhe, Germany. He joined Linde AG in Germany in 2004 as Head of Sales Region East, where he was responsible for sales and applications technology in the East German region. During his 4 years at Linde AG, he was responsible for the growth of the East German business and a broad range of projects for The Linde Group.

In April 2008, Mr Eulitz was appointed Chief Executive Officer of PanGas AG, The Linde Group's unit in Switzerland, responsible for the industrial and medical products business.

In October 2011, Mr Eulitz moved to Singapore to take up his new appointment as Regional Business Unit Head for South & East Asia.

Prior to his career in Linde, Mr Eulitz spent 5 years in the gas industry in Germany, in sales engineering and logistics roles, and another 4 years in consulting work at A. T. Kearney in Germany, UK and France.

Additionally, he also serves on the Board of the following companies:

Linde Gas Asia Pte Ltd	Director
Linde Gas Singapore Pte Ltd	Director
Linde Malaysia Holdings Berhad	Director
Linde (Thailand) Public Company Limited	Director
Linde Bangladesh Limited	Director
Linde Philippines Limited	Director
Linde Gas Vietnam Pte Ltd.	Director
Ceylon Oxygen Ltd.	Director

Muhammad Ashraf Bawany
Director

Mr Bawany is an Executive Director on the Board of Linde Pakistan Limited. He currently also holds offices of the Deputy Managing Director and Chief Financial Officer in the Company. He has been associated with the Company for more than 28 years in various leadership roles. Mr Bawany has been responsible for successfully executing several local and regional initiatives and in recognition of his exemplary performance, he was declared "Team Champion" in addition to several other significant local and regional awards. Mr Bawany takes keen interest in the promotion of education, trade and industry and strongly advocates for this cause through various platforms of professional, corporate and trade bodies in the country.

He has also been President of Institute of Cost & Management Accountants of Pakistan (ICMAP), Pakistan Institute of Public Finance Accountants (PIPFA) and Memon Professional Forum (MPF). Mr Bawany is a Certified Director from Pakistan Institute of Corporate Governance. In addition to being a fellow member of the Institute of Cost & Management Accountants of Pakistan and Institute of Corporate Secretaries of Pakistan, he is also a law graduate.

Presently he holds offices in various organizations and institutions as follows:

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

Yousuf Husain Mirza
Chief Executive

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

He joined Linde Pakistan in 1992 as an Engineer fresh from NED University and became the Plant Manager of LPL's Port Qasim plant in 1998, a position he held till 2002. In the next 8 years Mr Mirza has held senior leadership positions at Linde subsidiaries in Philippines and Malaysia and was the Head of SHEQ, South & East Asia providing leadership in delivering Safety, Health, Environment and Quality agenda across 11 countries. Mr Mirza returned to LPL as Vice President-Gases in April 2010, responsible for Operations, Distribution & CES, SHEQ, Procurement, Marketing and Tonnage Sales.

Mr Mirza has also completed his Masters of Business Administration from the Institute of Business Administration (IBA), Karachi along with numerous professional training courses at prestigious institutes such as Nanyang Technological University, Singapore; University of Surrey; INSEAD, and Said Business School, University of Oxford.

Additionally, he holds following offices:

Pakistan German Business Forum	Director
BOC Pakistan (Private) Limited	Chairman & CEO
Share Transfer Committee of Linde Pakistan Limited	Chairman
Human Resource & Remuneration Committee of Linde Pakistan Limited	Member

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 2012.

National economy

According to the latest Annual Report of State Bank of Pakistan, the national economy witnessed a modest improvement in 2012, and registered a GDP growth of 3.7 % compared to 3.0 % last year, but still missed the target of 4.2 % due to energy shortages, unstable law & order situation, security concerns and the persisting aftermath of floods in the preceding years.

Pakistan's budget deficit reached 8.5 % of GDP mainly as a result of settlement of circular debt, losses stemming from public sector enterprises, higher interest payments, unabated Government borrowing and spending, and a continuing decline in revenue collection. Despite the reduction in interest rates overall monetary expansion decelerated in 2012, largely due to the deterioration of the external account which is now supported only by overseas Pakistani remittances as all other inflows have virtually dried up due to political uncertainty and insecurity. Although, remittances posted yet another year of strong growth, which not only helped narrow the current account deficit but also contributed to economic activity, and actual inflation of 11.1 % was lower than the annual target of 12 %, the rupee recorded a significant 9.1 % depreciation against the dollar during the year. Against this background a GDP growth target of 4.3 % for 2013 appears optimistic.

Company's performance – overall

The Directors are pleased to inform you that your Company maintained a positive growth trend throughout 2012, despite its various challenges. The Company inaugurated Pakistan's largest state-of-the-art Air Separation Unit (ASU) at Sundar Industrial Estate, Lahore, with a capacity of upto 150 tons per day, which is operating satisfactorily. In addition, strong demand from ship-breaking sector coupled with increase in turnover of hard goods and Carbon Dioxide (CO_2), and a broadening customer base in the healthcare segment continued to enable a strong growth in turnover of 22.3 %, as compared to last year, to reach a gross sales of Rs. 4.3 billion. Cost of goods manufactured went up by 16.3 %, mainly as a result of significantly enhanced energy prices and the need for increased product trunking to the Southern market from the North.

Depreciation and Insurance costs have gone up due to additional insurance cover for the new ASU at Lahore which along with the greater volume purchase of finished product resulted in an increase in cost of sales of 22.4 %. Despite these increases, operating profit before reorganization/restructuring cost stood at Rs. 564.2 million, an improvement of 39.4 % over the previous year.

In order to contain operating costs and improve productivity in the longer term, the Company has reorganized and restructured during the year necessitating a Voluntary Separation Scheme for employees at all levels of the organization. The cost of the scheme amounting to Rs. 204.6 million has been recognized in the annexed accounts. As a result, though operating profit has reduced to Rs. 359.7 million in 2012 compared to Rs. 404.6 million in the previous year, a relatively short payback period of 3.5 years of this cost and the expected productivity gains will ensure a more robust profitability of the Company in future. Finally, though the finance charge at Rs. 44.3 million has gone up compared to last year due to the long term financing obtained for the new Lahore ASU Plant, capitalization of this plant has resulted in a substantial tax benefit and therefore profit after tax at Rs. 276.3 million and EPS of Rs. 11.03 remain 5.0 % higher compared to the previous year.

Sales

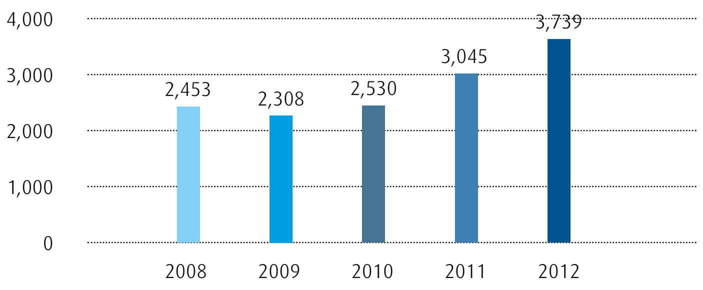
Industrial and medical gases

As stated earlier, the severe energy crisis gripping the country impacted your company as well. This, however, was mitigated by effective product management, productivity and efficiency initiatives and renewed focus on customer service levels. Your company's relationship with its major customers was further reinforced and the successful commissioning of the new ASU at Lahore enhanced overall capability of the Company to service its market effectively. Your company also maintained a strong focus on the Packaged Gas Products (PGP) business, established itself as a significant player in the Dry Ice business, and benefitted from the strong demand from other industrial sectors like metals, petrochemicals, glass, and food and beverages. As a result, it was able to register an impressive growth of 20 % in this sector over the last year and increase market share.

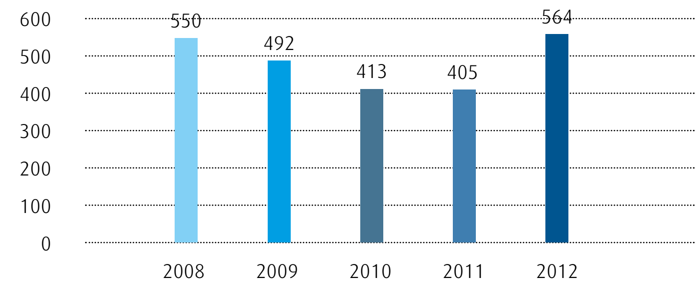
Welding and others

The sale of welding electrodes was 47 % higher over the last year despite slow activity in the manufacturing sector and rising input costs. This was achieved through addition of new customers, capturing opportunity in all available new projects, and an improved and efficient supply chain.

Net sales (Rupees in million)



Operating profits (Rupees in million)



Engineering operations

During 2012, all Linde plants operated efficiently, despite the challenges of an adverse energy situation which impacted ASU operations nationally and Carbon Dioxide production at Multan. The company launched the six sigma program in Carbon Dioxide production at Port Qasim, which has resulted in significant improvement in efficiency and production. Both Carbon Dioxide facilities were certified for FSSC 22000 (Food Safety standards certification) whereas all major production facilities maintained their ISO 9002 quality management system certifications.

Projects

The following two projects are aimed at ensuring growth, increased productivity and improve customer service.

Your company recently announced an investment of Rs. 556 million for the installation of a captive power generation plant at its Port Qasim facility. The Initial Environment Examination (IEE) for the project has been completed and the major equipment supplier has been selected. The project when completed will bring enhanced efficiency, reliability and product availability.

With the commissioning of the latest ASU in Lahore, your Company has decided to relocate the existing plant at Taxila to its Port Qasim site to support increased demand and serve customers more reliably in the southern region and save significant trunking costs. The relocated plant is expected to commence commercial production at Port Qasim by June 2013.

Cash flow management

The Company utilized its cash resources very efficiently and diligently managed working capital. As a result, despite a substantial spending on capital projects amounting to Rs. 1,831 million in the last two years, net borrowing (long term financing net of cash and bank balances) only amounts to Rs. 396 million as at 31 December 2012.

Financial risk management

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

Contribution to national exchequer

Information with respect to Company's contribution towards the National Exchequer has been provided in the statement of value added appearing in this Report on page 23.

Information Systems (IS)

Company has initiated a project to migrate from the existing SAP system to a standard regional SAP template. The new system leverages the best operating processes and systems from across the Linde Group and will go live in early 2013.

Safety, Health, Environment and Quality (SHEQ)

Safety, Health, Environment and Quality (SHEQ) continues to be at the heart of every activity of the company. During the year, a new safety policy was launched emphasizing renewed commitment to safety, and the Company continued to maintain an excellent safety record with no lost time incident or a transport safety accident.

Environment and energy conservation

Fuel and energy conservation initiatives have resulted in significant reduction of consumption, and the company continues to monitor:

- emissions and effluents as per the national environment quality standards, as well as
- noise generated from the operation of plants, and
- maintains the minimum permitted levels.

Mr Yousuf Husain Mirza, Chief Executive & Managing Director of Linde Pakistan, receiving RSE Special Award

Linde Pakistan is the leading supplier of industrial gases to the ship-breaking industry

Linde Pakistan Limited – a High Performance Organisation (HPO)

Linde Pakistan continues its journey of transformation to become a High Performing Organisation. HPO stands for everything that drives daily work and performance, provides direction and orientation, and helps your company to achieve the vision of being "The leading global industrial gases and engineering group, admired for its people who provide innovative solutions that make a difference to the world". The HPO program is a step by step programme launched throughout The Linde Group in 2009, as a result of which local initiatives supported by regional and global input ensure that a culture of relentless self-improvement permeates throughout the organization.

Human resources

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

Industrial relations

Industrial relations remained harmonious throughout 2012. The business environment remains challenging and therefore it is an imperative for the Company to prepare to meet the challenges in future. A Business Transformation initiative was undertaken in 2012 to reorganize operational activities which, as referred to earlier, necessitated the implementation of a Voluntary Separation Scheme (VSS) for employees at all levels of the organization. This was done with the fullest possible recognition to the best financial interest of all concerned employees in line with the philosophy of the Company, and therefore caused no industrial relation issue.

Corporate social responsibility

The Linde Group is involved in a variety of projects and initiatives at its locations around the world. In line with this Policy Linde Pakistan provided assistance, locally, in the form of donations, sponsorships, as well as volunteer work by employees. This was done through its HELP Program in areas of agreed strategic priority which include education, healthcare, science and research, as well as projects which enables Linde to meet its responsibility as a good neighbor, and bring to use its specialist knowledge as a technology group and gases expert.

Linde Pakistan, also as a priority, takes all possible operational measures to ensure that all its employees as well as the communities it operates in, remain safe. Environmental protection is a high priority and as such the Company is continuously striving to ensure that its production processes are eco-friendly and efficient. The Company constantly endeavours to improve energy efficiency and reduce waste through reuse and recycling at both its production facilities as well as its offices. During the energy crisis the Company gave priority to the healthcare sector to ensure that there is no product shortage in this life-saving sector and an uninterrupted supply was maintained.

Linde Pakistan continued its commitment to develop skills of the local welding community and to improve standards of welder safety, ensuring a responsible management of safety and health consequences in a very promising sector of the Company's business. The Company has sponsored training at the local technical training institutes and provides, in addition to welding and safety equipment, welding experts to train staff and students at these institutes. An understanding has also been reached whereby Linde Pakistan will support a German government initiative for providing vocational training and industrial experience.

Awards

Country Excellence Awards were given to several employees who exhibited outstanding performances during the year, highlighted in this Report.

Former Governor Punjab awarded "CSR Business Excellence Award 2012"

Linde Pakistan Team won the RSE Special Award

CSR Business Excellence Award

The Directors are pleased to report that your Company was awarded the "CSR Business Excellence Award 2012", in recognition of best performance and support to social development in the country, by the National Forum for Environment and Health (NFEH) in March 2012. The CSR Business Excellence Award has been instituted to recognize and promote organizations making outstanding contributions to a sustainable future through CSR initiatives.

7th EFP Best Practices Award on OSH&E

The Company has won the 2nd Prize for the "Best Practices" in Occupational Safety, Health & Environment (OSH&E) in the category of Oil, Gas & Energy Sector from the Employees Federation of Pakistan in April 2012. This award is in recognition of the Company's high standard of safe and health in its working conditions as well as its efforts to become World class in Safety.

RSE Asia-One Excellence Awards

The Linde Pakistan Team was awarded the "RSE Special Award" by the Linde Group in acknowledgement of its successful efforts to turn around the Company's business.

Best Finance Team – Runner-up Awards

The Finance & Control (FiCO) team of the Company has been declared the "Best Finance Team" (Runner-up), among the 11-member countries of the South & East Asia Region of the Linde Group, in recognition of its distinctive financial management performance.

The Directors are pleased to record their appreciation and congratulations to all the recipients of these awards in recognition of their excellent contributions.

Distribution of dividends and appropriation of profits

Linde Pakistan continues to remain in a reinvestment phase and continues to consider many options and opportunities for growth and new business development. In view of the investments already committed to as well as possible future plans, and to keep overall leverage levels within prudent limits the Company would require to conserve cash. Therefore the Directors recommend a final cash dividend of Rs. 5.00 (50 %) per ordinary share of Rs. 10 each, making a total dividend for the year of Rs. 7.00 (70 %), which represents a 63.5 % payout of earnings, and will enable suitable retention.

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

Rupees in '000	
Un-appropriated profit as at 31 December 2011	204,748
Final dividend for the year ended 31 December 2011 at Rs. 5.00 per share	(125,194)
Transfer to general reserve	(79,554)
Net Profit after taxation for the year 2012	276,289
Net Actuarial losses recognized in other comprehensive income	(5,325)
Disposable profit for appropriation	270,964
Interim dividend at Rs. 2.00 per share paid in September 2012	(50,077)
Un-appropriated profit carried forward	220,887
Subsequent effects:	
Proposed final dividend at Rs. 5.00 per share	125,194
Transfer to general reserve	95,693
	220,887
Total dividend per share for the year Rs. 7.00	175,271
EPS – for the year 2012 Rs. 11.03 (2011: Rs. 10.50)	

Post balance sheet events

There has been no significant event since 31 December 2012 to date, except the declaration of final dividend which is subject to the approval of the Members at the 64th Annual General Meeting to be held on 29 April 2013. The effect of such dividend shall be reflected in the next year's financial statements.

Holding company

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

Auditors

The present auditors, KPMG Taseer Hadi & Co., Chartered Accountants, retire and being eligible, offer themselves for reappointment. As suggested by the Audit Committee, the Board of Directors has recommended their reappointment as auditors of the Company for the year ending 31 December 2013, at a fee to be mutually agreed.

Future prospects – challenges & strategies

With a turbulent economy and slowing Large Scale Manufacturing, the challenges faced by the business are many, but even in these testing times, Linde Pakistan has continued to grow at a very healthy pace over the last couple of years. This has been made possible through aggressive business development, investment, and improvements in productivity. The Company intends to continue this journey and with the many key projects in the pipeline and nearing maturity, it is well poised to ensure future growth as well.

Linde Pakistan will also continue to leverage on the Research & Development work done by the Linde Group on a global level and with the help of regional experts continue to deliver innovative and cutting edge solutions to its customers. A focus on developing new applications will continue to help improve productivity and efficiency in customer processes and at the same time allow Linde to venture into new avenues for expansion and growth.

Acknowledgement

The Board of Directors of your Company would like to thank all its customers, suppliers, contractors, service providers and shareholders for their continued valuable support in managing the business. The Board also takes this opportunity to express its gratitude and appreciation for the commitment, loyalty and dedication shown by the management and employees across the country which enabled the Company to produce a healthy performance in a highly competitive business environment.

On behalf of the Board

Karachi
27 February 2013

Munnawar Hamid – OBE
Chairman

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

Muhammad Salim Sheikh
Head of HR

Zubair Siddiqui
Head of Operations

Ali Ahmad
Sales Manager South

Ahmad Raza
Distribution & CES Manager

Arshad Manzoor
Cluster IS Manager
Bangladesh & Pakistan

Corporate governance.

Linde Pakistan Limited firmly believes that sound corporate governance is fundamental to sustainable corporate success. Its corporate governance philosophy is translated into strategies and policies formulated by the Board of Directors ensuring a focus on optimizing long term value for shareholders, employees, customers, other stakeholders, including the communities the Company operates in, in particular, as well as society at large in general. The management of the Company is committed to high standards of corporate governance to ensure business integrity, and fair and transparent business practices and as a result a sustained confidence of all stakeholders.

Compliance statement

The Board of Directors has complied with the Code of Corporate Governance, the listing requirements of the Karachi, Lahore and Islamabad Stock Exchanges and the Financial Reporting Framework of Securities & Exchange Commission of Pakistan (SECP).

The Directors have confirmed that the following has been complied with:

a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
b) Proper books of account of the Company have been maintained.
c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
e) The Company maintains sound internal control system which provides reasonable assurance against any material misstatement or loss. Such system is monitored effectively by the management; while the Board Audit Committee reviews internal control based on assessment of risks and reports to Board of Directors.
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 18 to this annual report.
i) Information about outstanding taxes and levies is given in the notes to the financial statements.
j) Information with respect to corporate restructuring (reorganisation/ restructuring), significant business plans and decisions for the future prospects of profits have been stated in the Directors Report as approved by the Board.
k) Statement of the value of investments of Company's staff retirement funds is as follows:

Name of Funds	Un-audited	Audited
Staff Provident Fund	–	Rs. 252 million as at 31 July 2012
Employees' Gratuity Fund	Rs. 95 million as at 31 December 2012	Rs. 115 million as at 31 December 2011
Management Staff Pension Fund	Rs. 68 million as at 31 December 2012	Rs. 64 million as at 31 December 2011
Management Staff Defined Contribution Pension Fund	Rs. 108 million as at 31 December 2012	Rs. 102 million as at 31 December 2011

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

l) The Board of Directors in its meeting held on 25 October 2012 adopted the "Code of Ethics" of the ultimate parent company, Linde AG, Germany, as the "Code of Conduct" of the Company in place of its earlier "Statement of Ethics and Business Practices" which appears on page 10. The directors and employees are already familiar with the Code of Ethics that was launched in the Company in July 2011. It is mandatory for all employees to complete an e-training of the Code of Ethics.

Board of Directors

The Board comprises 9 (nine) directors, out of whom are 7 (seven) non-executive directors including a director representing a financial institution (NITL). The remaining two are executive directors one of whom is the Deputy Managing Director and the other Chief Executive of the Company. All members of the Board are highly qualified professionals of proven integrity with requisite skills, competence, knowledge and experience which are considered to be relevant to the Company's operations. The Chairman of the Board, who is non-executive, ensures that the Board plays an effective role in fulfilling all its responsibilities. The present term of the Board of Directors will expire on 29 January 2014.

During the year 5 (five) meetings of the Board of Directors were held while 4 (four) Audit Committee and 4 (four) meetings of the Human Resource & Remuneration Committee were held. Attendance by each Director in the meetings of the Board and its Sub-Committees is as follows:

Mr M Ashraf Bawany, Deputy Managing Director, in an interactive session

Board Meeting in progress

Name of Directors	Board of Directors	Audit Committee	Human Resources & Renumeration Committee
	Total number of meetings held during the year/ Attendance (2012)		
	5	4	4
Mr Munnawar Hamid – OBE	5/5	–	–
Mr Yousuf Husain Mirza	5/5	–	–
Mr Sanaullah Qureshi	5/5	4/4	–
Mr Towfiq Habib Chinoy	3/5	–	4/4
Mr Manzoor Ahmed	4/5	–	3/4
Mr M Ashraf Bawany	5/5	–	–
Mr Humayun Bashir*	4/5	4/4	–
Mr Bernd Hugo Eulitz	5/5	3/4	2/4
Mr Siew Yap Wong	4/5	3/4	3/4

* Mr Humayun Bashir resigned on 25 Oct. 2012

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

Role and responsibility of the Chairman and Chief Executive

The Board of Directors has clearly defined the respective roles and responsibilities of the Chairman (Non-Executive) and the Chief Executive.

The role of the Chairman is primarily to manage the Board, its various Committees and their respective processes to ensure effective oversight of the Company's operations and performance in line with strategy, to discharge its various fiduciary and other responsibilities. The Chief Executive is responsible for all matters pertaining to the operation and functioning of the Company.

Change in the Board of Directors

The following changes have taken place in the Board of your Company since the last Annual Report 2011:

Mr Humayun Bashir, a nominee of The BOC Group Limited, U.K. on the Board of the Company, resigned as director with effect from 25 October 2012 following his relocation to a new expanded IBM Middle East Africa role based in Dubai. The directors would like to express their appreciation for the valuable contributions made by Mr Bashir during his tenure as director of the Company and wish him success in his new role and responsibilities.

Mr Atif Riaz Bokhari, President United Bank Limited, was appointed as a nominee director of The BOC Group Limited on the Board of the Company with effect from 21 January 2013 in place of Mr Humayun Bashir. Mr Bokhari brings with him 28 years of rich experience in domestic and international banking. Moreover, he has a very broad view of industry, trade, commerce and the economy of the country.

The Board welcomes the newly appointed director, Mr Atif Riaz Bokhari, and looks forward to his experienced and expert guidance in the development and future progress of Linde Pakistan.

Committees of the Board

The Committees of the Board act in line with their respective terms of reference as determined by the Board. These Committees assist the Board in discharge of its fiduciary responsibilities.

Audit Committee with brief terms of reference

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

BAC comprises of four Non-Executive Directors. The Chief Executive Officer, Chief Financial Officer, Head of Internal Audit and representative of External Auditors attend meetings by invitation. The Committee also privately meets with the External Auditors and Head of Internal Audit and other members of the internal audit function, at least once in a year. During the financial year ended 31 December 2012, four meetings of the BAC were held. The present members of BAC are as follows:

Mr Sanaullah Qureshi	Chairman
Mr Bernd Hugo Eulitz	Member
Mr Siew Yap Wong	Member
Mr Atif Riaz Bokhari*	Member

* appointed on 21 Jan. 2013

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

Human Resource & Remuneration Committee (HR&RC)

HR&RC assists the Board in the effective discharge of its responsibilities in matters relating to appointments of senior executives and their remuneration as well as management performance review, succession planning and career development.

The Committee comprises 5 (five) members, out of whom are 4 non-executive directors including the Chairman whilst the fifth is the Chief Executive of the Company.

HR&RC consists of four Non-Executive Directors and the Managing Director. The names of the present members are as follows:

1.	Mr Towfiq Habib Chinoy	Chairman
2.	Mr Manzoor Ahmed	Member
3.	Mr Bernd Hugo Eulitz	Member
4.	Mr Siew Yap Wong	Member
5.	Mr Yousuf Husain Mirza	Member

The Secretary of the Committee is Mr M Salim Sheikh, Head of HR.

Share Transfer Committee

The Committee approves registration, transfers and transmission of shares, a summary of which is subsequently placed before the Board for information and ratification.

This Committee consists of the following two executive directors:

1.	Mr Yousuf Husain Mirza	Chairman
2.	Mr Muhammad Ashraf Bawany	Member

The Secretary of the Committee is Mr Wakil Ahmed Khan, Manager – Corporate Services.

Internal and external audit

Internal Audit

At Linde Pakistan Limited, the Internal Audit department is an integral part of the Linde Group Internal Audit Department. Internal Audit aims to assist the Board of Directors and management in discharging their responsibilities by identifying and carrying out independent, objective audits as well as consultancy services aimed at creating value and improvement of business processes. It helps the organisation to achieve its objectives by assessing and helping to improve the effectiveness of risk management, control mechanisms and the governance, management and monitoring of processes through a systematic and targeted approach.

To maintain the highest level of independence, Internal Audit has a functional reporting relationship directly to the Board Audit Committee (BAC) as well as Regional Head of South & East Asia / Pacific (Singapore). Such a reporting structure allows the Linde Pakistan Limited Head of Internal Audit to be completely independent from the company's operations and to receive appropriate support in fulfilling her role. In addition, the Head of Internal Audit has unrestricted access to the Board Audit Committee Chairman, the Managing Director and the Finance Director of the company to ensure that effective reporting and communication lines exist and guidance is sought as required. In order to ensure transparency, all reports are shared with the External Auditors and all material findings from both internal and external audits are fully analyzed and discussed.

The BAC reviews all Internal Audit reports which are also discussed in detail with the BAC Chairman regularly. The work of Internal Audit is focused on areas of material risks to the company, determined on the basis of risk based planning approach. Further, globally identified high value reviews also form part of the audit plan to ensure global best practices.

The Internal Audit department is guided by a comprehensive audit manual as provided by the Global Group function. The key principles covered in the manual are: objectivity in gathering, assessment and communication of findings; independence from the audited entity; unlimited access to relevant information; integrity in execution of its functions; confidentiality with disclosure only as authorized and assured access to necessary skills and knowledge from the global function should it not exist in the department. The standard audit process is quality based, in that all reports undergo intensive quality reviews at local regional and global levels. In addition, the department is guided by the IIA standards and the Company's Code of Ethics.

External Audit

Shareholders appoint the external auditors on a yearly basis at the annual general meeting of the Company as proposed by the Audit Committee and recommended by the Board of Directors. The annual financial statements are audited by such independent external auditors (KPMG) and half-year financial reports are subject to a review by the same firm. In addition to conducting audits and reviews, the auditors also report on any matters arising from the audit particularly in the key areas of focus.

Best corporate practices

As part of The Linde Group, the Company is committed to integrity in all its business dealings. This is non-negotiable. Integrity and ethical values are prerequisites for each one at the Company.

Governance standards and best corporate practices are regularly reviewed and updated by the Board to ensure their effectiveness and relevance in line with the Company's objective including implementation thereof.

The Board with active participation of all members in its meetings formulates and approves policies, strategies, business plans and provides guidance on operations and matters of significant importance. Additionally, the Board sets compliance with all applicable legal and listing requirements as a priority.

Linde's Code of Ethics anchors ethical conduct within the Company. In addition, since 2006, the Company (as part of The Linde Group) has pledged its commitment to the United Nations Global Compact. The UN Global Compact is a global alliance of organisations and private businesses, which aims to protect human rights, support compliance with labour standards, encourage environmental responsibility and combat corruption. The Company incorporates the principles of the UN Global Compact in our business activities.

At Linde, we have zero tolerance for corruption. The Company has in place an Anti-Corruption Compliance Guide (ACCG). The ACCG is designed to help employees conduct business in a legal and legitimate way and avoid violations of the Code of Ethics. It offers guidance to our employees on the granting and receiving of benefits, such as gifts, meals and invitations to events, that are prevalent in all cultures in general business dealings and thereby aims to minimise the risk of corruption in our business.

Disclosure and transparency

The Company in compliance with the legal and listing requirements treats all its shareholders equally. For the purpose of transparency, the Company always aims to provide shareholders and public up-to-date information about its business activities through the stock exchanges, the press, its website and periodic published financial statements as the case may be. The Company also publishes a financial calendar, which appears in its annual report, showing a tentative schedule for the announcement of financial results to be made in a calendar year.

The Company considers the annual general meeting as the most appropriate forum for open and transparent discussions with its shareholders where they get an opportunity to review business performance as well as financial information as contained in the annual report and accounts. The event not only provides an opportunity for the shareholders to raise questions with the directors present, but is also an opportunity for giving information to shareholders on the future direction of the Company. As the Company believes in transparency and disclosure of information for all its stakeholders, the Company, as required, gives notice of the general meeting in the press well before the prescribed time and offers free transportation service between a pre-designated generally convenient place and the venue of the meeting to encourage maximum attendance of its members at the general meeting.

Pattern of shareholding

The pattern of shareholding together with additional information thereon is given on pages 84 and 85 to disclose the aggregate number of shares with the break-up of certain classes of shareholders as prescribed under the corporate and financial reporting framework.

During the year, no trading in the shares of the Company was carried out by the Directors, Chief Executive, Chief Financial Officer and Company Secretary and their spouses and minor children except by a director, Mr Towfiq Habib Chinoy. Mr Chinoy purchased 22,770 shares of the Company and timely disclosure of the same was made as required.

Statement of compliance with the Code of Corporate Governance. Year ended 31 December 2012.

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in listing regulations of the Karachi, Lahore and Islamabad 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 CCG 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:

   ### Executive Directors

   - Mr Yousuf Husain Mirza
   - Mr M Ashraf Bawany

   ### Non-Executive Directors

   - Mr Munnawar Hamid – OBE
   - Mr Sanaullah Qureshi
   - Mr Towfiq Habib Chinoy
   - Mr Manzoor Ahmed
   - Mr Bernd Hugo Eulitz
   - Mr Siew Yap Wong
   - Mr Atif Riaz Bokhari*

   * Mr Atif Riaz Bokhari was appointed on the Board on 21 January 2013 in place of Mr Humayun Bashir, who resigned with effect from 25 October 2012.

2. The directors have confirmed that none of them, except Mr Manzoor Ahmed who has been granted exemption by the SECP, vide letter SMD/SE/2(10)2002, dated 17 August 2012, for a period of 2 years, is serving as a director on more than seven 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 or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.

4. Three casual vacancies occurred on the Board during the year. Of these, two casual vacancies occurring on 10 February 2012 were filled up immediately while the one occurring on 25 October 2012 was filled up within the prescribed period.

5. The Board of Directors in its meeting held on 25 October 2012 adopted the "Code of Ethics" of the ultimate parent company, Linde AG, Germany, as the "Code of Conduct" of the Company in place of its earlier Code "Statement of Ethics and Business Practices", which appears on page 10. The directors and employees are already familiar with the Code of Ethics that was launched in the Company in July 2011. It is mandatory for all employees to complete an e-training of the Code of Ethics.

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 and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

8. All the meetings of the Board held during the year were presided over by the Chairman. The Board met 5 (five) times this year including once in every quarter for consideration and approval of the financial statements as well as annual business plans of the Company following the best practices of Corporate Governance while a special meeting was held for approval of Company's investment plan for self-power generation at Port Qasim. 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.

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 to effectively manage the affairs of the Company for and on behalf of shareholders. Moreover, orientation sessions were arranged for two non-resident directors appointed on the Board during the year to acquaint them with the local markets, business objectives and affairs of the Company. They were also provided with the copies of Listing Regulations, Memorandum & Articles of Association and Code of Corporate Governance.

   A presentation on the revised Code of Corporate Governance was also made to the Board to apprise directors of the changes to ensure compliance thereon. Current Board of the Company has 3 certified directors from Pakistan Institute of Corporate Governance viz Mr Yousuf Husain Mirza, Mr Muhammad Ashraf Bawany and Mr Manzoor Ahmed while the arrangements for the remaining directors will be made to complete their certification under the director's training programme within the prescribed time.

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

11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and 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 CCG.

15. The Board Audit Committee has been in existence since May 2002. It comprises 4 members, all of whom are non-executive directors including the Chairman of the Committee. Currently, Mr Jamal Qureshi, Assistant Company Secretary, is the Secretary to the Audit Committee for which SECP has accorded approval vide letter SMD/SE/2(10)/2002, dated 14 December 2012.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the Committee for compliance.

17. The Board has changed the name of Remuneration & Appointments Committee to "Human Resource & Remuneration Committee" and included the CEO as a member of the Committee on 25 October 2012 in terms of clause xxv of the CCG. It comprises 5 members, of whom 4 are non-executive directors including the Chairman of the Committee while the other member is an executive director.

18. The board has set up an effective internal audit function. The appointed Head of Internal Audit is responsible for the work plan and reports the results of all Internal Audit activities to the Board Audit Committee. The Internal Audit function remains independent from the Company by having a reporting line to the Parent Company and also direct access to the Chairman of the Board Audit Committee.

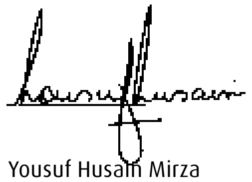
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

20. 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.

21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchanges.

23. We confirm that all other material principles enshrined in the CCG have been complied with.



Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Karachi
27 February 2013

KPMG Taseer Hadi & Co.
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Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Linde Pakistan Limited** ("the Company") to comply with the Listing Regulations of Karachi, Lahore and Islamabad Stock Exchanges where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, sub-regulation (x) of Listing Regulations 35 notified by the Karachi Stock Exchange Limited requires the company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken 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 2012.

KPMG Taseer Hadi & Co.

Date: 27 February 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants

Financial Statements of the Company.

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Auditors' Report to the Members

We have audited the annexed balance sheet of **Linde Pakistan Limited** ("the Company") as at 31 December 2012 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform 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 2012 and of the profits, its cash flows and changes in equity 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: 27 February 2013

Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Moneeza Usman Butt

Profit and loss account.

Rupees in '000	Note	For the year ended 31 Dec. 2012	For the year ended 31 Dec. 2011
Gross sales	5	4,252,294	3,476,567
Trade discount and sales tax	5	(512,889)	(431,767)
Net sales		3,739,405	3,044,800
Cost of sales	6	(2,785,235)	(2,275,591)
Gross profit		954,170	769,209
Distribution and marketing expenses	7	(231,066)	(211,490)
Administrative expenses	8	(193,676)	(171,376)
Other operating expenses	9	(33,811)	(40,554)
Other operating income	10	68,635	58,850
Operating profit before reorganization/restructuring cost		564,252	404,639
Reorganization/restructuring cost	11	(204,572)	–
Operating profit after reorganization/restructuring cost		359,680	404,639
Finance costs	12	(44,266)	(1,916)
Profit before taxation		315,414	402,723
Taxation	13	(39,125)	(139,848)
Profit for the year		276,289	262,875
Earnings per share – basic and diluted in Rupees	14	11.03	10.50

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Statement of comprehensive income.

Rupees in '000	For the year ended 31 Dec. 2012	For the year ended 31 Dec. 2011
Profit for the year	276,289	262,875
Other comprehensive income		
Actuarial losses on defined benefit plans	(8,193)	(12,385)
Gain/(loss) on derivative financial instruments	2,348	(2,348)
Tax on other comprehensive income	2,046	5,157
	(3,799)	**(9,576)**
Total comprehensive income for the year	272,490	253,299

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Balance sheet.

Rupees in '000	Note	As at 31 Dec. 2012	As at 31 Dec. 2011
Assets			
Non-current assets			
Property, plant and equipment	15	2,604,743	2,035,575
Investment in subsidiary		10	–
Net investment in finance lease	16	–	12,495
Long-term loans	17	49	1,010
Long-term deposits		26,691	26,362
		2,631,493	**2,075,442**
Current assets			
Stores and spares	18	116,732	108,272
Stock-in-trade	19	208,695	155,061
Current maturity of net investment in finance lease	16	14,260	72,302
Trade debts	20	203,269	156,553
Loans and advances	21	19,135	8,300
Deposits and prepayments	22	27,029	30,948
Other receivables	23	40,175	39,204
Taxation – net		24,154	–
Cash and bank balances	24	353,549	125,551
		1,006,998	**696,191**
Total assets		3,638,491	2,771,633
Equity and liabilities			
Share capital and reserves			
Issued, subscribed and paid-up capital	25	250,387	250,387
Reserves		1,207,623	1,126,543
Unappropriated profit		220,887	204,748
		1,678,897	**1,581,678**
Non-current liabilities			
Long-term financing	26	750,000	200,000
Long-term deposits	27	141,586	129,880
Deferred liabilities	28	204,192	167,315
		1,095,778	**497,195**
Current liabilities			
Trade and other payables	30	863,816	611,706
Taxation – net		–	81,054
		863,816	**692,760**
Total equity and liabilities		3,638,491	2,771,633
Contingencies and commitments	31		

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Cash flow statement.

Rupees in '000	Note	For the year ended 31 Dec. 2012	For the year ended 31 Dec. 2011
Cash flow from operating activities			
Cash generated from operations	32	792,857	634,381
Finance costs paid		(36,885)	(1,916)
Income tax paid		(113,737)	(122,467)
Post retirement medical benefits paid		(200)	(1,408)
Interest received on investment in finance lease		1,752	4,105
Long term loans and deposits		632	(15,466)
Long-term deposits		11,706	7,385
Net investment in finance lease		12,495	68,793
Net cash from operating activities		668,620	573,407
Cash flow from investing activities			
Acquisition of property, plant and equipment		(839,481)	(991,470)
Proceeds from disposal of operating assets		15,819	6,577
Interest received on balances with banks		8,544	22,568
Investment in subsidiary		(10)	–
Net cash used in investing activities		(815,128)	(962,325)
Cash flow from financing activities			
Long-term financing		550,000	200,000
Dividends paid		(175,494)	(163,595)
Net cash from financing activities		374,506	36,405
Net increase/(decrease) in cash and cash equivalents		227,998	(352,513)
Cash and cash equivalents at beginning of the year		125,551	478,064
Cash and cash equivalents at end of the year	24	353,549	125,551

The annexed notes 1 to 42 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 Dec. 2012

Rupees in '000	Issued, subscribed and paid-up capital	Reserves: Hedging reserve	Reserves: General reserve	Reserves: Unappropriated Profit	Total
Balance as at 1 January 2011	250,387	–	1,039,567	201,176	1,491,130
Total comprehensive income for the year					
Profit for the year	–	–	–	262,875	262,875
Other comprehensive income for the year	–	(1,526)	–	(8,050)	(9,576)
	–	(1,526)	–	254,825	253,299
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended 31 December 2010 – Rs. 4.50 per share	–	–	–	(112,674)	(112,674)
Interim dividend for the year ended 31 December 2011 – Rs. 2.00 per share	–	–	–	(50,077)	(50,077)
	–	–	–	(162,751)	(162,751)
Transfer to general reserve	–	–	88,502	(88,502)	–
Balance as at 31 December 2011	250,387	(1,526)	1,128,069	204,748	1,581,678
Total comprehensive income for the year					
Profit for the year	–	–	–	276,289	276,289
Other comprehensive income for the year	–	1,526	–	(5,325)	(3,799)
	–	1,526	–	270,964	272,490
Transactions with owners of the Company, recognised directly in equity					
Final dividend for the year ended 31 December 2011 – Rs. 5.00 per share	–	–	–	(125,194)	(125,194)
Interim dividend for the year ended 31 December 2012 – Rs. 2.00 per share	–	–	–	(50,077)	(50,077)
	–	–	–	(175,271)	(175,271)
Transfer to general reserve	–	–	79,554	(79,554)	–
Balance as at 31 December 2012	250,387	–	1,207,623	220,887	1,678,897

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

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Notes to the financial statements.
For the year ended 31 December 2012.

1. Legal status and operations

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

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

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, except for obligations in respect of staff retirement benefits and derivative financial instruments.

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 39 to these financial statements.

3. Standards, amendments and interpretations

3.1 Standards, amendments and interpretations to the published approved accounting standards that are effective in the current accounting period
Following standards, interpretations and amendments became effective during the year. However, these amendments to IFRS and interpretations did not have any material effect on the Company's financial statements.

- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets
- Amendments to IAS 1: Presentation of Items of Other Comprehensive Income

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 2013.

- IAS 19 Employee Benefits (amended 2011)
- IAS 27 Separate Financial Statements (2011)
- IAS 28 Investments in Associates and Joint Ventures (2011)
- Amendments to IAS 32: Offsetting Financial Assets and Financial Liabilities
- Amendments to IFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities

Improvements to:
- IAS 1 Presentation of Financial Statements
- IAS 16 Property, Plant and Equipment
- IAS 32 Financial Instruments: Presentation
- IAS 34 Interim Financial Reporting

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 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.

- 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.
- Rental and other service income is recognised in profit and loss account on accrual basis.
- Return on bank deposits is recognised on time proportion using the effective rate of return.

4.2 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.

4.3 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.

4.4 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.

4.5 Long-term incentive plan
The fair value of the amount payable to employees in respect of long term incentive plan, which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees become entitled to payment subject to satisfactory fulfilment of certain performance conditions. The accrued liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as salary expense in profit or loss.

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

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

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

Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and carry forward of unused tax losses can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.7 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.

4.8 Investment in subsidiary
Investment in subsidiary is stated at cost net of provision for impairment, if any. This investment is classified as long term investment.

4.9 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.

4.10 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.

4.11 Impairment
The carrying amounts of Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment loss. If any such indication exists, the asset's recoverable amount is estimated to determine the extent of impairment loss, if any. An impairment loss is recognised for the amount by which the 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 Staff retirement benefits

Defined benefit plans

The Company operates:

- an approved defined benefit gratuity scheme for all permanent employees. Minimum qualifying period for entitlement to gratuity is five years continuous service with the Company;

- 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. 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 each year end.

- 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 latest valuations of the above schemes were carried out as of 31 December 2012, 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:

- 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.

- 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.

4.18 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.

4.19 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.

4.20 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.

4.21 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.

4.22 Derivative financial instruments
When a derivative is designated as the hedging instrument to hedge the exposure to variability in cash flows attributable to a particular risk associated with a recognised asset or liability, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

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

4.23 Borrowings and their cost
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing cost that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

5. Segment information

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

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

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

5.1 Segment results are as follows

			31 Dec. 2012			31 Dec. 2011
Rupees in '000	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Gross sales	3,136,781	1,115,513	4,252,294	2,616,079	860,488	3,476,567
Less						
Trade discount	78,624	–	78,624	74,990	–	74,990
Sales tax	278,903	155,362	434,265	234,943	121,834	356,777
	357,527	155,362	512,889	309,933	121,834	431,767
Net sales	2,779,254	960,151	3,739,405	2,306,146	738,654	3,044,800
Less						
Cost of sales	1,911,033	874,202	2,785,235	1,607,863	667,728	2,275,591
Distribution and marketing expenses	210,252	20,814	231,066	191,990	19,500	211,490
Administrative expenses	176,230	17,446	193,676	155,575	15,801	171,376
	2,297,515	912,462	3,209,977	1,955,428	703,029	2,658,457
Segment result	481,739	47,689	529,428	350,718	35,625	386,343
Unallocated corporate expenses						
Other operating expenses			(33,811)			(40,554)
Other operating income			68,635			58,850
Operating profit before reorganization/ restructuring cost			564,252			404,639
Reorganization/restructuring cost			(204,572)			–
Operating profit after reorganization/ restructuring cost			359,680			404,639
Finance costs			(44,266)			(1,916)
Income tax			(39,125)			(139,848)
Profit for the year			276,289			262,875

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

5.3 Gross sales amounting to Rs. 585,663 thousand (2011: Rs. 508,856 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 2012 and capital expenditure for the year then ended are as follows

	As at 31 Dec. 2012			As at 31 Dec. 2011		
Rupees in '000	Industrial, medical and other gases	Welding and others	Total	Industrial, medical and other gases	Welding and others	Total
Segment assets	2,998,075	149,625	3,147,700	2,416,379	118,870	2,535,249
Unallocted assets			490,791			236,384
Total assets			**3,638,491**			**2,771,633**
Segment liabilities	296,705	23,482	320,187	178,783	15,154	193,937
Unallocated liabilities			1,639,407			996,018
Total liabilities			**1,959,594**			**1,189,955**
Capital expenditure	839,481	–	839,481	991,470	–	991,470

5.5 All non-current assets of the Company as at 31 December 2012 were located within Pakistan. Depreciation expense mainly relates to industrial, medical and other gases segment.

6. Cost of sales

Rupees in '000	Note	2012	2011
Fuel and power		769,785	644,447
Raw materials consumed		376,369	350,577
Third party manufacturing charges		24,213	16,717
Depreciation	15.5	246,105	188,826
Salaries, allowances and other benefits	6.1	152,288	149,854
Transportation expenses		207,655	181,867
Repairs and maintenance		56,621	41,538
Consumable spares		28,144	34,924
Insurance		32,679	20,041
Travelling and conveyance		19,437	17,255
Safety and security expenses		11,523	9,598
Rent, rates and taxes		3,934	3,123
Staff training, development and other expenses		3,872	3,044
Other expenses		6,155	5,830
Cost of goods manufactured		**1,938,780**	**1,667,641**
Opening stock of finished goods		92,755	97,429
Purchase of finished goods		881,979	602,122
Write down of inventory to net realisable value		1,983	1,154
Closing stock of finished goods		(130,262)	(92,755)
		2,785,235	**2,275,591**

6.1 Salaries, allowances and other benefits include Rs. 9,747 thousand (2011: Rs. 8,053 thousand) in respect of staff retirement benefits.

7. Distribution and marketing expenses

Rupees in '000	Note	2012	2011
Salaries, allowances and other benefits	7.1	134,719	122,444
Technical assistance fee		36,532	31,533
Travelling and conveyance		18,818	23,038
Depreciation	15.5	7,819	4,528
Provision for doubtful debts		7,529	–
Communications and stationery		8,237	10,586
Repairs and maintenance		2,151	3,260
Safety and security expenses		1,453	1,542
Office light		4,169	2,400
Rent, rates and taxes		3,153	2,490
Advertising and sales promotion		2,423	6,609
Staff training, development and other expenses		3,192	1,854
Other expenses		871	1,206
		231,066	211,490

7.1 Salaries, allowances and other benefits include Rs. 11,291 thousand (2011: Rs. 8,838 thousand) in respect of staff retirement benefits.

8. Administrative expenses

Rupees in '000	Note	2012	2011
Salaries, allowances and other benefits	8.1	98,685	94,643
Travelling and conveyance		12,880	18,087
Systems support and shared services		28,725	12,478
Communications and stationery		13,673	8,915
Depreciation	15.5	14,279	10,950
Repairs and maintenance		6,353	6,687
Office light		6,329	5,908
Directors' fee and remuneration		4,774	4,620
Safety and security expenses		1,743	2,368
Insurance		665	656
Rent, rates and taxes		683	539
Staff training, development and other expenses		2,613	2,598
Other expenses		2,274	2,927
		193,676	171,376

8.1 Salaries, allowances and other benefits include Rs. 10,419 thousand (2011: Rs. 9,467 thousand) in respect of staff retirement benefits.

9. Other operating expenses

Rupees in '000	Note	2012	2011
Workers' Profits Participation Fund		16,940	21,635
Workers' Welfare Fund		6,437	8,219
Legal and professional charges		7,320	7,735
Auditors' remuneration	9.1	1,440	1,440
Donations	9.2	913	1,045
Others		761	480
		33,811	40,554

9.1 Auditors' remuneration

Rupees in '000	2012	2011
Audit fee	700	700
Audit of provident, gratuity, pension and workers' profits participation fund and fee for special certifications	430	430
Fee for review of half yearly financial statements	220	220
Out-of-pocket expenses	90	90
	1,440	1,440

9.2 Donations include an amount of Rs. 500 thousand (2011: Rs. 400 thousand) paid to Aga Khan Hospital and Medical College Foundation, Karachi. Mr Munnawar Hamid – OBE, Chairman, is a trustee of the Aga Khan University.

10. Other operating income

Rupees in '000	Note	2012	2011
Mark-up income on savings and deposit accounts		8,922	20,724
Liquidated damages	10.1	31,961	–
Gain on disposal of property, plant and equipment		13,712	5,709
Liabilities no more payable written back		7,617	18,375
Income on investment in finance lease		1,752	4,105
Reversal of provision for doubtful debts		–	8,650
Exchange gain		2,959	–
Others		1,712	1,287
		68,635	58,850

10.1 This represent liquidated damages from a contractor under the terms of agreement. The Company has recognised liquidated damages upon acknowledgement of claim by the contractor.

11. Reorganization/restructuring cost

In order to contain operational costs and improve productivity, during the year, the Company offered a Voluntary Separation Scheme (the Scheme) to its employees at all levels of the organization. The cost has been recognized in accordance with duly approved plan and represents severance package paid to the employees opting under the scheme.

12. Finance costs

Rupees in '000	2012	2011
Bank charges	2,101	1,676
Mark-up on long term financing	41,355	–
Mark-up on short term running finances	689	140
Interest on Workers' Profits Participation Fund	121	100
	44,266	1,916

13. Taxation

Rupees in '000	2012	2011
Current	–	161,394
Deferred	39,125	(21,546)
	39,125	139,848

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:

Rupees in '000	2012	2011
Profit before taxation	315,414	402,723
Tax at the applicable tax rate of 35 % (2011: 35 %)	110,397	140,953
Tax effect of non-deductible expenses	11,874	6,327
Effect of tax under final tax regime	(7,179)	(6,262)
Effect of tax credit	(80,311)	–
Others	4,344	(1,170)
	39,125	139,848

13.2 During the year, the minimum tax under section 113 of the Income Tax Ordinance, 2001 has been applied as no tax is payable in respect of the year ended 31 December 2012 due to accelerated depreciation allowable on capitalization of the new Lahore Air Separation Unit (ASU) Plant which would replace the existing Lahore Plant. The applicable minimum tax charge has been adjusted against the tax credit available to the Company under section 65B of the Income Tax Ordinance, 2001.

13.3 The returns of total income for and upto the tax year 2012 have been filed by the Company and the said returns, as per the provisions of Section 120 of the Income Tax Ordinance, 2001 ("the Ordinance"), have been taken to be the deemed assessment orders passed by the concerned Commissioner on the day the said returns were furnished. However, the Commissioner may, at any time during a period of five years from the date of filing of return, select the deemed assessment order for audit.

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.

	2012	2011
Profit for the year – Rupees in '000	276,289	262,875
Number of ordinary shares in '000	25,039	25,039
Earnings per share – basic and diluted in Rupees	11.03	10.50

15. Property, plant and equipment

Rupees in '000		2012	2011
Operating assets	15.1	2,369,734	1,092,612
Capital work in progress	15.6	235,009	942,963
		2,604,743	2,035,575

15.1 Operating assets

Rupees in '000	Note	Freehold land	Leasehold land	Buildings on freehold land	Buildings on leasehold land	Buildings on customers' land	Plant and machinery	Vehicles	Furniture and fittings	Office equipment	Total
As at 1 January 2011											
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
Additions		–	–	–	22,164	–	165,391	32,061	5,189	9,147	233,952
Disposals											
Cost		–	–	–	–	–	(5,358)	(6,218)	(3,545)	–	(15,121)
Accumulated depreciation		–	–	–	–	–	5,358	5,350	3,545	–	14,253
		–	–	–	–	–	–	(868)	–	–	(868)
Write offs											
Cost		–	–	–	–	–	(20,463)	–	–	–	(20,463)
Accumulated depreciation		–	–	–	–	–	20,463	–	–	–	20,463
		–	–	–	–	–	–	–	–	–	–
Depreciation		–	(856)	(267)	(3,204)	(970)	(179,818)	(9,169)	(1,275)	(8,745)	(204,304)
Net book value as at 31 December 2011		43,071	4,068	1,518	53,944	9,759	907,739	40,410	10,968	21,135	1,092,612
Additions	15.6	–	–	124,347	–	–	1,385,393	18,390	8,427	10,878	1,547,435
Disposals	15.4										
Cost		–	–	–	–	–	(6,549)	(10,700)		(13,330)	(30,579)
Accumulated depreciation		–	–	–	–	–	6,548	8,594		13,330	28,472
		–	–	–	–	–	(1)	(2,106)	–	–	(2,107)
Write offs											
Cost		–	–	–	–	–	(16,930)	–	(2,001)	(8,580)	(27,511)
Accumulated depreciation		–	–	–	–	–	16,930	–	2,001	8,577	27,508
		–	–	–	–	–	–	–	–	(3)	(3)
Depreciation	15.5	–	(856)	(2,676)	(6,414)	(970)	(231,397)	(12,889)	(2,237)	(10,764)	(268,203)
Net book value as at 31 December 2012		43,071	3,212	123,189	47,530	8,789	2,061,734	43,805	17,158	21,246	2,369,734
As at 31 December 2011											
Cost		43,071	10,526	9,341	84,529	20,149	2,481,918	72,369	21,239	74,793	2,817,935
Accumulated depreciation		–	(6,458)	(7,823)	(30,585)	(10,390)	(1,574,179)	(31,959)	(10,271)	(53,658)	(1,725,323)
Net book value		43,071	4,068	1,518	53,944	9,759	907,739	40,410	10,968	21,135	1,092,612
Annual rate of depreciation (%)		–	5	2.5 to 5	2.5 to 5	2.5 to 5	5 to 10	20	10	20 to 33.33	
As at 31 December 2012											
Cost		43,071	10,526	133,688	84,529	20,149	3,843,832	80,059	27,665	63,761	4,307,280
Accumulated depreciation		–	(7,314)	(10,499)	(36,999)	(11,360)	(1,782,098)	(36,254)	(10,507)	(42,515)	(1,937,546)
Net book value		43,071	3,212	123,189	47,530	8,789	2,061,734	43,805	17,158	21,246	2,369,734
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 Borrowing costs capitalised during the year amounted to Rs. 44,756 thousand (2011: Rs. 2,103 thousand).

15.3 As at 31 December 2012, plant and machinery included cylinders and Vaccum Insulated Equipments held by third parties, having cost and net book values as follows:

Rupees in '000	Cost 2012	Cost 2011	Net book value 2012	Net book value 2011
Cylinders	83,929	66,266	49,827	34,824
Vaccum insulated equipment	433,217	341,141	258,309	190,899
	517,146	407,407	308,136	225,723

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

Rupees in '000	Cost	Accumulated depreciation	Net book value	Sale proceeds	Mode of disposal	Particulars of purchasers
Motor vehicle	1,529	(102)	1,427	1,529	Insurance claim	IGI Insurance
Motor vehicle	725	(495)	230	700	Insurance claim	IGI Insurance
Motor vehicle	652	(565)	87	672	Tender	Waseem Mirza
Motor vehicle	652	(597)	55	196	Company policy	Rafiqul Hasan (employee)
Motor vehicle	835	(625)	210	334	Company policy	Aamir Razvi (employee)
Motor vehicle	652	(554)	98	196	Company policy	Mazhar Ali (employee)

15.5 Depreciation has been allocated as follows:

Rupees in '000	2012	2011
Cost of sales	246,105	188,826
Distribution and marketing expenses	7,819	4,528
Administrative expenses	14,279	10,950
	268,203	204,304

15.6 Capital work in progress

Rupees in '000	Land and buildings	Plant and machinery	Advances to suppliers against vehicles	Furniture, fittings and office equipment	Intangibles	Total
As at 1 January 2011	18,162	154,853	5,874	6,556	–	185,445
Additions during the year	15,221	930,931	30,294	15,024	–	991,470
Transfer during the year	(22,164)	(165,391)	(32,061)	(14,336)	–	(233,952)
As at 31 December 2011	11,219	920,393	4,107	7,244	–	942,963
Additions during the year	113,128	681,002	18,947	12,061	14,343	839,481
Transfer during the year	(124,347)	(1,385,393)	(18,390)	(19,305)	–	(1,547,435)
As at 31 December 2012	–	216,002	4,664	–	14,343	235,009

16. Net investment in finance lease

Rupees in '000	Minimum lease payments		Finance income for future periods		Principal outstanding	
	2012	2011	2012	2011	2012	2011
Not later than one year	14,313	74,054	53	1,752	14,260	72,302
Later than one year and not later than five years	–	12,547	–	52	–	12,495
	14,313	86,601	53	1,804	14,260	84,797

17. Long-term loans (secured, considered good)

Rupees in '000	Note	2012	2011
Loans to employees	17.1	213	5,074
Recoverable within one year shown under current assets	21	(164)	(4,064)
		49	1,010

17.1 Reconciliation of the carrying amount of loans

Rupees in '000			
Balance at beginning of the year		5,074	4,128
Disbursements		2,906	6,393
Repayments		(7,767)	(5,447)
Balance at end of the year		213	5,074

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

Rupees in '000	2012	2011
Stores	2,778	2,626
Spares	193,470	172,490
In transit	5,865	12,765
	202,113	187,881
Provision against slow moving stores and spares	(85,381)	(79,609)
	116,732	108,272

19. Stock-in-trade

Rupees in '000	2012	2011
Raw and packing materials	63,557	47,766
In transit	14,876	14,540
	78,433	62,306
Finished goods		
In hand	117,248	81,320
In transit	13,014	11,435
	130,262	92,755
	208,695	155,061

19.1 The cost of raw and packing materials and finished goods has been adjusted net of provision for slow moving and obsolete stock by Rs. 12,252 thousand (2011: Rs. 16,300 thousand).

19.2 Raw and packing materials and finished goods include inventories with a value of Rs. 20,503 thousand (2011: Rs. 3,713 thousand) which are held by third parties.

20. Trade debts (unsecured)

Rupees in '000	Note	2012	2011
Considered good	20.1	203,269	156,553
Considered doubtful		17,470	13,423
		220,739	169,976
Provision for doubtful debts		(17,470)	(13,423)
		203,269	156,553

20.1 These include balances due from related parties as follows

Rupees in '000			
Atlas Honda Limited		82	1,074
International Steel Limited		15	4
Tabba Heart Hospital		433	222
		530	1,300

21. Loans and advance (considered good)

Rupees in '000	Note	2012	2011
Loans to employees – secured	17	164	4,064
Advances			
Employees		160	1,243
Suppliers		18,811	2,993
		18,971	4,236
		19,135	8,300

22. Deposits and prepayments

Rupees in '000	2012	2011
Security deposits	2,640	1,964
Other deposits	23,140	18,806
Prepayments	1,249	10,178
	27,029	30,948

23. Other receivables

Rupees in '000	2012	2011
Mark-up income accrued on savings and deposit accounts	502	124
Receivable from related parties	–	2,775
Receivable from staff retirement benefit funds	16,593	22,463
Sales tax recoverable	22,983	12,170
Others	97	1,672
	40,175	39,204

24. Cash and bank balances

Rupees in '000	Note	2012	2011
Cash in hand		576	619
Cash at bank			
Current and savings accounts		232,973	124,932
Deposit accounts	24.1	120,000	–
		353,549	125,551

24.1 This represents short term bank deposits with terms ranging from one week to one month. The markup on these deposits ranges between 7.00 – 7.50 % per annum.

25. Issued, subscribed and paid-up share capital

	Number of shares		Rupees in '000	
	2012	2011	2012	2011
Authorised capital				
Ordinary shares of Rs. 10 each	40,000,000	40,000,000	400,000	400,000
Issued, subscribed and paid-up capital				
Ordinary shares of Rs. 10 each fully paid in cash	452,955	452,955	4,530	4,530
Ordinary shares of Rs. 10 each issued for consideration other than cash	672,045	672,045	6,720	6,720
Ordinary shares of Rs. 10 each issued as fully paid bonus shares	23,913,720	23,913,720	239,137	239,137
	25,038,720	25,038,720	250,387	250,387

At 31 December 2012 and 2011, 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 financing

This represents long-term islamic financing arrangement entered into by the Company for an amount of Rs. 1.3 billion to meet specific capital project funding requirements. The loan is repayable in ten half yearly instalments over a period of five years beginning May 2014. One-third portion of the borrowing is fixed at 7 years Pakistan Revaluation (PKRV) + 2.85 % per annum whereas, the remaining two-third of the financing amount is based on 6 month Karachi Interbank Offer Rate (KIBOR) + 0.5 % per annum. The facility is secured against the present and future project assets.

27. Long-term deposits

Rupees in '000	2012	2011
Against cylinders	127,531	118,674
Others	14,055	11,206
	141,586	129,880

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

28. Deferred liabilities

Rupees in '000	Note	2012	2011
Deferred taxation	28.1	199,322	162,244
Post retirement medical benefits	33.1	4,870	5,071
		204,192	167,315

28.1 Deferred taxation

Rupees in '000	2012	2011
Taxable temporary differences		
Accelerated tax depreciation	421,607	181,922
Net investment in finance lease	4,991	29,679
Actuarial gain on pension fund	9,625	10,639
Actuarial gain on post retirement medical benefits	1,419	1,195
Deductible temporary differences		
Slow moving stores and spares and stock-in-trade	(34,172)	(33,568)
Post retirement medical benefits	(3,123)	(2,970)
Actuarial loss on gratuity	(9,021)	(6,943)
Tax losses carried forward	(96,853)	–
Tax credit on certain capital investments	(80,311)	–
Doubtful receivables and other provisions	(14,840)	(17,710)
	199,322	162,244

29. Short-term borrowings (secured)

The Company has arrangement for short-term running finance facilities from certain banks. The overall facility for these running finances under mark up arrangements and short-term revolving credit amounts to Rs. 283,000 thousand (2011: Rs. 279,000 thousand).

The rate of mark-up in the running finance facilities ranges from 1 month KIBOR +1 % to 3 months KIBOR +1 % (2011: ranging from 1 month KIBOR +1 % to 3 months KIBOR +1 %) per annum. The arrangements are secured by way of first pari passu charge against hypothecation of stock in trade and trade debts.

The facilities for opening letters of credit and issuing guarantees as at 31 December 2012 amounted to Rs. 737,000 thousand (2011: Rs. 539,000 thousand) of which the amount remaining unutilised as at the year end was Rs. 575,904 thousand (2011: Rs. 231,366 thousand).

30. Trade and other payables

Rupees in '000	2012	2011
Creditors	259,781	191,637
Accrued liabilities	415,774	248,580
Advances from customers	26,224	26,455
Technical assistance fee	36,532	31,533
Payable to staff retirement benefit funds	17,085	10,827
Workers' profits participation fund	2,140	2,150
Workers' welfare fund	17,390	21,816
Unclaimed dividends	15,251	15,474
Vendor claims	24,128	22,820
Mark-up payable	9,484	2,103
Other payables	40,027	38,311
	863,816	611,706

31. Contingencies and commitments

Contingencies

31.1 The Company has disputed the unilateral increase in rentals of one of its leased premises being exorbitant, unreasonable and unjustified. Therefore, a civil suit has been filed against the Lessor. The Court has directed parties to maintain status quo. The amount not acknowledged as debt in this regard as at 31 December 2012 amounted to Rs. 34,307 thousand (2011: Rs. 32,330 thousand).

Commitments

31.2 Capital commitments outstanding as at 31 December 2012 amounted to Rs. 753,743 thousand (2011: Rs. 261,398 thousand).

31.3 Commitments under letters of credit for inventory items as at 31 December 2012 amounted to Rs. 48,692 thousand (2011: Rs. 48,623 thousand).

32. Cash generated from operations

Rupees in '000	Note	2012	2011
Profit before taxation		315,414	402,723
Adjustments for			
Depreciation		268,203	204,304
Gain on disposal of property, plant and equipment		(13,712)	(5,709)
Mark-up income from savings and deposit accounts		(8,922)	(20,724)
Income on investment on finance lease		(1,752)	(4,105)
Finance costs		44,266	1,916
Post retirement medical benefits		639	891
Working capital changes	32.1	188,721	55,085
		792,857	634,381

32.1 Working capital changes

Rupees in '000	2012	2011
(Increase)/decrease in current assets		
Stores and spares	(8,460)	(7,487)
Stock-in-trade	(53,634)	29,394
Net investment in finance lease	58,042	(7,280)
Trade debts	(46,716)	12,301
Loans and advances	(10,835)	(584)
Deposits and prepayments	3,919	(18,111)
Other receivables	(4,275)	(15,151)
	(61,959)	(6,918)
Increase/(decrease) in current liabilities		
Trade and other payables	250,680	62,003
	188,721	55,085

33. Staff retirement benefits

The actuarial valuation of pension, gratuity and medical benefit schemes was carried out at 31 December 2012. The projected unit credit method using the significant assumptions, has been used for the actuarial valuation.

Percent % per annum	Pension fund	Gratuity fund	Medical scheme
Rate of discount	12 %	12 %	12 %
Expected rate of return on investments	12 %	12 %	–
Expected rate of increase in post retirement benefits	10 %	–	–
Expected rate of increase in future salaries	–	12 %	–
Medical cost escalation rate	–	–	9 %

33.1 The amounts recognised in balance sheet are as follows

Rupees in '000				2012
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Present value of defined benefit obligation	54,297	110,563	4,870	169,730
Fair value of plan assets	(68,295)	(95,132)	–	(163,427)
(Asset)/liability in balance sheet	**(13,998)**	**15,431**	**4,870**	**6,303**
Present value of defined benefit obligation – beginning of the year	51,135	125,333	5,071	181,539
Current service cost	–	8,811	–	8,811
Interest cost	6,415	16,077	639	23,131
Actuarial losses/(gains) on obligations	530	3,978	(640)	3,868
Benefits paid	(3,783)	(43,636)	(200)	(47,619)
Present value of defined benefit obligation – closing date	**54,297**	**110,563**	**4,870**	**169,730**
Fair value of plan assets – beginning of the year	(66,086)	(116,331)	–	(182,417)
Expected return on plan assets	(8,359)	(14,977)	–	(23,336)
Actuarial losses	2,367	1,958	–	4,325
Benefits paid	3,783	43,636	–	47,419
Contribution to fund	–	(9,416)	–	(9,416)
Fair value of plan assets – closing date	**(68,295)**	**(95,130)**	**–**	**(163,425)**
The following amounts have been charged in the profit and loss account in respect of these benefits				
Current service cost	–	8,811	–	8,811
Interest cost	6,415	16,077	639	23,131
Expected return on plan assets	(8,359)	(14,977)	–	(23,336)
	(1,944)	**9,911**	**639**	**8,606**
Actual return on plan assets	5,992	13,019	–	19,011
Expected contributions to funds in the following year	(1,680)	11,011	566	9,897
Expected benefit payments to retirees in the following year	3,966	12,656	305	16,927
Accumulated actuarial (gains)/losses recognised in equity	(27,500)	25,773	(4,054)	(5,781)
Percent % per annum				
Composition of plan assets used by the fund				
Equity	7 %	13 %		
Debt instruments	92 %	86 %		
Others	1 %	1 %		
Expected return on plan assets used by the fund				
Expected return on equity	14 %	15 %		
Expected return on debt instruments	12 %	13 %		
Expected return on others	9 %	10 %		

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

Percent % per annum	Pension fund	Gratuity fund	Medical scheme
Rate of discount	13 %	13 %	13 %
Expected rate of return on investments	13 %	13 %	–
Expected rate of increase in post retirement benefits	11 %	–	–
Expected rate of increase in future salaries	–	13 %	–
Medical cost escalation rate	–	–	10 %

Rupees in '000				2011
	Pension Fund	Gratuity Fund	Medical Scheme	Total
Present value of defined benefit obligation	51,135	125,333	5,071	181,539
Fair value of plan assets	(66,087)	(116,331)	–	(182,418)
(Asset)/liability in balance sheet	**(14,952)**	**9,002**	**5,071**	**(879)**
Present value of defined benefit obligation – beginning of the year	48,504	98,366	6,334	153,204
Current service cost	–	7,495	–	7,495
Interest cost	6,799	14,273	891	21,963
Actuarial losses/(gains) on obligations	(776)	11,988	(746)	10,466
Benefits paid	(3,392)	(6,789)	(1,408)	(11,589)
Present value of defined benefit obligation – closing date	**51,135**	**125,333**	**5,071**	**181,539**
Fair value of plan assets – beginning of the year	(62,554)	(101,676)	–	(164,230)
Expected return on plan assets	(8,836)	(14,721)	–	(23,557)
Actuarial losses	1,910	9	–	1,919
Benefits paid	3,393	6,789	–	10,182
Contribution to fund	–	(6,732)	–	(6,732)
Fair value of plan assets – closing date	**(66,087)**	**(116,331)**	**–**	**(182,418)**
The following amounts have been charged in the profit and loss account in respect of these benefits				
Current service cost	–	7,495	–	7,495
Interest cost	6,799	14,273	891	21,963
Expected return on plan assets	(8,836)	(14,721)	–	(23,557)
	(2,037)	**7,047**	**891**	**5,901**
Actual return on plan assets	6,926	14,712	–	21,638
Expected contributions to funds in the following year	(1,944)	10,210	639	8,905
Expected benefit payments to retirees in the following year	3,573	12,434	305	16,312
Accumulated actuarial (gains)/losses recognised in equity	(30,399)	19,837	(3,414)	(13,976)
Percent % per annum				
Composition of plan assets used by the fund				
Equity	2 %	6 %		
Debt instruments	97 %	93 %		
Others	1 %	1 %		
Expected return on plan assets used by the fund				
Expected return on equity	15 %	15 %		
Expected return on debt instruments	13 %	13 %		
Expected return on others	10 %	10 %		

33.2 Historical information

Rupees in '000	2012	2011	2010	2009	2008
Present value of the defined benefit obligation	169,730	181,539	153,204	136,240	143,870
Fair value of plan assets	(163,427)	(182,418)	(164,230)	(153,314)	(149,997)
Deficit/(surplus) in the plan	6,303	(879)	(11,026)	(17,074)	(6,127)
Experience (gain)/loss arising on plan liabilities	4,485	11,470	2,664	(11,784)	(7,000)
Experience (loss)/gain arising on plan assets	(4,324)	(1,919)	(4,723)	(1,823)	(1,637)

34. Remuneration of chief executive, directors and executives

			2012			2011
Rupees in '000	Chief Executive	Executive Director	Executives	Chief Executive	Executive Director	Executives
Managerial remuneration	11,694	6,792	63,083	9,662	5,669	56,809
Bonus, house rent, utilities, etc	7,941	4,967	70,298	5,859	4,345	69,831
Company's contribution to staff retirement benefits	2,749	1,724	20,796	2,231	1,342	17,968
Medical and others	42	242	2,533	157	628	3,247
	22,426	13,725	156,710	17,909	11,984	147,855
Number of persons (including those who worked part of the year)	1	1	53	1	1	58

34.1 The chief executive, executive director and certain executives of the Company are provided with free use of cars as per terms of employment. Provision in respect of compensated absences is also made and charged in accounts as per the requirements of International Financial Reporting Standards.

34.2 Aggregate amount charged in the financial statements for fee to four non-executive directors was Rs. 682 thousand (2011: four directors – Rs. 528 thousand).

34.3 In addition to the above, Rs.3,084 thousand (2011: Rs.1,682 thousand), Rs.1,838 thousand (2011: Rs.1,646 thousand) and Rs. Nil (2011: Rs.1,890 thousand) have been charged in respect of chief executive, an executive director and an outgoing executive, respectively, on account of long term incentive plan payable upon completion of qualifying period of service and subject to satisfactory fulfillment of certain performance conditions over such qualifying period and are based on share value of the ultimate parent company. The number of options available under the above scheme are 1,249 (2011: 1,332), and the accrued liability in respect of this benefit amounted to Rs. 12,068 thousand (2011: Rs.11,047 thousand) as at 31 December 2012.

34.4 Professional indemnity insurance cover is available to the directors. The chief executive, executive director and executives are also covered under the group life insurance.

34.5 Remuneration paid to non-executive directors are as follows

Rupees in '000	2012	2011
Remuneration to Chairman of the Board of Directors	3,300	3,300
Remuneration to Chairman of Board Audit Committee	792	792
	4,092	4,092

35. Financial risk management

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

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

35.1 Credit risk

Credit risk represents the risk of financial loss that would be recognised at the reporting date if counter parties failed to perform as contracted. The Company's credit risk is primarily attributable to its receivables and its balances at bank. The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. Out of the total financial assets of Rs. 626,694 thousand (2011: Rs. 361,216 thousand), the financial assets which are subject to credit risk amount to Rs. 272,932 thousand (2011: Rs. 230,591 thousand) and the details are as follows:

Rupees in '000	Note	2012	2011
Loans to employees	35.1.1	213	5,074
Deposits		52,471	47,004
Trade debts	35.1.2	203,269	156,553
Other receivables		17,192	27,034
Cash and bank balances		353,549	125,551
		626,694	361,216

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

35.1.2 The Company mostly deals with reputable organisations and believes it is not exposed to any major concentration of credit risk. The Company has policies that limit the amount of credit exposure to any customer. Based on the past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debtors past due up to 90 days do not require any impairment.

According to the age analysis, trade debts include balances which are due by not later than 90 days valuing Rs. 191,017 thousand (2011: Rs. 39,396 thousand). Trade debts due by more than 90 days amounted to Rs. 12,254 thousand (2011: Rs. 13,730 thousand), net of impairment, as at 31 December 2012.

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

Rupees in '000	2012	2011
Opening balance	13,423	22,721
Provision/(reversal) for the year	7,529	(8,650)
Written off during the year	(3,482)	(648)
Closing balance	17,470	13,423

35.2 Liquidity risk

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

	2012		2011	
Rupees in '000	Maturity upto one year	Maturity after one year	Maturity upto one year	Maturity after one year
Long-term financing	–	750,000	–	200,000
Long-term deposits	–	141,586	–	129,880
Trade and other payables	791,787	–	548,300	–
	791,787	891,586	548,300	329,880

35.3 Market risk

a) Foreign exchange risk

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

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

The significant currency exposure at year end was as follows:

	CHF		THB		Euro		USD		SGD		GBP		Total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets														
Investment in finance lease	–	–	–	–	–	–	–	–	–	–	14,260	84,797	14,260	84,797
Other receivables	–	–	–	–	–	–	–	–	4,677	3,812	–	–	4,677	3,812
	–	–	–	–	–	–	–	–	4,677	3,812	14,260	84,797	18,937	88,609
Financial liabilities														
Trade and other payables	–	(1,680)	(6,665)	–	(31,375)	(35,788)	(42,255)	(62,407)	–	–	(417)	(572)	(80,712)	(100,447)
Net exposure	–	(1,680)	(6,665)	–	(31,375)	(35,788)	(42,255)	(62,407)	4,677	3,812	13,843	84,225	(61,775)	(11,838)

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	
Rupees		2012	2011	2012	2011
Thai Baht	(THB)	3.00	–	3.18	–
Swiss Franc	(CHF)	101.41	98.45	107.11	95.82
Euro	(EUR)	124.62	121.12	130.81	116.46
US Dollar	(USD)	94.64	86.61	97.95	89.88
Singapore Dollar	(SGD)	75.94	69.10	80.13	69.32
Pound Sterling	(GBP)	150.48	139.03	158.27	139.59

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)	
Rupees in '000		2012	2011
Thai Baht	(THB)	(433)	–
Swiss Franc	(CHF)	–	(109)
Euro	(EUR)	(2,039)	(2,326)
US Dollar	(USD)	(2,747)	(4,056)
Singapore Dollar	(SGD)	304	248
Pound Sterling	(GBP)	900	5,475
		(4,015)	(768)

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.

b) Interest rate risk

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

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

The long term financing has been arranged in a manner so that one-third of the financing has a fixed rate.

For the remainder two-third of the financing which carries floating rate, a hypothetical change of 100 basis points in interest rates at the balance sheet date would have decreased/(increased) profit for the year by approximately Rs. 2,015 thousand (2011: Rs. Nil) in respect of the variable portion of the long term financing. The analysis assumes that all other variables remain constant.

c) Price risk

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

The Company is not exposed to price risk.

35.4 Fair values of financial assets and liabilities

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

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

36. Capital management

The Company's objectives when managing capital are:

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

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

The Company is not subject to externally imposed capital requirements.

37. Transactions and balances with related parties

The related parties comprise of group companies, entities with common directors, major shareholders, key management employees (included in note 34) and retirement benefit funds. Transactions and balances with related parties and associated undertakings other than those which have been disclosed elsewhere in these financial statements, are given below.

37.1 Transactions with related parties are summarised as follows

Rupees in '000		2012	2011
Name of relationship	Nature of transactions		
The BOC Group Limited (Parent)	Technical assistance fee	36,532	31,533
	Final dividend	75,116	67,605
	Interim dividend	30,046	30,046
Linde AG (Ultimate parent)	Information systems support/maintenance and development	34,346	11,442
Associated Companies	Purchase of plant and machinery, plant spares, welding equipments and electrodes, gases and gas cylinders	13,921	28,814
	Remote operating charges	7,330	5,554
	Shared service centre charges	8,333	1,037
	Staff related cost recharged by Group companies	12,687	10,711
	Staff related cost recharged to Group companies	9,174	13,231
Related entities by virtue of common directorship	Sale of goods	24,146	18,894
	Donation	500	–
Contributions to Staff Provident Fund		11,244	10,341
Contributions to Management Staff Defined Contribution Pension Fund		11,608	10,116
Contributions to Management Staff Pension Fund		(1,944)	(2,037)
Contributions to Pakistan Employees' Gratuity Fund		9,910	7,047
Meeting fee to Directors and remuneration to Non-Executive Directors		4,774	4,620
Actuarial gain/(loss) recognised during the period in the Statement of Comprehensive Income on account of			
Management Staff Pension Fund		(2,897)	(1,134)
Pakistan Employees' Gratuity Fund		(5,935)	(11,997)

37.2 Balances with related parties are summarised as follows

Rupees in '000	2012	2011
Receivable from associates in respect of trade debts	530	1,300
Receivable from associates in respect of other receivables	–	2,775
Payable to holding company/associates in respect of trade and other payables	(86,564)	(51,330)
Payable to Staff Provident Fund	(1,654)	(1,824)
Receivable from Management Staff Defined Contribution Pension Fund	2,595	7,511
Receivable from Management Staff Pension Fund	13,998	14,952
Payable to Employees Gratuity Fund	(15,431)	(9,002)

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

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

The related party balances as at 31 December 2012 are included in trade debts, other receivables and trade and other payables, respectively.

38. Production capacity

	Unit of quantity	Number of shifts	Capacity		Actual production*		Remarks
			2012	2011	2012	2011	
Oxygen/Nitrogen	Cubic meters	Triple shift	65,415,000	52,248,000	45,536,178	45,233,125	New plant came on-stream in July
Hydrogen	Cubic meters	Triple shift	3,434,000	3,434,000	2,392,714	2,097,252	Dedicated supply scheme
Dissolved acetylene	Cubic meters	Single shift	278,667	278,667	125,100	136,417	Production is demand driven
Nitrous oxide	Gallons	Triple shift	39,422,000	39,422,000	18,684,485	18,168,221	Production is demand driven
Welding electrodes	Metric tons	Triple shift	2,400	2,400	–	–	Note 38.1
Carbon dioxide	Metric tons	Triple shift	27,850	27,850	7,415	8,473	Seasonal demand variation

* Net of normal losses

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

39. Accounting estimates and judgements

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

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

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

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

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

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

40. Date of authorization
These financial statements were authorized for issue on 27 February 2013 by the Board of Directors of the Company.

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

42. Non adjusting events after the balance sheet
The Board of Directors in its meeting held on 27 February 2013
a) approved the transfer of Rs. 95,693 thousand from unappropriated profit to general reserve; and
b) proposed a final dividend of Rs. 5 per share for the year ended 31 December 2012, amounting to Rs. 125,194 thousand for approval of the members at the Annual General Meeting to be held on 29 April 2013.

Yousuf Husain Mirza
Chief Executive

Munnawar Hamid – OBE
Chairman

Shareholders' information.

Stock exchange listing

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

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

Market capitalization and market price of Linde share

Market capitalization
As at 31 December 2012, the market capitalization of Linde Share stood at Rs. 3.84 billion with a market value of Rs. 153.49 per share and breakup value of Rs. 67.05 per share.

The 51.97 % increase in the value of the shares compared to last year reflects the confidence of our members on the healthy performance and steady progress of the Company.

Market Price Share

Highest price per share during the year	Rs. 167.00
Lowest price per share during the year	Rs. 97.04
Closing price per share at year-end	Rs. 153.49

Financial calendar

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

Financial Results during the year 2013 will be announced as per the following tentative schedule:

1st quarter ending 31 March 2013	April 2013
2nd quarter ending 30 June 2013	August 2013
3rd quarter ending 30 September 2013	October 2013
Year ending 31 December 2013	February 2014

Announcements of the Financial Results were made during the year 2012 are as follows:

1st quarter ended 31 March 2012	25 April 2012
2nd quarter ended 30 June 2012	10 August 2012
3rd quarter ended 30 September 2012	25 October 2012
Year ended 31 December 2012	27 February 2013

Annual General Meeting

The sixty-fourth Annual General Meeting of the shareholders will be held on 29 April 2013 at 9:00 am at the Company's Registered Office, West Wharf, Dockyard Road, Karachi.

A member entitled to attend, speak and vote at the Annual General Meeting may appoint another Member as a proxy to attend and vote on his/her behalf.

Investor relations contact

Mr Wakil Ahmed Khan
Manager – Corporate Services
Phone +92.21.32316914
Email wakil.khan@linde.com

In compliance with the requirements of Section 204(A) of the Companies Ordinance of 1984, Central Depository Company of Pakistan Limited (CDC) acts as an Independent Share Registrar of the Company.

Enquiries concerning lost share certificates, dividend payment, change of address, verification of transfer deeds and share transfers may please be addressed to CDC at:

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

Public information

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

Pattern of shareholdings.

As at 31 December 2012

Number of shareholders	Shareholdings from		to	Total Number of shares held
482	1	–	100	19,469
435	101	–	500	134,462
252	501	–	1,000	206,245
357	1,001	–	5,000	889,157
92	5,001	–	10,000	656,933
37	10,001	–	15,000	458,298
25	15,001	–	20,000	437,825
18	20,001	–	25,000	408,962
9	25,001	–	30,000	245,727
8	30,001	–	35,000	263,566
9	35,001	–	40,000	344,704
8	40,001	–	45,000	337,942
1	45,001	–	50,000	46,102
2	50,001	–	55,000	104,952
1	55,001	–	60,000	55,360
1	75,001	–	80,000	78,787
4	80,001	–	85,000	327,402
1	85,001	–	90,000	88,428
2	90,001	–	95,000	183,020
2	155,001	–	160,000	316,000
1	250,001	–	255,000	252,689
1	305,001	–	310,000	308,400
1	375,001	–	380,000	380,000
1	515,001	–	520,000	515,585
1	600,001	–	605,000	600,343
1	965,001	–	970,000	967,341
1	1,390,001	–	1,395,000	1,392,791
1	15,015,001	–	15,020,000	15,018,230
1,754				25,038,720

As at 31 December 2012

Categories of shareholders	Number of shareholders	Shares held	Percentage
Associated companies, undertakings and related parties			
The BOC Group Limited and its 4 nominees *	5	15,023,232	60.00
Directors and their spouse(s) and minor children			
Mr Towfiq Habib Chinoy **	1	40,270	0.16
Mrs Zeenat Towfiq Chinoy W/o Mr T H Chinoy	1	21,580	0.09
Executives	–	–	–
Public sector companies and corporations	8	2,977,802	11.89
Banks, development finance institutions, non-banking finance			
Companies, insurance companies, takaful, modarabas and pension funds	14	864,137	3.45
Mutual funds	–	–	–
General public			
a. Local	1,663	4,182,777	16.71
b. Foreign	5	1,083,995	4.33
Others	57	844,927	3.37
Total	**1,754**	**25,038,720**	**100.00**
Shareholders holding 5 % or more voting interest			
The BOC Group Limited and its 4 nominees*	5	15,023,232	60.00
State life insurance corporation of Pakistan	1	1,392,791	5.56

* Represents the 60 % shareholding of The BOC Group Limited, U.K. and includes its four nominee shareholders.
** Mr Towfiq Habib Chinoy, Director, purchased 22,770 shares of the Company during the year.

Notice of Annual General Meeting.

Notice is hereby given that the Sixty-fourth Annual General Meeting of Linde Pakistan Limited will be held on Monday, 29 April 2013 at 9:00 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 2012 and Reports of the Directors and Auditors thereon.
2. To consider and, if thought fit, to authorise the payment of final dividend of Rs. 5.00 per ordinary share of Rs. 10/= each for the year ended 31 December 2012 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 15 April 2013.
3. To appoint the Auditors of the Company and to fix their remuneration.

Special business:

4. To amend Article 73 of the Articles of Association of the Company and for this purpose to pass the following resolution as a Special Resolution:

   RESOLVED as and by way of a Special Resolution THAT the Articles of Association of the Company be altered by substituting for Article 73, the following new Article 73:

Qualification of Directors

73. The qualification of an elected Director, in addition to his being a Member, where required, shall be his holding shares of the nominal value of Rs. 500 at least in his own name, but a Director representing the interests of a Member or Members holding shares of the nominal value of Rs. 500 at least shall require no such share qualification. A Director shall not be qualified as representing the interests of a Member or Members holding shares of the requisite value unless he is appointed as such representative by the Member or Members concerned by notice in writing addressed to the Company specifying the shares of the requisite value appropriated for qualifying such Director. Shares thus appropriated for qualifying a Director shall not, while he continues to be such representative, be appropriated for qualifying any other Director. A Director shall acquire his share qualification within two months from the effective date of his appointment.

By Order of the Board

Karachi
20 March 2013

M Ashraf Bawany
Deputy Managing Director

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 8:15 a.m. sharp on 29 April 2013.
2. The Share Transfer Books of the Company will be closed from 16 April to 29 April 2013 (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:

- In case of individuals, the account holder or sub-account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his/her identity by showing his/her original Computerized National Identity Card (CNIC) or original passport at the time of attending the meeting.
- 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:

- 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.
- The proxy form shall be witnessed by two persons whose names, addresses and NIC numbers shall be mentioned on the form.
- Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
- 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 of the Company to be held on Monday, 29 April 2013.

"Agenda No. 4

Alteration to Article 73 of the Articles of Association of the Company:

The new Code of Corporate Governance 2012 requires that the board of directors of each listed company shall have at least one and preferably one third of the total members of the board of directors as independent directors. As such in order to facilitate the appointment and election of independent directors, the Board of Directors of the Company have felt it appropriate to amend the provision relating to share qualification of Directors in the Company's Articles of Association. Accordingly the Board of Directors have recommended that the share qualification of directors appearing in the Company's Articles of Association be revised from the nominal value of Rs. 100,000 to the nominal value of Rs. 500 and in this regard Article 73 of the Articles of Association be amended and substituted by a new Article 73."

The resolution required for the above purpose is set forth at item No. 4 in the notice convening the Annual General Meeting and that resolution will be proposed and passed as and by way of a Special Resolution.

Directors at 63rd Annual General Meeting

Shareholders at 63rd Annual General Meeting

Form of proxy.
Annual General Meeting.

I/We ______________________________

of ______________________________ in the district

of ______________________________ being a Member of **Linde Pakistan Limited,**

hereby appoint ______________________________

of ______________________________

as my/our proxy, and failing him/her, ______________________________

of ______________________________

another Member of the Company to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on the 29 April 2013 and at any adjournment thereof.

As witness my/our hand/seal this __________ day of __________ 2013.

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:

a) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
b) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
c) The proxy shall produce his/her original CNIC or original passport at the time of the meeting.
d) 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.

Linde Pakistan Limited
West Wharf, Dockyard Road, P.O. Box 4845, Karachi 74000, Pakistan
www.linde.pk